

Freedom of Private Enterprise and its Limits

Capitalism permits individuals to manipulate their wealth in all ways and means, regardless of their possible consequences on the society. It is believed that the society's interests are served by the individual's motives and enterprise. Hence, there is no conflict economically between private and society interests as it is viewed by Capitalism.

For example, a bus company is providing social service, but it is private enterprise. Other public services, like education, railways, roads, etc., used to be considered as private enterprises, which furnish social services.

Socialism denies individuals economic freedom. The State or Government steps in, plan and administer the bulk of the country's economy with no regard to people's incentives.

Islam recognises people's freedom and right of possession, but defines its boundaries and limits. The boundaries are located by the following items:

(a) Indirect influence of the Islamic education

It should be taken for granted that one of the main tasks of the Islamic State is education; education which carries the Islamic image and spirit. It is important to note that no means of propagation and education will be spared, when the Islamic State re-emerges again. This is a natural measure since education moulds people's thoughts, sentiments, and their general attitudes towards life.

Then, when the Islamic moral code is prevailing in the society the fear of violating the laws will be considerably less. This is a logical conclusion for there will be, in every person, an inner motive for safe-guarding the law. Hence the danger of capital inflation and monopoly are considerably reduced when Islamic laws are applied.

(b) Direct Interference of the State

Islamic State can intervene on two levels.

(i) Protection of the permanent fundamental Islamic legislations. This field includes the following sectors:

1. Taking the permanent tax (Zakat) which ranges between 2.5–10% of the stored possession (which is not essential for one's living), in every year.

خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِمْ بِهَا وَصَلِّ عَلَيْهِمْ ۖ إِنَّ صَلَاتَكَ سَكَنٌ لَهُمْ ۗ وَاللَّهُ سَمِيعٌ عَلِيمٌ

"Of their goods take alms, that so thou mightiest purify and sanctify them; and pray on their behalf . Verily thy prayer is a source of security for them: and God is One heareth and knoweth. " (Qur'an, 9: 103)

Khums is another revenue of taxation. It is one fifth of the annual excess of one's profit to be taken by the Islamic Government.

وَأَعْلَمُوا أَنَّمَا غَنِمْتُمْ مِنْ شَيْءٍ فَإِنَّ لِلَّهِ خُمُسَهُ وَلِلرَّسُولِ وَلِذِي الْقُرْبَىٰ وَالْيَتَامَىٰ وَالْمَسَاكِينِ وَابْنِ السَّبِيلِ

"And know that out of all the booty that ye may acquire (in war) a fifth share is assigned to God, and the Apostle, and to near relatives, orphans, the needy , and the wayfarer. " (Qur'an, 8:41)

2. To prevent capital interest or usury.

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَخْبِطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ۚ ذَٰلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا ۗ وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا ۗ فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَىٰ فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ ۗ وَمَنْ عَادَ فَأُولَٰئِكَ أَصْحَابُ النَّارِ ۗ هُمْ فِيهَا خَالِدُونَ

"Those who devour usury will not stand except as stands one whom the Evil One by his touch has driven to madness. That is because they say: "Trade is like usury, "but God hath permitted trade and forbidden usury. Those who after receiving direction from their Lord, shall be pardoned for the past; their case is for God (to judge): but those who repeat (the offence) are companions of the Fire: they will abide therein (forever). " (Qur'an, 2:275)

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ فَإِن لَّمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِنَ اللَّهِ وَرَسُولِهِ وَإِن تُبْتُمْ فَلَكُمْ رُءُوسُ أَمْوَالِكُمْ لَا تَظْلِمُونَ وَلَا تُظْلَمُونَ

"O ye who believe fear God, and give up what remains of your demand for usury, if ye are indeed believers. If ye do it not, take notice of war from God and His Apostle: but if ye turn back, ye shall have your Capital sums: deal not unjustly, and ye shall not be dealt with unjustly." (Qur'an, 2:278-9)

3. Seizing lands and national resources which are not under exploitation by their owners. There is a well-known Islamic rule in this respect: "Land is for whoever cultivates it."¹

4. Preventing accumulation and storage of money which is not utilised in the national production.

وَالَّذِينَ يَكْنِزُونَ الذَّهَبَ وَالْفِضَّةَ وَلَا يَنْفِقُونَهَا فِي سَبِيلِ اللَّهِ فَبَشِّرْهُمْ بِعَذَابٍ أَلِيمٍ

"And there are those who bury gold and silver and spend it not in the way of God: announce unto them a most grievous penalty ."² (Qur'an, 9:34)

5. Protecting the hereditary laws which help in distributing the person's wealth among his relatives, which is a big action against capital inflation.

يُوصِيكُمُ اللَّهُ فِي أَوْلَادِكُمْ لِلذَّكَرِ مِثْلُ حَظِّ الْأُنثَيَيْنِ ۚ فَإِن كُنَّ نِسَاءً فَوْقَ اثْنَتَيْنِ فَلَهُنَّ ثُلُثَا مَا تَرَكَ ۚ وَإِن كَانَتْ وَاحِدَةً فَلَهَا النِّصْفُ ۚ وَلِأَبَوَيْهِ لِكُلِّ وَاحِدٍ مِّنْهُمَا السُّدُسُ مِمَّا تَرَكَ إِن كَانَ لَهُ وَلَدٌ ۚ فَإِن لَّمْ يَكُنْ لَهُ وَلَدٌ وَوَرِثَتْهُ أَبَوَاهُ فَلِأُمِّهِ الثُّلُثُ ۚ فَإِن كَانَ لَهُ إِخْوَةٌ فَلِأُمِّهِ السُّدُسُ ۚ مِّن بَعْدِ وَصِيَّةٍ يُوصِي بِهَا أَوْ دَيْنٍ ۚ آبَاؤُكُمْ وَأَبْنَاؤُكُمْ لَا تَدْرُونَ أَيُّهُمْ أَقْرَبُ لَكُمْ نَفْعًا ۚ فَرِيضَةٌ مِنَ اللَّهِ ۚ إِنِ اللَّهُ كَانَ عَلِيمًا حَكِيمًا ۚ وَلَكُمْ نِصْفُ مَا تَرَكَ أَزْوَاجُكُمْ إِن لَّمْ يَكُنْ لَهُنَّ وَلَدٌ ۚ فَإِن كَانَ لَهُنَّ وَلَدٌ فَلِكُمُ الرِّبْعُ مِمَّا تَرَكَنَّ ۚ مِّن بَعْدِ وَصِيَّةٍ يُوصِي بِهَا أَوْ دَيْنٍ ۚ وَلَهُنَّ الرِّبْعُ مِمَّا تَرَكَنَّ إِن لَّمْ يَكُنْ لَكُمْ وَلَدٌ ۚ فَإِن كَانَ لَكُمْ وَلَدٌ فَلَهُنَّ الثُّمُنُ مِمَّا تَرَكَنَّ ۚ مِّن بَعْدِ وَصِيَّةٍ تُوصُونَ بِهَا أَوْ دَيْنٍ ۚ وَإِن كَانَ رَجُلٌ يُورِثُ كَالِأَخِي أَوْ أُمْرَأَةً وَلَهُ أَخٌ أَوْ أُخْتٌ فَلِكُلِّ وَاحِدٍ مِّنْهُمَا السُّدُسُ ۚ فَإِن كَانُوا أَكْثَرَ مِن ذَلِكَ فَهُمْ شُرَكَاءُ فِي الثُّلُثِ ۚ مِّن بَعْدِ وَصِيَّةٍ يُوصَى بِهَا أَوْ دَيْنٍ غَيْرِ مُضَارٍّ ۚ وَصِيَّةٌ مِنَ اللَّهِ ۚ وَاللَّهُ عَلِيمٌ حَلِيمٌ

"Allah enjoins you concerning your children: the male shall have the equal of the portion of two females; then if they are more than two females, they shall have two-thirds of what the deceased has left, and if there is one, she shall have the half ; and as for his parents, each of them shall have the sixth of what he has left if he has a child, but if he has no child and (only) his two parents inherit him, then his mother shall have the third; but if he has brothers, then his mother shall have the sixth after (the payment of a bequest he may have bequeathed or a debt; your parents and your children you know not which of them is the nearer to you in usefulness; this is an ordinance from Allah: Surely Allah is Knowing, Wise.

"And you shall have half of what your wives leave if they have no child, but if they have a child, then you shall have a fourth of what they leave after (payment of) any bequest they may have bequeathed or a debt; and they shall have the fourth of what you leave if you have no child, but if

you have a child then they shall have the eighth of what you leave after (payment of) a bequest you may have bequeathed or a debt; and if a man or a woman leaves property to be inherited by neither parents nor offspring, and he (or she) has a brother or a sister, then each of them two shall have the sixth, but if they are more than that, they shall be sharers in the third after (payment of) any bequest that may have been bequeathed or a debt that does not harm (others); this is an ordinance from Allah: and Allah is Knowing, Forbearing":(Qur'an, 4: 11-12)

6. Preventing wastage of national wealth by luxuries.

وَإِذَا أَرَدْنَا أَنْ نُهْلِكَ قَرْيَةً أَمَرْنَا مُتْرَفِيهَا فَفَسَقُوا فِيهَا فَحَقَّ عَلَيْهَا الْقَوْلُ فَدَمَّرْنَاهَا تَدْمِيرًا

"And when We intend to destroy a town, We (first) send Our commandment to the people of it who lead easy lives, but they transgress there in; thus the word proves true against it, so We destroy it with utter destruction." (Qur'an, 17: 16)

وَأْتِ ذَا الْقُرْبَىٰ حَقَّهُ وَالْمِسْكِينَ وَابْنَ السَّبِيلِ وَلَا تُبَذِّرْ تَبْذِيرًا إِنَّ الْمُبْذِرِينَ كَانُوا إِخْوَانَ الشَّيَاطِينِ ۗ وَكَانَ الشَّيْطَانُ لِرَبِّهِ كَفُورًا

"And give to the near of kin his due and to the needy and the wayfarer, and squander not (thy wealth) wastefully. Verily the squanderers are the brethren of the satans; and Satan is ever an ingrate to his Lord." (Qur'an, 17:26-27)

7. Administering and utilising the national production by using the collective possession field.

8. To prevent gambling, cheating, monopoly, etc.

يَا أَيُّهَا الَّذِينَ آمَنُوا إِنَّمَا الْخَمْرُ وَالْمَيْسِرُ وَالْأَنْصَابُ وَالْأَزْلَامُ رِجْسٌ مِّنْ عَمَلِ الشَّيْطَانِ فَاجْتَنِبُوهُ لَعَلَّكُمْ تُفْلِحُونَ

"O ye who believe! Intoxicants and gambling (dedication of) stones, and arrows, are an abomination, of Satan's handiwork : eschew such (abomination), that ye may prosper."(Qur'an, 5:90)

The Prophet (p.b.u.h.a.h.f.) said: "No one indulges in monopoly but a sinful."

Imam `Ali (peace be on him) wrote in his letter to Malik al-Ashtar (governor of Egypt at the time): "Prohibit monopoly for the Messenger of God had forbidden it. Therefore, if anyone who indulges in monopoly after being warned, should be punished and penalised with no excess."

The Prophet (p.b.u.h.a.h.f.) said: "He who cheats us is not one of us."

(ii) There is a special right for the Islamic Government to nationalise or seize part of the possessions of affluent people. This right is practised during national crisis such as wars, etc.

In Imam `Ali's letter to Malik al-Ashtar, were orders which fixed prices. He wrote: "Let selling be with just balances, and prices should cause no injustice for the seller or the buyer." Tirmidhi narrated, his source was, Rafi` bin Khadij, that a letter read: (The Messenger of God has forbidden us from something which was useful to us; when one of us had a piece of land we used to rent it for some of its products or money. The Prophet (p.b.u.h.a.h.f.) said: "If any of you has a land, let him offer it to his brother (in Islam) or he should cultivate it").

Ibn Taymiyyah wrote in his book al-His-bah' ; "The head of State has the right to force people to sell what they possess, in return of its equivalence at the time, when people are in desperate need of it. When somebody has food which he does not need, while people are starving, he should be forced to sell in return of its equivalent price, and for this reason jurists said: `Those who are in need of food which is possessed by others, can obtain the food without consent of their owners provided the equivalent value is paid. In the case of demanding a higher price than the normal one, their claim does not hold' "

[1.](#) See "Iqtisaduna" Page 425 onwards, by Sayed Muhammad Baqir Al-Sadr.

[2.](#) Ibid p.579 onwards.

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