



The Second Semester lessons

An economy might be designed to depend exclusively either on the market or on government to make the three fundamental decisions of what, how and for Money Payments for Resources-Rent, Wage and Salaries, Interest and Profit whom. The economic system can be broadly categorized into a) capitalism b) socialism c) Mixed economy d) Islamic economic

a) Capitalism (Market economy)

Capitalism is a system of economic organization characterized by the private ownership and use of capital with profit motive. The most important feature of capitalism is the existence of private property. Everyone has the freedom to form any firm anywhere he likes, provided he has the requisite capital and ability. It is based on the doctrine of laissez faire which would mean that the state interference in economic activity should be kept down to the minimum.

b) Socialism (Command economy)

Socialism is an economic system in which the means of production (capital equipment, buildings and land) are owned by the state. The main aim of socialism is to run the economy for social benefit rather than private profit. It emphasizes on work according to one's ability, and equal opportunities for all regardless of caste, class and inherited privileges. Communism is a form of socialism. It was followed in the erstwhile Soviet Union. Communism means an idealistic system in which all means of production and other forms of properties are owned by the community as a whole, with all members of the community sharing in its work and income. People are supposed to work according to their capacities and get according to their needs. The aim is to create a classless society and the state machinery is utilized to crush all.

opposition to achieve this end. The main difference between communism and socialism is that the former believes and adopts violent revolutionary methods to capture the machinery of the government while the latter believes in peaceful and parliamentary methods.

c) Mixed Economy

It is neither pure capitalism nor pure socialism but a mixture of the two. In this system, we find the characteristics of both capitalism and socialism. Both private enterprises and public enterprises operate mixed economy. The government intervenes to regulate private enterprises in several ways. Generally, the basic and heavy industries like industries producing defense equipment, atomic power, heavy engineering goods etc. are put in the public sector. On the other hand, the consumer goods industries, small and cottage industries, agriculture etc. are assigned to the private sector. It is realized that in the under developed countries, like India, economic development cannot be achieved at the desired rate of growth without any active government help and guidance. Hence, the government in such countries actively participates in economic activities in order to minimize the evils of capitalism and to accelerate economic growth.

d) Islamic system

The Islamic dimension in thinking encompasses various methods, tools, rulings, and intellectual frameworks that reflect the diverse aspects of human life. This provides a true understanding and approaches to the ideal reality of humanity, whether in natural, social, or humanitarian fields. This intellectual endeavor is a product of divine legislation that emphasizes the activation and stimulation of the human mind to think according to sound and systematic principles. On this basis, economic development and progress in any aspect of Islamic countries can only be achieved through a fundamental liberation from the intellectual and cultural dependency on foreign influences, as well as liberation from submission and defeatism before others, and gaining self-confidence. It is noteworthy that Malik ibn Nabi linked the factor of ideas with the factor of material conditions, asserting that the latter cannot function without the integrity and soundness of the former. Therefore, Islamic rulings in the realm of economics reflect the essence of human nature and realism, as well as how to appropriately employ just and correct universal laws and principles in guiding these behaviors

and human relationships. Often, if left unchecked, these relationships may deviate and become enshrouded in oppression and tyranny, leading to destruction and corruption. The regulations and systems governing these economic relations are established on sound and just foundations.

Questions

1 - What would be an appropriate title for this text?

2. True or False:

- Capitalism emphasizes government ownership of production. (True/False)
- Socialism aims for social benefit rather than private profit. (True/False)
- Mixed economy combines elements of both capitalism and socialism.
- In a socialism system, the emphasis is on competition, individuals initiative, and minimal government intervention (True/False)
- In India, economic development cannot be achieved at the desired rate of growth unless any active government helps and guidance (True/False)

3. Give the synonyms of the following terms

Planned=	1& classified=	1& real estate=	2&
Revenue=	2& to govern=	3& instruments=	3&

4. Fill the Gaps by the Appropriate Economic Terms from Text:

- The system where the means of production are owned by the state is known as
- In a, both private and public enterprises operate together.
- The system advocates for wealth distribution, responsible consumption, and economic activities that align with moral and religious values.
- In individuals and business are free to produce goods and service
- The main difference between and is that advocates for complete collective ownership and a classless society, often achieved through revolutionary means, while supports mixed ownership (both public and private) and aims to reduce inequality through democratic governance and social welfare programs.

5. Translate the Key Economic Terms in this Text to Arabic:

<i>- Capitalism:</i>	<i>Money Payment:</i>
<i>- Socialism:</i>	<i>private ownership:</i>
<i>- Mixed Economy:</i>	<i>requisite capital and ability:</i>
<i>- Production:</i>	<i>small and cottage industries:</i>
<i>- Property:</i>	<i>oppression and tyranny:</i>

6. Write a brief summary including the main ideas of the text

Good Luck