

Axis 2 - The Economic Problem:

The economic problem focuses on studying the relationship between economic resources on one side, and society and individuals on the other. This problem is tied to human needs. The economic problem refers to the inability of society to satisfy all its human needs for goods and services due to the scarcity of resources and means of production. It is also known as the problem of scarcity.

It is also defined as "the limitation of resources and the abundance of needs, which forces society to make choices, set priorities, and thus make sacrifices." Resources in society at a given time are limited compared to the multiple, diverse, and ever-evolving needs and desires of individuals. The economic problem arises from these factors: the limitation of resources, the unlimited nature of needs, and the unequal distribution of wealth. What is primary and secondary distribution of wealth?

Capitalist economists generally agree on these elements. However, Islamic economics considers that the main cause of the economic problem is human behavior, not the scarcity of nature or resources.

We can conclude the following:

- Needs are multiple, and therefore, the means to satisfy them are also varied.
- Human needs vary in their relative importance to individuals.
- Most of the means to satisfy needs are not available in a direct form.
- The resources necessary to obtain these means are scarce.
- Resources have alternative and multiple uses.
- Humans seek to maximize the satisfaction of their needs by attempting to achieve the highest possible satisfaction with the least amount of resources.

Secondly: Elements of the Economic Problem:

The elements of the economic problem are a set of fundamental factors that lead to its emergence. They arise from the interaction between scarcity and ever-increasing human needs. The elements can be summarized as follows:

1. **Scarcity:** Economic resources (such as natural resources, labor, capital, and technology) are limited and insufficient to meet all human needs, whether for consumption or production.
2. **Unlimited Human Needs:** Humans have unlimited and diverse needs and desires that continuously evolve and grow over time with economic and social developments.
3. **Optimal Resource Use:** Due to the scarcity of resources, individuals and societies must make decisions about how to use these resources to achieve the maximum possible benefit, requiring trade-offs between different options to allocate resources efficiently.
4. **Setting Priorities:** Since resources are limited, individuals and countries must prioritize their spending and production to meet the most important or urgent needs.
5. **Opportunity Cost:** Every economic decision related to resource use comes with an opportunity cost, meaning the sacrifice of one option in favor of another.

Thirdly - Characteristics of the Economic Problem:

Permanence - Relative scarcity - Universality – It is a problem of choice and allocation.

Different Economic Schools' View of the Economic Problem and Solutions:

The economic problem is part of the broader human problem, as the economy represents one aspect of human life, not the entirety. However, the identification of the nature of this problem has been a point of disagreement between different ideologies and systems.

- **Capitalism** believes that the economic problem arises from the relative scarcity of natural resources, as nature itself is limited and cannot meet the continuously growing material needs of humanity. Therefore, the problem revolves around how to reconcile limited natural resources with increasing human needs.
- **Marxism**, on the other hand, holds that the economic problem is the constant contradiction between the form and system of production in society and the distribution system.
- **Islamic Economics** sees that the problem does not lie in the lack of natural resources, nor in the contradiction between production and distribution systems, but rather in human behavior itself.

It concludes that the economic problem is one of multiple needs with scarce resources. Simply put, it is a problem of poverty, which is merely a manifestation of increasing needs with limited resources.

Thus, the topic of the economic problem and its solution is the subject of the entire economy, represented in the need for sufficient production, fair exchange, sound distribution, and rational consumption.

The economic problem is behavioral in nature, caused by human actions in several ways:

1. **Overconsumption:** When individuals engage in excessive and unrestrained consumption, leading to extravagance and wastefulness.
2. **Injustice and Oppression:** When selfishness, injustice, and tyranny dominate, leading to the plundering and colonization of nations, preventing their development.
3. **Laziness and Inactivity:** When individuals succumb to laziness and idleness, avoiding work.

Different Schools' View on the Economic Problem:

1. **Capitalist Economics:** The capitalist perspective sees the poor themselves as the cause of the economic problem, whether due to their laziness or their bad luck in facing a lack of natural resources. Poverty is primarily seen as a production issue. Therefore, the capitalist solution is to grant absolute freedom to everyone to produce, earn, and accumulate wealth without restrictions. Those who are unlucky must accept their reality as their fate.
2. **Socialist Economics:** Socialism views the rich as the cause of the economic problem, with their monopolization of society's wealth at the expense of the working majority. This leads to a contradiction between production forces and distribution relations. In their view, poverty is primarily a distribution issue. Hence, their solution focuses on class struggle and changing the means and forms of production by eliminating private ownership and the bourgeoisie.

3. **Islamic Economics:** Islam sees the economic problem as neither due to the poor nor the lack of resources, as capitalism suggests, nor is it due to the rich or the contradiction between production and distribution forces, as socialism argues. Instead, it lies in human behavior. It was narrated that Ali ibn Abi Talib (may Allah be pleased with him) said, “No poor person goes hungry except due to the wealth of a rich person.”