

Prime economic terms

Wealth

Its definition at the individual level: the sum of productive and consumable economic assets that an individual possesses at a given moment.

At the macro level: the sum of productive and consumer economic resources that exist at a given moment in the overall society.

Note: The concept of wealth does not include services of any kind.

Commodity

The tangible economic product (that which has a physical form)

It has the following conditions:

- 1- It must be beneficial
- 2- It must be relatively rare
- 3- It must be tradable among members of society
- 4- It must be permissible according to Islamic law (this condition is added by Islamic economics and takes precedence over the other conditions) according to the vers of Quran “They are` the ones who follow the Messenger, the unlettered Prophet, whose description they find in their Torah and the Gospel.¹ He commands them to do good and forbids them from evil, permits for them what is lawful and forbids to them what is impure, and relieves them from their burdens and the shackles that bound them. `Only` those who believe in him, honor and support him, and follow the light sent down to him will be successful.” Surah (Al A'raf) verse157.

Commodities are divided into two categories:

- 1- Consumer goods
- 2- Production goods
- 3- Goods that are sometimes production goods and sometimes consumer goods, depending on the sector benefiting from the good.

Consumer goods:

These are goods that satisfy the consumer needs of members of society because they fulfill one or more human needs. They are divided into two categories:

- 1- Durable consumer goods, which are used multiple times, such as (refrigerators, washing machines, cars)
- 2- Single-use consumer goods, which are consumed after a single use, such as (food and drinks, etc.).

Production goods:

These are goods that individuals produce not for direct consumption, but for reuse in the production process.

Production goods are divided into:

- 1- Durable production goods, which are used multiple times, such as machinery and equipment
- 2- Single-use production goods, which are consumed after their first use, such as raw iron and fuel

Goods that are sometimes production goods and sometimes consumer goods, depending on the sector benefiting from the good, such as flour for producing bread in bakeries and factories and for use in homes. Electricity is also used in factories and homes for domestic purposes.

Services:

This is an intangible economic product (it has no physical form).

Services are divided into two categories:

1- Consumer Services:

These are services that meet the needs of members of society, such as transportation, education, media, and entertainment.

2- Productive Services:

These are services provided to the production sector of society, such as transportation, training, maintenance, and repair. Therefore, if the beneficiary sector is the consumer sector of society, the service is considered a consumer service. If the beneficiary sector is the production sector, the service is considered a productive service.

Islamic economics stipulates that the service must be permissible according to Islamic law. Therefore, the services of cinemas, nightclubs, and similar establishments are not permissible or recognized by Islam.

Income:

This is the return received by the owner of production member in return for contributing to the production process.

Utility:

This is the ability or power of a good or service to satisfy a specific human need. For example, the utility of a book is its inherent power to satisfy the desire for knowledge, and the utility of a car is its inherent power to satisfy the desire to travel quickly from one place to another.

Consumption:

This is the portion of income spent on consumer goods that directly satisfy needs. For example, food, clothing, household appliances, and a personal car.

Saving:

This is the portion of income that is not spent; it is the portion of income remaining after consumption.

Investment:

This is the creation of new tangible capital, represented by productive capacity. It is thus a net increase in the real capital of society and may take the form of buildings, infrastructure, machinery, equipment, means of transportation, animals, land, and so on.

Public (Governmental) Sector:

This is the part of the national economy that is owned and operated directly by the state or through other public authorities established by the state, such as oil extraction and water desalination.

Private Sector:

The private sector refers to the part of the economy that isn't controlled by the government. It includes any for-profit business run by individuals or companies