

IBN KHALDUN:
HIS CONTRIBUTION TO ECONOMIC THOUGHT

WAE SABRI
WAE YUSOF

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

DEDICATION

This humble work is dedicated to Allah (s.w.t) from whom I have received the guidance and the strength to undertake this task.

الحمد لله رب العالمين . الرحمن الرحيم
ملك يوم الدين . اياك نعبد و اياك نستعين .
اهدنا الصراط المستقيم
صراط الذين انعمت عليهم غير المغضوب
عليهم ولا الضالين

(سورة الفاتحة)

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CHAPTER ONE

INTRODUCTION

Ibn Khaldun was a muslim scholar of the fourteenth century (1332-1406). His masterpiece is muqaddimah (The 'Introduction' to his universal History (Kitab al-Ibar) has been the subject of many publications by orientalist and by scholars in various branches of the historical and social science disciplines. With the credit of muqaddimah, Ibn Khaldun is viewed as a philosopher of history, while some scholars viewed him as "sociologist" and others viewed him as an "economist". His muqaddimah is the comprehensive book, in the sense that the researchers will find the answer or the solutions scattered all over the muqaddimah. It is not surprise that J. Toynbee viewed the muqaddimah as "Undoubtedly the greatest book of its kind that has ever been created by any mind in any time and place".¹

It is not always be an easy work for a student to undertake and study the thought of a scholar like Ibn Khaldun. Owing to the fact that most of his thoughts was written in Arabic language, the English translations are very limited. The difficulty has been partly due to the multi-dimentional and involved character of his ideas, and partly due to the limited scope of interest of past

¹ J. Toynbee, A study of History, 2nd.ed., III (London; 1935), P. 322;

researchers. But mainly, it is due to rather heavy dependence on secondary and translated material. Therefore, it is only fair, however to say that studies of Ibn Khaldun's ideas are not in short supply. In fact the literature already in existence, and especially from quantitative point of view, is enormous; and it may appear to be something of a responsibility to add another item in the list under his name. But a survey of this literature reveals that the serious and depth studies of Ibn Khaldun are few and far in between and those based on first hand original material ever fewer. Moreover, our study is based solely on the examination of the English texts of Ibn Khaldun's work. In the course of our search for answers we were inevitably driven into the consideration of the difficulties of the author's scholarship and interpretation. For instance much energy has already been spent over the question whether Ibn Khaldun is a philosopher, a historian, a sociologist, an economist, or a political theorist. In fact, our own study started from a narrow interest in his economic ideas. But it did not take us long to realise how deeply intertwined these economic ideas were with other ideas and the rest of his system.

The objective of this study is to examine and highlight his ideas on Economics, which was established in Fourteenth century. And sometime it might related to our persuasion of the relevancy of his thought on economics to contemporary economic problems and inquiries.

We might be aware of Adam Smith's (1723-1790) contribution to economic thought in eighteenth century, and he was praised and entitled as the "Father of economics". But we tend to forget the

great contribution of Muslim economist like Ibn Khaldun in the duration of four hundreds years ealier then (so called the father of economics. The question now is, why the muslim scholars tend to forget the great contribution of Ibn Khaldun, whom the priority must be given. Is it because his ideas and his peceptions toward science is not in touch with the modern time?, or is it because of unsystematic expression of his ideas so that difficult to abstract the crux of his ideas?, or is it because the short in supply materials of his thought?, or is it because of other factors. These type of questions persuaded me to into it, and justify the releveny of his contribution in present contexts. And the main force in persuading me is to bring him back into the picture and keep him in touch with the modern prominant scholars in the dicipline of economics. Because otherwise we will lose the thought of ancient thinker, who has contributed a great deal to the development of this dicipline of science. Therefore, if Ibn Khaldun's thought on economics is to become more widely known and if it is to be intergrated into contemporary thought, we have to do more than simply restore him to his rightfull status as one of the founders of Economics. This restoration of Ibn Khaldun's thought are expounded in our chapter.

In his muqaddimah, he puts serious attention to the economics as one of the important factors for a nation, and his observation principally from his concern with the rise and fall of rulling dynasties.²

2 C. Boulakia, Jean David, "Ibn Khaldun : A fourteen century economist"
Journal of political economy.

His thought was based on two main concepts; 'Umran (human society) and 'assabiyyah (tribal solidarity). Where Umran is the core of his sociology and economic ideas, while 'asabiyyah is the heart of his political philosophy of the state. On the basic of structural level 'Umran evolves from its primitive stage of 'Umran badawi, or rural form, to its development stage of 'Umran badari. The two distinguish 'umran represent the differences of people making their living. The former represents the production of merely necessities of life, the later represents the production of conveniences and luxuries. It is simulataneously a process of Urbanization and increasing wealth, we will taken up and examined when we dealt with muqaddimah, in fourth chapter.

However, it is unfair to compare Ibn Khaldun's thought with the modern contemporary scholars. It is due to the fact that, the complexity of the modern society, which need the critical analysis of the problems. Ibn Khaldun's analysis based on reality that had happened in fourteenth century in Africa, but he can fore see the complexity of the modern situations, as he raised many questions that the modern economic historians are now asking and tried to answer by analyse the economic, social and political sturctures. He could not establish a precise and complete problematic or forge rigorous concepts, simply because he was working in the fourteenth century not twentieth century and therefore had an insafficient basis for making comparisons. However the account of History is very essential in order to understand the modern complexity.

To identify and justify applicability of Ibn Khaldun thought in the present context is not an easy task, it is not just by using modern concepts to analyse the work of Ibn Khaldun

or looking it in terms of contemporary problems. The only way we can appreciate its richness and discover the true significance of essential notions which he was unable to define in precise way. We have to try and articulate arguments that he could not follow through and recognise his subjective judgements as fragments of an objective analysis which no one could complete in fourteenth century. Our task is to reveal a brilliant system of economic thought, so that it can be a guideline to the analysis of present day Economic analysis.

In brief the objectives of the study are as follows :-

- i. To highlight his ideas on Economics.
- ii. Critically analyse his contribution to economic thought.
- iii. Compare his thought with the contemporary Western ideas.
- iv. To identify and justify the applicability of his thought in the modern context.

CHAPTER TWO

RESEARCH METHODOLOGY

Method of Analysis

This study is try to bring back the thought of Ibn Khaldun on economics, which was proposed for four hundred years ago, some of them have been analysed and studied, but some of them still left in the dark and still cry needed for exploration.

Our method of study, will be solely depended on library research, because it is not possible to conduct a servey and interview. Therefore the books, Journals, articles and papers available will be full utilised. Beside those materials mentioned, the "muqaddimah" (Inductory to History) which consist of three volumes will also be used as reference.

Problems and limitations

In respect to the fact that, all of Ibn Khaldun contributions (writing) were in Arabic, therefore difficult for the writer to make use of them, eventhough some of them have been translated from their original sources to English, but some of them yet to be translated. As the writer has little knowledge of Arabic, therefore the translated materials will only be utilised, and it is the main problem to the writer's endeavours.

Secondly; Ibn Khaldun has been considered as Historian, sociologist, philosopher, economist and his writings will mixe up all these aspects. Hence, difficult for the writer to analyse in specific field of his thought.

Thirdly; The shortage of material also due to the Attitude of some modern muslim scholars, they tend to forget the muslim ancient scholars, instead of that, they praised and explored the ideas of non-muslim scholars.

However, there is also advantages of this method of analysis. For example, no need to waste the time effort to go for interview or conduct the survey.

In conclusion, what ever problems accounted for, the obstacles faced, the writers will try his ^{very} ~~level~~ best to utilised the available sources, and Insyallah tha list of articles regarding Ibn Khaldun's contribution will be increased one more.

CHAPTER THREE

LITERATURE REVIEW

Introduction

Ibn Khaldun, like many other writers in the 14th century, mixed the philosophical, sociological, ethical and economical consideration in his writings. However, he is distinctive in terms of his organisation, logical pattern of argument and laid down above all the original points and new ideas that he brought out.

In his outstanding work "The muqaddimah", he tried to determine the effect that the physical, non-physical, social, institutional and economical environment have on human history. Moreover, his theory on history is marked by its strong emphasis on the economical aspects and factors which still claims relevancy and applicability in today's modern world. An example of this can be seen in his analysis of economic factors on human society, in which he believes that man's intellectual activities, his experiences in art and sciences, his moral attitudes and behaviour, and his life style, taste and customs, are determined by the kind and degree of the development of production.

Bearing these in mind, we shall now consider in further details the economic views expressed by the scholar in his work from the point view of the modern writers.

Ibn Khaldun has rightly been hailed as the greatest

economist of Islam by Rosenthal, Spengler, Boulakia, Abdul Sattar, H.K. Sherwani, J.P. Chanary, because of his great contribution to economic thought.

H.K. Sherwani¹ (1970 : 71-80). Although we hardly find the purely economic problems in his article, he describes some of them only to have some ideas of Ibn Khaldun's vision on economics. He emphasises the meaning, methods and different kinds of commerce, Transportation of goods, hoarding and its evils, prices, craft and professions, he also deals with craft and its value and therefore the return must be according the value produced. The value in exchange must be equal to the value embodied in the product. The demand also plays important role in determining the quantity supply, as he says

"a greater demand for the products of a certain craft the value of it would rise and there would be the greater constriction of effort on the part of the craftsman to improve i improve its quality"²

1

Padma Bhushan Professor H.K.Sherwani Hyderabad - A.P.

2

Sherwani, H.K., Ibn Khaldun and His politico-Economic Thought, Islamic culture 44(2), Apr. 70 : 71-80.

The enterplay of the laws of demand and supply are predominant in a economy, the excess of supply will cause to reduce in prices.

M. Abbas Sattar (1973 : 157-168). He divided the thought of Ibn Khaldun into, the State, the market system, macro economic, taxation the Government and economic activity, labour, money.

The State : According to Sattar, the driving force of the state is "Asabiyyah."³ He differentiate the Asabiyyah that lead by the spiritual power of religion and the one that not lead by the spiritual power, the former is favorable.

A working state depends on two foundations. Asabiyyah which find its expression in an organised army, and economy which support the army and government.⁴ He also conceived development process through stages nomadic life with grazing fishing, and hunting as the means of livelihood, followed by the life with agriculture and organization, and followed by urban life where commerce, industry, sciences are flourish. All these economic development is only possible if urban area are organised under established government to maintain law and order. These process the modern terms, as "the law of political economy."⁵

3 The common bond, social solidarity and collective awareness uniting members of one family, one nation, and motivating them to cooperate action on behalf of the community formed.

4 Abdus Sattar, M. Ibn Khaldun's contribution to economic thought, in : contemporary aspects of Economic and social thinking in Islam. Gary, Indiana, M.S.A. of U.S. of Canada, 1973 : 122

5 Ibid., P. 123

The Market System : Generally he discussed about the demand, supply and prices. The price is determined from the supply side by cost of labour duties, taxes, and other expenses, from the demand side determined by the size and intensity of desire by the city dwellers. Price also effected by the scarcity of goods, "When goods are found in large quantities, price will go down."⁶ This intern of discovering market system Ibn Khaldun precedes Adam Smith.

Macroeconomics : Abdus Sattar pointed out that, Ibn Khaldun like many other modern writers, who look economic in the macro sense "Income and expenditure balance each other in the every city ... and if both income and expenditure are large ... The city grows."⁷ He also talks about the size of market which implies the size of demand for goods and services and the government serves the largest market place.

Taxation : The destruction of an economy is due to the fact that, the people being exploited by the rulling class i.e. increase the assesment beyond the limits of equality, which will reduce the profit of the enterprises. In this respect the principle of taxation must be on the basis of equality criterion.⁸ Then the enterprises might earned some profit for other expenses and capicital accumulation.

6 Ibid.,

7 Ibid., P. 124

8 Ibid.,

The Government and economic activity. Can be increased through taxes which based on equity criterion,

Ibn Khaldun like Adam Smith who believes the free enterprise and therefore against the Government intervention.⁹ The Government revenue can be increased through taxes which based on equity criterion, direct participation in production and consumption will only ruin the economy.

However the role of the state is still needed in certain areas and field for example, to maintain law and order, provision of public goods, regulate monopoly and externalities etc.,¹⁰

Labour : First of all he distinguishes between profit and sustenance, the gap between profit and sustenance is surplus. Sattar believes that Ibn Khaldun like Adam Smith who believes that, only labour can create surplus value, and who noticed that productivity of labour depends on the size of demand, division of labour and specialisation, In maintaining productivity of labour therefore the steady rise in price level is necessary.¹¹

He also emphasis on the need of cooperation among the individual human being, because one cannot obtain by himself about all the necessities of life.

⁹ Ibid., P. 125

¹⁰ Ibid.,

¹¹ Ibid., P. 126

Money : Sattar brought out Ibn Khaldun's perceptions of the concept of money, where it serves as the store value and standard of exchange, and he also consider the gold and silver as the unit of money.¹²

J.D.C. Boulakia (1971 : 1105-1118) notes Ibn Khaldun's emphasis on the importance of the theory of production, theory of value, money and prices, theory of distribution and the theory of cycles.

Under the theory of production, he emphasises on the importance of social organisation of production whose main factors is human labour. Then comes to the role of international division of labour which based more on skill of inhabitants of various regions than their natural resources.¹³

"His theory constitutes the embryo of an international trade, theory, with the analysis of terms of exchange between rich and poor countries of the propensity to import and export, of the influence of economic structures on development and of the importance of intellectual capital in the process of growth."¹⁴

12 Ibid., P.127

13 Boulkia, Jean David C., Ibn Khaldun A fourteenth century Economists, Journal of political Economy 1979(5) Sept-Oct 1971 : 1107-1108

14 Ibid., P. 1109 13

After surveying wide - range contributions of Ibn Khaldun on money, prices, distribution, public finance, trade cycles and population, Boulakia concluded that "Ibn Khaldun discovered a great number of fundamental economic notions a few centuries before their official birth. He discovered the virtue of the necessity of a division of labour before Adam Smith and the principle of labour value before Richards. He elaborated a theory of population before Malthus and insisted on the rule of the state in the economy before Keynes. But much more than that, Ibn Khaldun used these concepts to build a coherent dynamic system in which the economic mechanism inexorably led economic activity to long term fluctuations¹⁵ Boulakia can, therefore feel more than justified in affirming that "His name should figure among the furthers of economic science"¹⁶

J.J. Spengler (1964 : 268-306). After surveying the thought of Ibn Khaldun, he found that,

"His economic observation lied principally from his concern with the rise and fall of ruling dynasties in the "state" they constituted."¹⁷

¹⁶ Ibid., P. 1118

¹⁷ Spengler J.J., Economic thought of Islam; Ibn Khaldun, in comparative studies in society and history (The Hague), VI, 1964 : 269.

Spngler divided Ibn Khaldun thought on economic into economic in the islamic scheme of science, economic and other sciences, political economic fluctuation and economic proper. According to him economic such as it was did not occupy an important position in the medievell islamic scheme of science and the traditional character of islamic society did not make improvement of this position. After having contect with Greek philosophical and scientific writings then the economic begin to have a place in the writing of muslim scholars. But the science of economic change its evientation from it was before i.e. values and norms which based on the Quran and Sunnah.¹⁸

However, it is hard to determine that, Ibn Khaldun was influenced by the writing, of greec philosophy, because he believes that

"The belief that the state and other human associations emerged because of man's insufficiency as an individual and his consequent need to cooperate".¹⁹ If there is exist any similarities it can be cause of coincident not plan merger.

He also pointed out Ibn Khaldun's cycle theory which run in politico-economic terms, consequently compare and contrasts with Hicks' theory of trade cycles.

18 Ibid., P. 270-274

19 Ibid., P. 283

Under economic proper, he emphasises on the theory of population growth, theory of supply and demand, roles of profit, Rank, obsequiousness and profit, surplus, luxury and capital formation and consumption pattern. After having surveyed all these theory, he also comes out with similar conclusion with Boulakia i.e. Ibn Khaldun is the founder of the fundamental economic principle before it was discovered by the western economists.²⁰

J.P. Charnary (1978 :6-8)

In general, Charnary emphasised on the importance of religious ethics in dealing with economic activity of a nation . According to him, Ibn Khaldun demonstrates with acuity, in his social dynamic, the ambiguous relationship between economic and religions.²¹

Charles Issawi (1958 : 71-86)

For Charles Issawi, Ibn Khaldun unlike contemporary Christians sholastics. He conceived of economics as standing independently of ethics, being concei ed the positive and description of phenomena rather than an appraised of their moral value.²²

20

Ibid., P. 296-303

21

Charnary, J.P. Economy and Riligion in the work of Ibn Khaldun, The magreb review, Jan-Feb 76, Vol. 4, No.1, P. 8

22

Issawi, Charles. An Arab philosophy of History, selections from the prolegomena of Ibn Khaldun of Tunis (1332-1406). London, John Murray (ed.), 1958 : 16