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## The Economic Thought OF IBN Khaldoun In His '*Muqaddimah*'

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**Abstract:** This research deals with a very important issue that has yet to be adequately addressed. It intends to examine the economic thought of Ibn Khaldoun as found in his *al-Muqaddimah* (i.e., the introduction). It is proposed that Ibn Khaldoun had unique and independent views on economics. The research concludes that economics is considered the brainchild of Ibn Khaldoun. The research also points out the influence of economics on interpreting history as well as its influence on production. Ibn Khaldoun's economic views on the theory of supply and demand are also examined. This study concludes by defining the strong relations between economy and sociology and the extent to which a government is permitted to interfere in the process of buying and selling. This is followed by an examination of the relation between economics and work based on cultural and scholarly aspects followed by an elaboration on the categories of jobs and their importance according to Ibn Khaldoun. This article approaches these issues using the method of textual descriptive analysis.

**Key words:** Economic Thought • Ibn Khaldun • Muqaddimah • Sociology • Authority • Theory

### INTRODUCTION

Abdul-Rahman ibn Mohammad ibn Khaldoun al-Hadrami (d. 808 A.H.) is considered one of the most brilliant scholars in history. He facilitated an intellectual leap in the scientific developments of human beings and researched several as then yet unexplored issues related to society, history and economics. He introduced many new theories and set the basis for a number of geneses that had yet been addressed by any historian or intellectual. That is, Ibn Khaldoun was an intellectual, experienced and eloquent person with a unique approach to analysis. His views seemed sometimes awkward and unacceptable compared to accepted views by other intellectuals. His *al-Muqaddimah* was seen as an intelligent intellectual work. As such, Ibn Khaldoun became one of the most renowned theorists in sociology, history and economics. He is also the founder of a school of thought which is named after him.

This research focuses on a number of Ibn Khaldoun's economic views as stated in *al-Muqaddimah* that were unknown by economists. Some consider Ibn

Khaldoun as the brainchild of economics. The selected economic views concentrate on the influence of the economy on life and history. Further, it presents the chapters of his book which deal with economics, the role of economics in interpreting history, the role of work in production, examining the theory of supply and demand according to Ibn Khaldoun and the standard of living according to Ibn Khaldoun's concept of economy. The research then focuses on Ibn Khaldoun's efforts to set the foundations of economics. It examines the economic role of governments according to Ibn Khaldoun, followed by a discussion of the relationship between science and knowledge with economy and Ibn Khaldoun's categorisation of jobs.

**IBN Khaldoun's Economic Approach in His Muqaddimah:** Ibn Khaldoun followed more than one approach when attempting to establish the foundations of economics. Ibn Khaldoun discussed issues pertaining to standards of living, how to earn money, different kinds of jobs among others. His economic opinions were stated in different places of his book. Ibn Khaldoun dealt with many

economic issues based on what is known today as *social phenomena*, *facts on human development* or *human social conditions* [1]. *Al-Muqaddimah* contains roughly fifty sections that discuss the issue of living from different aspects such as earnings and various forms of occupations. For example, chapter five in its entirety addresses living standards, whereas chapters two, three and four all deal with economics and financial issues in various capacities. In addition, there are other sections of the book dealing with earning money, economics and financial matters [2].

Ibn Khaldoun is considered to be the first to bring economics into history. In other words, he showed the significant role of economics in interpreting history. However, this does not mean that Ibn Khaldoun believes that economics is the only paradigm through which to interpret history. Rather, economics forms only one significant part of history. It is essential for Arab-Muslim intellectuals to thoroughly examine and study the economic system of Arab Muslims. For instance, Ibn Khaldoun was one of those Arab Muslims who presented an analytical model for developing the society's economy. He came up with brilliant economic ideas which merit his title of 'the master of economics'. To this end, it is sufficient to acknowledge that Ibn Khaldoun's economic views predated those of Adam Smith by more than four centuries [3].

Ibn Khaldoun's attention to economics renders his interpretation of history different from the materialistic interpretations of Hegel, Marx and Engels. These three materialistic economists consider economics as the only factor for interpreting history. Some writers exaggerated by claiming Ibn Khaldoun's strong dependence on economics in interpreting history. This gives the reader an impression that Ibn Khaldoun's economic views are similar to those of Marx and Engels. In light of this, it is not surprising to find some claiming that: Thus it seems clear that tribal conflict, indeed, is economically driven, although it is deemed to have several ethical and psychological aspects. Thinking of this economic coherence while studying ibn Khaldoun's opinions is the only way to dispel many of the ambiguities and confusion surrounding his theory of tribalism, particularly its role in the establishment or collapse of nations [4].

This theory contradicts what Ibn Khaldoun stated in his *Muqaddimah*. However, this view seems to be fairly treated by those who believe that the aspect of economy in Ibn Khaldoun's interpretation of history is not decisive. For example, one such proponent claims: We should not drift here while we are emphasizing the importance of the

economic aspect in Ibn Khaldoun's analysis of tribal conflicts.... That is because although he emphasized the role of economics in several social phenomena, he did not consider it the decisive factor [5-6].

Certainly, economics has a great influence in determining history. For instance, there were several movements organised by the poor that managed to change history. Furthermore, economic thought sometimes creates a perception of an economy, society, politics and knowledge itself such as communism and capitalism.

**The Relation of Economics with Sociology:** To be acquainted with Ibn Khaldoun's adaption of economics and his styles of thinking in economic issues, one has to know that he usually deals with economic aspects from a socialist point of view. He normally traces the reactions between economic events and social issues [7]. This is due to the strong correlation of economics with sociology to the extent that one cannot be referred to in absence of the other. According to Ibn Khaldoun, the meaning of living is closely related to life [8]. Therefore, Ibn Khaldoun, who is a sociologist, a historian and a philosopher, has the ability to study social movements in depth to explore their effective elements, ideologies and the purposes behind them. This method was applied throughout his *al-Muqaddimah*. For instance, he says: "Be aware that people are naturally in need for nourishment throughout all the phases of their life; since they were babies, youths and until they become old" [9]. He adopted a similar approach in his categorisation and analyses of the types of income [10].

**IBN Khaldoun: the Economic Theorist:** Undoubtedly, Montesquieu, the French writer, was honoured by many people in Europe, especially for his writings on the relation of economics with history which he stated in his famous book entitled 'spirit of laws.' Among those who praised his works was, Robert Flint, the English writer. Flint especially admired Montesquieu's studies on taxes, trade and money. The reason behind Flint's admiration was the correlation of economics with history. But since Ibn Khaldoun dealt with history in favour of economics before Montesquieu by four centuries, then he is considered to be the pioneer of this field. Thus, Montesquieu was not the first to study history in relation to economics as it is spread [11].

Moreover, Ibn Khaldoun preceded Marx [12], William Betty, Adam Smith and Ricardo in establishing general outlines for the 'labour theory of value' not to mention his

role in determining the value of goods and products through determining the exchange value of goods [13]. For example, Ibn Khaldoun states in the section where he defines the concept of trade and mentions its types: “Be aware that trade is an attempt to earn money and increase one’s income through buying cheap goods and selling them expensively despite its type.” It is therefore fair to say that the economic theory of Ibn Khaldoun and its correlation with history and sociology is not less important than other theories. Ibn Khaldoun sets the foundations for many issues and established essential theories that take role in building history. Therefore, his views should be carefully studied since he introduced new concepts and ideas that were not explored before him. Also, he usually analyses economic issues deeply and precisely; combining economy with other sciences such as psychology [14].

**The Role of Work in Economic Production:** In his book, Ibn Khaldoun focuses on work and considers it an important medium for production. He refers to this in section five of the first chapter wherein he states several concepts such as:

- Work and production are ways to earn money [15].
- Variety of works makes fortune [16].
- Earnings are the value of works [17].
- Earnings are the value of civilised workers [18].

These examples show the essential role of work in economic production. The Qur’ân points out the importance of work in several verses, such as:

- ((And say Do Deeds Allah will see your deeds and His Messenger and the believers)). [9: 105]
- ((Burn ye therein: the same is it to you whether ye bear it with patience, or not: Ye but receive the recompense of your (own) deeds)). [52:16]
- ((He it is who has made the earth subservient to (i.e. easy for you to walk, to live and to do agriculture on it); so walk in the path thereof and eat of His provision and to Him will be the resurrection)). [67: 15]
- ((And we have provided therein means of living, for you and for those whom you provide not)). [15: 20]

Such messages would certainly not have been ignored by Ibn Khaldoun who was both a jurist and a Muslim scholar. Ibn Khaldoun considers gaining money through witching, talismans or deceit as abnormal means

of earning [19]. Thus, Ibn Khaldoun attempts to set the basis for an economy based on productive work and civilisation that is far removed from superstition, personal desires and fraud that is based on myth. According to Ibn Khaldoun, the main principle of civilisation is perfection in professions such as agriculture, trade and manufacturing [20]. This is what people should learn from the rules of history and the concept of civilisation building which depends on being aware of the aim of each occupation and its outcomes. In addition to paying attention to the historical rules for building civilisations and the role of work therein followed by the adoption of the experimental and applied methods.

#### **IBN Khaldoun’s View on the Theory of Supply and Demand:**

In his *Muqaddimah*, Ibn Khaldoun associates his economic views with the social conditions. It seems as if he intends to employ all the sciences he mentioned in his *Muqaddimah* to serve human development. Ibn Khaldoun is considered the brainchild of sociology. His economic views are usually based on experience and observation rather than presumption and guessing. He realized before Marx and others [21] that prices increase when there are high demands but it decreases with low demands: “If manufacturing is in demand and the expenses are met, then production will be similar to goods that are brought to be sold. Hence, people will do their best to learn that profession to make a living. However, if goods are not in demand and the expenses are not met, then people will not learn that profession and so it will be neglected” [22].

It is worth noting that Ibn Khaldoun was farsighted. He aimed to outline a three dimensional image for development and civilisation based on manufacturing, trade and human nature. He also focused on the role of economy in encouraging people to be involved in professions in accordance to the status of the market. He says: “Professions are usually made available if it were in need and in demand. But if countries get weaker, development regresses and inhabitants become less, then luxury decreases and people become in need of their necessities only which reduces the variety of professions which are usually a result of luxury” [23].

#### **The Standard of Living in Ibn Khaldoun’s Concept of Economy:**

In this section, we will discuss the factors influencing the increase and decrease of the standard of living and the reasons behind it. The income of labourers in major civilised cities is usually high. This is because work is considered one of the features for production and it is governed by the theory of supply and demand.

Therefore, Ibn Khaldoun claims that the fees of workers in developed countries are generally high while fees are quite low in small cities and urban places since it is less developed [24]. Ibn Khaldoun differentiates between cities, villages and nomadic regions on economic and income bases. This is due to its influence on civilisation and social development. Professions usually develop and diversify according to high demands. It is mostly found in cities where there is economic prosperity as opposed to villages and nomadic regions.

Ibn Khaldoun presents three reasons for high wages and expensive goods [25]:

- The high needs for luxury in developed cities.
- The pride of workers for their services and their adaptation to live comfortably in cities.
- The large numbers of luxurious people and their intensive need for workers.

Ibn Khaldoun attributes the differences in standards of living between countries and cities to the people's level of income and active markets which is the result of development. Based on this view, Ibn Khaldoun sets the following rule for the individual's income and expenditure: "the level of income and expenditure is equivalent in all countries. However, when the income is high expenditure increases and vice versa. Hence, the individual's standard of living increases" [26].

**The Interference of Authority in Buying and Selling:** Ibn Khaldoun does not agree on the interference of authorities in marketing to act as a trader who buys goods at the lowest prices then waits for the chance to sell it for very high prices when there is a need for the product. According to him, this is an unlawful violation on people's money. He says: "More worse than injustice and corruption in countries and civilisations is the violence of people's money through buying goods in markets for lowest prices then imposing it on them for much higher prices...This often results in the fall of countries and effects its development gradually without being aware of it" [27].

This is a precise economic analysis that shows the role of governments in people's living and economics and the direct relationship between the two. This economic rule is present throughout history and forms one of the foundations for civilisation. Although some Moroccan scholars discussed the rules and conditions of marketing, Ibn Khaldoun discussed the influence of economics on development and history [28-29].

Ibn Khaldoun was trying to free trade from any interference that may corrupt the market by inserting objects that do not relate to the theory of supply and demand and its elements such as the existence of merchants and goods as well as certain circumstances for prices of goods. He also stresses on the prohibition of monopoly.

More than once Ibn Khaldoun expresses his disagreement on the negative interference of the government in the process of buying and selling. For example, he says in one of his chapters entitled '*The Trade of the Sultan is Harmful for People and a Corruption of Taxes*':

Be mindful that when the government taxes decrease due to luxury and high income and expenditure then it will only collect taxes according to its needs. But if it needed more money and tax collecting then it would either place customs on people's goods and markets as we mentioned in the previous chapter, give different titles to customs, share workers and tax collectors their money when they gain large sums of money and sometimes pretend trade and agriculture for the Sultan under the title of customs when they find traders and farmers gaining profits despite their small amount of money. Profits are usually calculated according to the capitals. Governments believe that what they are doing is by means of collecting more taxes and decreasing profits whereas it is very wrong and unacceptable to do so as it harms people from several aspects. [30]

This quote demonstrates the precision in establishing the foundations for economics, politics, sociology and the rise and fall of countries.

**The Relationship of Education and Culture with Economy:** Ibn Khaldoun discusses several aspects that were then yet to be discussed such as the profession of writing and calligraphy and its relationship with education and culture. He considers it one of the professions that is needed for living and for economic purposes. He believes that work is not limited to buying and selling through markets. He stated under the title: *Calligraphy and Writing is part of Human Profession*, that: "they are drawings and forms of letters indicating spoken words to express our inner feelings. It is our second choice of linguistic expression and an honourable occupation since writing is a specialty for mankind that distinguishes him from animals" [31]. Here Ibn Khaldoun is paving the way

to describe this profession as the most prestigious profession according to him. We shouldn't forget that he is a renowned scholar who appreciates education and writing.

He added: "writing usually expresses one's intellect and helps in carrying out needs from distant countries. It also allows one to be introduced to various sciences and knowledge including the books of earlier Muslim scholars being acquainted with their knowledge and history. Thus, it is an honourable profession due to different various aspects. It encourages people to be educated to develop their country. That is why fine handwriting is often found in cities as it is one of the many professions of civilised countries" [32].

This shows the difference between professions in cities and villages as artistic works and ornamentations are likely to be found in cities more so than in villages and nomadic regions. However, this has a social and psychological impact on people referred to by Ibn Khaldoun: "we talked previously about the importance of writing and that it is an indication of civilisation. Therefore, Bedouins are usually found illiterate, they cannot write or read. Thus, he who manages to read or write is left with bad hand writing and weak reading. Teaching writing in civilised and developed countries is found neater, better and easier to learn due to the existence of many experts" [33].

**HIS Opinion in Professions and its Types:** Ibn Khaldoun deals with professions according to its precedence in history, its economic impact, the way to deal with it and how to learn it. For example, Ibn Khaldoun says about agriculture that "this work is beneficial for a living and cultivating grains. The land should be ploughed, planted, watered and treated from harmful insects and other things that may spoil it until it is ready for harvesting. Hence, a farmer should go through all the steps required for agriculture." This shows Ibn Khaldoun's precise description of professions from the first step through to the end. He would then describe its historical, sociological and economic background as illustrated in this quote: "it is [i.e., agriculture] the earliest profession as it usually helps people gain their living. It is possible for people to live without the other professions except for this one. This is why it was limited to Bedouins as we have earlier mentioned that it existed before the appearance of civilisation. Hence, agriculture was a Bedouin profession that was not known to civilised people as their way of life is different as well as their work" [34].

In building, Ibn Khaldoun says that "this profession is the first and earliest in civilised countries. It is the required knowledge describing how houses and hostels are built for shelter and residency in cities. Human nature necessitates people to think of the consequences of living in cities. Therefore, they should think of what could prevent them from heat and cold such as locked houses. However, human beings are different in the way they think which points out the meaning of humanity" [35]. As for carpentry, he says: "This profession is a necessity for development" [36]. And for paper making he says: "In the past, great attention was paid to scholarly books by writing copies of them, binding and editing them. This was a result of the growing population and civilisation. Although this was the case during early times, it decreased by the end of that generation and the fall of the Islamic civilisation. For example, Iraq and Andalusia were centres for scholarship and printing as the result of a growing population and its development as well as of its plenty markets" [37]. Such indications could be traced for other professions [38] through which we can build a comprehensive understanding of economics according to Ibn Khaldoun.

## CONCLUSION

This paper has presented a number of Ibn Khaldoun's economic views as found in his *al-Muqaddimah* through which it was found that Ibn Khaldoun can be considered the founder of economic sciences. The effects of the economic factor in interpreting history and the effects of work in the production operation have been presented along with the economic opinions in the law of supply and demand. In this regard, Ibn Khaldoun's opinions distinguish him from other scholars in this area. This research has endeavoured to bring to light the close relationship between economy and sociology and the role of government authorities in buying and selling and the effect of that on the economy as seen by Ibn Khaldoun. This was followed by a discussion on the relationship between economy and work on the educational and scientific levels and an explanation of the division of professions and its importance to Ibn Khaldoun.

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