

IBN KHALDUN — A GREAT PIONEER ECONOMIST

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BIOGRAPHICAL SKETCH

Abu Zaid' Abdur Rahman Ibn Khaldun (1332-1406), brilliant Arab historian and sociologist, was born in Tunis, descendant of a family which produced distinguished administrators and military officers for many hundred years and which claimed to originate from Hadramaut, a fertile region of South Arabia. He was educated at an early age, first learning the Quran by heart, then studying grammar, poetry and jurisprudence. He made his entry into public life at the age of twenty, becoming secretary to the Sultan of Fez, in Morocco. But after some time he lost the Sultan's favour and was put into prison for two years.

Ever since his release from the prison till the time of his death, except for a few years, he spent an eventful and turbulent life. In 1362 the king of Granada appointed him as his ambassador to Pedro the Cruel, king of Castille. Some years later he became the Prime Minister of the Sultanate of Bougie in Algeria. In 1375 he retired for four years to work on his 'Prolegomina' and

'Universal History'. These books, even to this day, enjoy universal fame for acute observations and profundity.

In 1382 he accepted first the lectureship and later the post of Chief Justice offered by the Mamluke Sultan of Egypt. He performed the Haj in 1387 and came back to Egypt in the same year. In 1400 the Mamluke Sultan took him to Damascus, which was threatened by Timur Lenk's armies. Ibn Khaldun met Timur and greatly impressed him by reading a passage concerning him in the Universal History. Timur offered him a post but he did not accept it.

On his return to Egypt, Ibn Khaldun once more became Chief Justice. But, while still occupying this post, he died in 1406, and was buried in Cairo, in the Sufi cemetery outside Bab el Nasr.

Ibn Khaldun's major work is his massive 'Universal History' but his fame rests on the 'Prolegomina' to this history. In the latter book he examines the nature and develop-

*ment of society, as he saw during his long and agitated career, and lays foundations on which all social sciences, including economics, must rest. Further, in the same book, he conceives and formulates a philosophy of history which, according to Toynbee, is 'undoubtedly the greatest work of its kind that has ever yet been created by any mind in any time or place.'*¹ *This work of Ibn Khaldun has become a classic.*

Before discussing Ibn Khaldun's contribution to economics, we think it proper to remove one wide-spread misunderstanding about the Arabs. It is generally believed that nothing was written on economics in the Arab period which roughly extends from the seventh to the sixteenth century. But this belief is contrary to historical evidence which shows that the Arab scholars of the said period gave a good deal of thought to economic problems and wrote several books on economics and its allied subjects. Their familiar term for economics was 'siyasat-e-mudun' which literally meant 'political economy'. The invention of this term is unjustly attributed by economic historians to Antoine de Montchretien, who was a French dramatist and economist of early seventeenth century. The fact is

that the term 'political economy' as the name of a special science, was first employed by Abu Nasr al-Farabi, a well-known Muslim philosopher and politician of the tenth century. The very name of his book on economics entitled 'siyasat-ul-madniya' (Political Economy), which was written about seven centuries before the time of Antoine de Montchretien, bears testimony to the above fact.

There was hardly any notable Arab thinker of the period referred above who did not express his views on economic problems. We are indicating only a few outstanding figures if we mention Qadi Abu Yusuf, Ibn Sina (Avicenna), Mohammad bin Hasan Tusi, Ibn Rushd (Averroes), Ibn Tufail, Ibn Baja and al-Ghazzali. Of all such writers perhaps Ibn Khaldun, whose ideas form the subject of this article, contributed most to economic theory.

Source of Ibn Khaldun's Economic Ideas

The chief source of Ibn Khaldun's economic ideas is his 'Prolegomina to Universal History', a piece of work which amazes one by its breadth and profundity of vision and by its sheer intellectual power. This book represents the first scientific attempt to study the nature and characteristics of human society in

1. 'A Study of History' (Vol. III).

its different forms and the laws governing its development. It contains original and elaborate discussions on a wide range of subjects such as history, sociology, politics, religion, state, public finance, economics, geography, metaphysics, education etc. Equally remarkable is the fact that Ibn Khaldun has speculated on what we call to-day the methods of social and historical researches. Such being the cements of the 'Prolegomina', Ibn Khaldun is universally acclaimed as the father of social sciences.¹

To come back to our theme, Ibn Khaldun devoted separate chapters to economics and its theoretical and descriptive aspects in his aforementioned 'Prolegomina'. In those chapters he discussed such topics as the subject-matter of economics, forces of demand and supply and their effect on price, social and individual aspects of wealth, free and economic goods, money and its characteristics, interdependence of prices, labour and value, productive and unproductive occupations, economic factors affecting the size of population, economic consequences of oppression, stages of economic development, rural and urban economic systems, functions of state, rates of taxation, economic benefits of public

expenditure, prices in towns, localization of industries, reasons for the development and decay of industries, chief industries in the world, Industrial training, agriculture, its problems and how to solve them, hoarding and monopoly, goods of export etc. These topics represent only a fraction of what Ibn Khaldun wrote on economics. To discuss all of these topics requires much more space than this article can permit. We can study here only a few of such topics.

Definition and Scope of Economics

Ibn Khaldun preferred the word 'ma' ash' (economics) to the term 'siyasat-e-mudun' (political economy) which was frequently employed by other Arab writers. Unlike contemporary European writers, he conceived of Economics as a science which stood independently of Ethics and which dealt with a positive description of economic actions rather than a study of their moral implications.

'Political Economy' wrote he 'is a science which deals with the management of the household or city according to the dictates of reason as well as ethics (welfare) so that the masses may follow the path that leads to the preservation of species.'²

1. Charles Issawi, 'An Arab Philosophy of History' (p. 9).

2. Al-Muqaddamah (Vol. I).

According to Ibn Khaldun the management of the household or city involves such activities as men perform for 'exchanging goods with one another in order to meet their economic requirements'.¹ Without meeting these requirements it will become impossible to preserve human species. Hence 'man must make an effort to earn his living and to obtain all those things which are necessary for his life ... For this purpose he can exploit all that God has created in this world.'² It is the study of these human efforts for earning livelihood which; according to Ibn Khaldun, forms the subject-matter of economics.

It should be noted that Ibn Khaldun, in his definition of economics, has been careful to point out the intimate connection between economics and welfare. His emphasis on 'the management of the household or city according to the dictates of reason as well as ethics' shows that he does not believe in knowing the truth only for its own sake but for promoting human welfare.

Another thing on which Ibn Khaldun has laid stress is that the purpose of the study of economics is to promote welfare of 'masses'

and not of individuals. In other words, economics does not study man as an isolated individual but as a member of society. It is so because economic and social laws, according to Ibn Khaldun, operate on masses and cannot be significantly influenced by isolated individuals.³

Strangely enough, Ibn Khaldun also saw, more clearly than many later economists, the interrelation between economic, political, social and ethical factors. As a scholar has put it: 'Ibn Khaldun perceived that the economic sphere could not without serious consequences for the machinery of society be looked upon as segregated from finance, army, spiritual culture. They were all interconnected and only if they were in perfect equilibrium on the basis of a mutual give and take was the State at its best and functioned normally and effectively.'⁴

Functions of Money

Ibn Khaldun's ideas about the functions of money can be gathered from the following passage:

'God created the two precious metals, gold and silver, to serve as the measure of value of all commodities. They are also generally used by men as a

1. Al-Muqaddamah (Vol. III).

2. Al-Muqaddamah (Vol. III).

3. Issawi, 'An Arab Philosophy of History' (p. 7).

4. Rosenthal as quoted by Issawi (p. 13).

store or treasure. For although other goods are sometimes stored it is only with the intention of acquiring gold or silver. For other goods are subject to the fluctuations of the market from which gold and silver are nearly immune.’¹

Ibn Khaldun thus realized that precious metals were the best media of exchange and store of value because of the relative stability of their prices.

Money is not Wealth

Ibn Khaldun did not regard precious metals as wealth but only as ‘convenient media of exchange and store of value’. The real wealth of a country, in his opinion, consisted in the goods produced by its inhabitants. Further, many centuries before Hume and Locke, he saw that countries received the gold they needed through foreign trade and that gold-producing countries were not necessarily the wealthiest, as the following memorable passage shows:—

’Such forms of wealth as gold, silver, precious stones and things made out of them are only minerals and products having an exchange-value, like iron, copper lead and other metals and

minerals. It is society, acting through human labour, which brings them to light and increases or decreases their quantity. The quantity existing in the hand of men circulates and is transmitted from generation to generation. And it probably circulates from country to country and from state to state, according to the price paid for it and the need of different societies for it. Thus if such wealth has decreased in North Africa, it has not diminished in the land of Franks or Slavs; and if it has decreased in Egypt or Syria, it has not diminished in India or China. For it is social effort, the search for profit and the use of tools that cause the increase or decrease of the quantity of precious metals in circulation.’

‘... Consider, as an example, the lands of the East such as Egypt, Syria, Persia, India or China; or the lands lying north of the Mediterranean. Because social life is flourishing there, notice how wealth has increased, the state has grown stronger, towns have multiplied, trade has prospered, conditions have improved. For the prosperity and luxury we see in the Christian traders who come to North Africa passes description. The same is

1. Issawi, ‘An Arab Philosophy of History’ (p. 77).

true of the traders who come from the East, and still more those who come from the Far East such as Persia, India and China, descriptions of whose wealth and prosperity are the everyday talk of travellers and are often dismissed as untrue. The common people probably think that all this is due to the great store of money they have, or to the abundance of gold and silver in their soil, or to their having inherited, alone of all peoples, the golden treasures of the ancients. This is not so, for the source of the gold we see in these countries is Sudan, which is closer to North Africa. And we notice that, the inhabitants of these countries bring all their goods to foreign markets for purposes of trade. If money had been so abundant in their own lands they would not have brought their goods to others to be exchanged for money; indeed, they would have dispensed entirely with other people's money.'¹

Ibn Khaldun's Theory of Value

Ibn Khaldun's theory of value has three different aspects.

First, he thinks, though not very clearly, that the forces of demand and supply produce influence on the

determination of value. Under the caption, 'Prices in Towns', he writes: 'If a district is prosperous, densely populated and full of luxury, there will be a great demand for commodities. Supply, therefore, runs short of demand The result will be that prices will rise But the cost of supply of goods, especially of foodstuffs, also affects their value and determines their price, as may be seen today in Andalusia.'² It is, therefore, safe to assert that so far as the demand and supply theory of value is concerned, Ibn Khaldun was a forerunner of Marshall.

Secondly, he states that value of a commodity is mainly derived from the labour embodied in it, as the following passage indicates: 'The income which a man derives from the crafts is the value of his labour In certain crafts the cost of the raw materials must be taken into consideration, for example, the wood in carpentry and the yarn in weaving; nevertheless, the value of the labour is greater because the labour plays in these crafts the dominant part. In other occupations than crafts, too, the value of labour must be added to the cost of the produce; for without labour there would have been no produce It is clear then that ally or most, incomes

1. Issawi, 'An Arab Philosophy of History' (pp. 77-78).

2. 'Prolegomina' (Vol. III).

and profits represent the value of human labour.’¹ This passage may be said to contain the kernel of the Marxian labour theory of value.

Thirdly, and this point proves him to be a deep student of economic affairs, he realizes that prices are interdependent and that a change in the price of one commodity tends to communicate itself to that of the other. He has given many examples in this connection, the most important being that of agricultural production about which he writes: ‘A persistent cheapness in agricultural goods will lead to a deterioration in the condition of all those engaged in agricultural operations; for their profits will shrink or disappear, and their capital will cease to grow, or grow only very slowly; indeed, they may have to spend out of their capital which will soon lead them to poverty. And this will be followed by a deterioration in the condition of those engaged in operations connected with agriculture such as milling, baking and the other industries which transform agricultural produce into foodstuffs. Similarly the position of the army will deteriorate in cases where their income is derived from taxes on the agricultural population allotted to

1. Issawi, ‘An Arab Philosophy of History’ (pp. 71-72).

them by the king’²

Industrial Training and Inventions

Ibn Khaldun realizes the importance of technical training as a means of developing large-scale industries. He even goes as far as to say that when technical education spreads, inventions take place and culture and civilization make rapid progress.

Technical training, according to Ibn Khaldun, is of various kinds. From the point of view of period of training, there are two types, simple and complicated. The former relates to industries producing necessities of life, and the latter to industries producing high class goods. From the point of view of occupation, there can be three more types of technical training, economic cultural and political. The first type includes general industries such as weaving, carpentry etc.; the second is related to fine arts like music, painting, education etc., and the third is concerned with political and military activities such as the training of soldiers, the production of war materials etc.³

The above discussion shows that,

2. Issawi, ‘An Arab Philosophy of History’ (p. 75).

3. ‘Prolegomina’ (Vol. III).

unlike Adam Smith and his followers, Ibn Khaldun regarded services such as painting, teaching and even singing as productive.

Stages of Economic Development

Ibn Khaldun clearly understands the differences between pastoral, agricultural and industrial societies. He appears to be more clear sighted than the Mercantilists and the Physiocrats when he says that as civilization progresses the relative importance of agriculture declines, while that of industry increases. He writes:—

‘The differences between people arise principally from the differences in their occupations; for their very union springs out of the need for co-operation in the securing of a livelihood.

Before comforts and luxuries come those occupations which deal with the bare necessities of life. Hence some men devote themselves to agriculture, sowing and planting, and some tend animals such as sheep, cows, goats, bees and silkworms with a view to using their produce. And those who devote themselves to agriculture and animal husbandry are compelled by necessity to go out into the open

country which has the space, which in towns is lacking, for fields, pastures, plantations, and so on. Such people must therefore necessarily pursue a nomadic life and for that reason they will unite and co-operate in economic matters, and have food, dwelling and shelter only to the extent which answers the bare necessities of life, without any of the superfluities.

Should their standard of living, however, rise so that they begin to enjoy more than the bare necessities, the effect will be to breed in them a desire for repose and tranquility. They will, therefore, co-operate to secure superfluities, their food and clothing will increase in quantity and refinement; they will enlarge their houses and plan their towns for defence.

A further improvement in their condition will lead to habits of luxury, resulting in extreme refinement in cooking and the preparation of food; in choosing rich clothing of the finest silk; in raising lofty mansions and castles and furnishing them luxuriously and so on.

At this stage the industries

develop and reach their height. Lofty castles and mansions are built and decorated sumptuously, water is drawn to them and a great diversity takes place in the way of dress, furniture, vessels and household equipment.

Such are the townsmen who earn their living in industry or trade. Their gains are greater than of those working in agriculture or animal husbandry and their standard of living higher, being in line with their wealth. We have shown, then, that both the nomadic and the urban stages are natural and necessary.’¹

State Expenditure and Economic Activity

Economists have only recently appreciated the close relation which exists between state expenditure and national income. But Ibn Khaldun was not unaware of this relation as the following remarkable passage points out:—

‘A decrease in the expenditure of the king leads to a decrease in the amount collected in taxation. The reason is that the state and the court represent the greatest market for the world and continued increase of civilization. Should the king, therefore,

hoard the sums derived from taxation or otherwise, or should he not have any money to spend, the amount of money in the hands of his courtiers and officials would decrease, as would also the amount available for their retainers and dependents. Their expenditure would consequently fall off, and as they constitute the most important group of buyers, business would slacken and the profits of traders would diminish; tax revenue must necessarily also contract, for taxes are levied principally on transactions, market purchases and profits. The state will suffer owing to the diminution of taxation

Wealth, then, keeps on circulating between the king and his subjects, from him to them and from them to him. If, therefore, the king should hold back money, the loss would fall on the subjects.’²

The above discussion reminds one of the ‘deficit spending’ technique as advocated by Keynes.

Conclusion

We have discussed only a fraction of Ibn Khaldun’s economic ideas, owing to limited space at our

1. Issawi (pp. 80-81).

2. Issawi (p. 91).

disposal. These ideas do not always indicate advanced economic thinking but, from the point of view of history of economic thought, they occupy tremendous importance. From their study we come to know that Ibn Khaldun treated economics as a special science many centuries before the arrival of the Mercantilists and the Physiocrats. He not only made an attempt to define

economics but tried to give it a body of homogeneous ideas, discussing them systematically and scientifically. His views on the theory and practice of economics fully earn him the title of 'pioneer economist'; and no history of modern economic thought can claim to be complete without assigning him a proper place in its lay-out.