

# Exploring the Roots of Ibn Khaldun's Islamic Economic Thought and Its Impact on Historical Development

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Ibn Khaldun's economic thought, as expressed in his monumental work *Muqaddimah*, has significantly contributed to the development of Islamic economic theory. His insights into the role of the state in the economy and the concept of *asabiyyah* (social solidarity) have influenced both historical and contemporary economic ideas. This study explores the origins of Ibn Khaldun's economic theory and analyzes its impact on Islamic economics, with a focus on its relevance in modern economic contexts. A qualitative descriptive method is employed, utilizing literature review of primary and secondary sources. The findings highlight that Ibn Khaldun's ideas on *asabiyyah*, state regulation of the economy, and governance during the Abbasid and Ottoman periods shaped economic policies. Moreover, these principles remain pertinent in today's economic discussions, particularly in understanding the state's role in fostering economic stability and social solidarity. This study suggests that Ibn Khaldun's economic thought offers a valuable foundation for creating inclusive economic policies and business strategies, particularly in contexts marked by significant socio-economic disparities. Ultimately, Ibn Khaldun's theories provide a framework for integrating solidarity-based principles into modern economic practices to promote equity and social cohesion.

Keywords: Ibn Khaldun's Economic Thought, Islamic Economics, History of Islamic Economic Thought.

## ABSTRACT

## 1. INTRODUCTION

Islamic economic thought has deep roots in Islamic teachings, with its sources stemming from the Qur'an and Hadith, which form the foundation for the basic principles of a just and sustainable economic system (Al Insany & Fauzi, 2019; Efendi, 2024). In contrast to capitalist or socialist economic systems that focus more on personal profit and unlimited economic growth, Islamic economics emphasizes a balance between individual and social interests (Rezeki et al., 2023). One key figure who made significant contributions to the establishment of Islamic economic theory is Ibn Khaldun (1332-1406). In his most famous work, *Muqaddimah*, Ibn Khaldun not only analyzed history and sociology but also provided profound insights into the economic dynamics of society. He believed that the economy is influenced not only by production and distribution factors but also by interconnected social, political, and cultural factors.

One of the main concepts in Ibn Khaldun's economic thought is *asabiyyah* (social solidarity). This theory of *asabiyyah* also highlights Ibn Khaldun's intellectual brilliance in analyzing political and state issues, making it a key factor in the birth and formation of a state (Munawwir, 1997). Conversely, when the *asabiyyah* of a state weakens, the state faces the threat of collapse. Even today, this thought proves true, and the concept of *asabiyyah* continues to inspire contemporary political movements (Ilham, 2016).

In his view, a society will progress toward improvement if there is strong solidarity among its members. In the economic context, *asabiyyah* plays a crucial role in influencing justice, wealth distribution, and ensuring that significant social inequality does not occur. This concept also leads to the understanding that the state, particularly its leaders and rulers, must play a vital role in creating an equitable and prosperous economic structure. The concept of *asabiyyah* also provides a deeper understanding of how societies can address social and economic injustices, both at the micro and macro levels.

Ibn Khaldun also proposed significant ideas about wealth distribution and the cycles of power in societies. He believed that in certain civilizations, social inequality and uneven wealth distribution could lead to the decline of that civilization. In this regard, he emphasized the importance of maintaining a balance between wealth managed by the state and society. Additionally, in Ibn Khaldun's economic theory, he underscored the need for sustainable management of natural resources and human capital, in line with Islamic teachings that emphasize caution and justice in resource use.

In recent years, Ibn Khaldun's economic thought has attracted considerable attention from academics. Numerous recent studies delve deeper into his contributions to economics in terms of history, social theory, and its relevance in addressing contemporary economic challenges. For instance, research by El-Ashker & Wilson (2006) in *Islamic Economics: A Short History* offers a comprehensive view of the development of Islamic economics from the classical to the modern period. They reveal that many aspects of Ibn Khaldun's economic theory remain relevant, particularly in the context of analyzing social inequality and wealth distribution in the global community. This study also highlights that, despite the dominance of capitalist or socialist economic theories in modern times, Ibn Khaldun's classical thoughts on social justice, solidarity, and wealth distribution continue to form a crucial foundation for building a just economy.

Additionally, research by Ade (2009) argues that while Islamic economics offers an alternative to the prevailing capitalist system, the implementation of its principles in the modern world often faces significant challenges, especially when trying to apply a truly Sharia-compliant system. However, despite the considerable body of research focusing on the principles of Islamic economics, most studies center on their application in modern contexts such as Islamic banking, financial institutions, and zakat. Few studies delve deeply into the classical contributions, particularly from figures like Ibn Khaldun, regarding economic policy and the socio-economic structure during the Islamic Golden Age. Many foundational concepts proposed by Ibn Khaldun, such as asabiyyah, wealth distribution, and power management, remain highly relevant in addressing current economic problems.

While there is extensive literature on the implementation of Islamic economic principles in specific sectors, such as Islamic banking and finance, there remains a gap in discussing the influence of Ibn Khaldun's economic thought on economic policy during the peak of Islamic civilization and its relevance to contemporary economic challenges. Most existing research focuses on comparing Islamic economics with modern economic systems or examining practical applications like Islamic banking. This gap limits the understanding of how Ibn Khaldun's ideas on social solidarity, wealth distribution, and the life cycles of dynasties influenced economic policies during the Islamic Golden Age.

Meanwhile, globalization and capitalism have drastically changed the global economic landscape, creating widening gaps between the rich and poor and undermining fair wealth distribution systems. Therefore, connecting Ibn Khaldun's economic thought with the current economic dynamics is crucial. This gap underscores the urgent need to explore how the principles proposed by Ibn Khaldun can be applied to address economic and social disparities in today's societies.

The primary issue in this research is the lack of studies linking Ibn Khaldun's economic thought with economic policies during the peak of Islamic civilization and its relevance in solving modern economic issues. Most studies tend to focus on general Islamic economic theories or their modern-day applications like Islamic banking and finance. Hence, the hypothesis in this study is that Ibn Khaldun's economic thought, particularly regarding asabiyyah, wealth distribution, and power management, significantly influenced economic policies during the Islamic Golden Age and remains relevant for addressing current global economic challenges. By conducting an in-depth study of Ibn Khaldun's works, especially *Muqaddimah*, this research will demonstrate that his economic principles provide solutions to social inequality and wealth distribution issues in modern society.

To address this issue, this research will adopt a historical and analytical approach to explore the roots of Ibn Khaldun's economic thought. The study will examine *Muqaddimah* in detail, along with various writings and theories developed by Ibn Khaldun within the social-economic context of his time. This research will identify key concepts such as asabiyyah, wealth distribution, and the role of the state in creating a just economic system. Furthermore, the study will explore how Ibn Khaldun's ideas were applied in economic policies during the Islamic Golden Age and their impact on the socio-economic structure of the Muslim

community at that time. Finally, this research will analyze the relevance of Ibn Khaldun's economic principles in addressing the issues of economic inequality and social injustice in the modern world.

The primary objective of this research is to gain a deeper understanding of Ibn Khaldun's economic thought, focusing on concepts such as asabiyah and the role of the state in achieving economic justice. This study aims to identify the impact of Ibn Khaldun's economic thought on economic policies during the peak of Islamic civilization and its relevance in addressing contemporary issues such as social inequality, poverty, and uneven resource management. Thus, this research is expected to contribute significantly to the development of Islamic economic studies and provide new insights into the application of Islamic economic principles in solving current societal challenges.

## 2. LITERATURE REVIEW

### 2.1. Islamic Economics

Islamic economics is the study and application of Shari'ah principles to prevent injustice in the acquisition and use of resources, aiming to satisfy human needs and enable individuals to fulfill their obligations to Allah and society. Shari'ah provides guidance through injunctions (do's and don'ts in the Quran and Sunnah) and rules (rules derived from scholars) (Zaman, 1984). Key principles include avoiding harm, ensuring that profits are in line with responsibilities, and taking into account the necessity of the unlawful (Amalia, 2010). Economic activity aims to provide pleasure while fulfilling social obligations, with the government playing a role in regulating and taxing for the good. Unlike capitalism, the goal of Islam is not just personal gain but also to contribute to society, as exemplified by the companions of the Prophet. Islamic economics integrates personal needs, social obligations, and religious obligations. Scholars should critically evaluate and refine this definition to establish an accurate understanding of Islamic economics.

Islamic economics is guided by several key principles that aim to ensure fairness, justice, and balance in economic activities. These principles distinguish Islamic economics from conventional economic systems like capitalism, where personal gain often takes precedence. The principles of Islamic economics emphasize ethical conduct, social responsibility, and the integration of personal, social, and religious obligations. Below are some of the core principles:

#### 1) Avoiding Losses (*Dalal*)

One of the fundamental principles of Islamic economy is the prohibition of any activity that causes harm to others. This includes avoiding exploitation, fraud, and unfair trade practices. The principle of avoiding harm encourages individuals and organizations to engage in business practices that benefit society while avoiding actions that may cause economic or social harm. This concept goes beyond personal harm to include harm to the environment, making greed an important aspect of Islamic economy.

#### 2) Making Profits Responsibly

This Islamic economy actually promotes the idea that profits should be earned in a manner that is in line with moral and social responsibility. Unlike the capitalist model, where profit maximization is often the primary goal, Islamic economy upsets the balance between individual profits and the interests of society (Hidayatullah, 2017). Profits must be earned through lawful (halal) means, and individuals or organizations are expected to fulfill their obligations to society, such as paying zakat (charity) and engaging in ethical business practices. This ensures that economic activities do not lead to exploitation or injustice.

#### 3) Necessity of the Prohibited (*Darra*)

Islamic economics acknowledges that under certain circumstances, activities that are generally prohibited may be permitted. This concept has been abolished based on the principle of necessity (*Darra*), which states that illegal activities may be permitted in cases of urgent need or hardship. Al-Zuhairi's view on necessity builds on the classical definition by expanding the scope of discussion to a more comprehensive understanding of "necessity" in Islamic jurisprudence. In his view, hardship is a state of great difficulty or danger that threatens a person's life, bodily integrity, offspring, intellect, or property. This definition emphasizes the gravity of a situation in which a person is faced with such dire circumstances that the normal prohibitions (haram) in Shari'ah law are temporarily lifted (Ibrahim et al., 2021). This flexibility allows people

to survive and thrive in difficult circumstances while maintaining a commitment to ethical and lawful economic behavior (Al-Mutairi, 1997).

#### 4) Economic Activity for Social Contribution

In Islam, economic activity is not only about generating personal wealth but also about contributing to the welfare of society. Its objective is to create a harmonious and just social order by ensuring that wealth and resources are distributed fairly (Huda, 2013). This is exemplified by the companions of the Prophet Muhammad, who prioritized the welfare of society over the accumulation of personal wealth. Economic activity should contribute to the broader good, such as ensuring the welfare of the poor and vulnerable, supporting the development of local communities, and contributing to the welfare of society as a whole.

#### 5) Role of Government

In Islam, governments play a key role in regulating economic activity. Governments are responsible for ensuring justice, preventing exploitation, and maintaining fairness in the distribution of wealth. Governments are also tasked with implementing tax systems that contribute to social welfare, including the collection of zakat and other charitable donations. Through these regulatory mechanisms, governments strive to maintain a balance between personal wealth and social obligations, and to ensure that economic activity is in line with ethical and religious standards.

#### 6) Integration of personal, social, and religious obligations

One of the distinctive features of Islamic economy is its holistic approach, where economic action integrates individual needs, social obligations, and religious obligations. Individuals are expected to manage their wealth in a way that meets their personal needs and their obligations to society and Allah. This includes providing for their families, donating to charity, and contributing to the good of society. By linking personal wealth with social responsibility, Islamic economics ensures that economic activity benefits both the individual and society as a whole.

### 2.2. Ibn Khaldun's Economic Thought

Ibn Khaldun, a renowned scholar of Islamic economics, emphasized that the primary purpose of economic activity is not solely the accumulation of personal wealth but the promotion of societal welfare and social justice. His views extended beyond material wealth and sought to establish a system where economic resources contribute to the creation of a harmonious social order. This vision closely mirrors Islamic principles, where wealth is not seen as an individual possession but as a trust to be managed for the benefit of society.

In his seminal work, *Muqaddimah*, Ibn Khaldun outlined the significance of '*asabiyyah*' (social cohesion) in fostering economic growth and ensuring a fair distribution of wealth. According to him, societies flourish when they maintain strong social bonds that prioritize the well-being of all members, especially the vulnerable and marginalized. This idea aligns with the broader Islamic economic vision, which seeks to balance personal wealth with the collective welfare.

Ibn Khaldun's economic thought also resonates with the practices of the companions of the Prophet Muhammad, who exemplified selflessness and prioritization of the common good over personal gain (Ilham, 2016). These teachings have influenced the broader understanding of economic activity in Islamic thought, reinforcing the idea that economic actions must serve the greater good of society, particularly in promoting fairness, supporting the poor, and facilitating community development. Through this lens, economic activity is seen not just as a means of enriching individuals but as an essential tool for fostering justice and equity within society.

Ibn Khaldun also put forward important ideas regarding wealth distribution and the cycle of power within a society. He believed that in certain civilizations, social inequality and the uneven distribution of wealth could lead to the decline of that civilization itself. In this regard, he emphasized the importance of maintaining a balance between wealth managed by the state and society. Additionally, in his economic theory, Ibn Khaldun stressed the need for the sustainable management of both natural resources and human capital, aligning with Islamic teachings that emphasize caution and justice in the use of resources.

### 2.3. Previous Research

In recent years, Ibn Khaldun's economic thought has received considerable attention from scholars. Various recent studies have begun to delve deeper into his contributions to economic thought in historical, social and economic contexts, and its relevance in addressing contemporary economic challenges. For example, El-Ashker & Wilson's (2006) book, *Islamic Economy: A Short History*, provides a comprehensive overview of the development of Islamic economics from classical to modern times. They reveal that many aspects of Ibn Khaldun's economic theory remain relevant, especially in the context of analyzing social inequality and wealth distribution in global society. The study also shows that although many contemporary economic theories are based on capitalist or socialist principles, Ibn Khaldun's classical ideas on social justice, solidarity and wealth distribution remain important foundations in building a just economy. Furthermore, Ade (2009) study stated that although Islamic economics offers an alternative to the existing capitalist system, implementing these principles in the modern world often faces great challenges, especially in applying a system that is truly compliant with Shari'ah.

However, despite the vast amount of research on Islamic economic theory, most of it focuses on applying Islamic economic principles to the context of the modern economy, such as the Islamic banking system, Islamic financial institutions, and the concept of zakat (Khoiruddin, 2017). These studies often do not delve deeply into the classical contributions, especially by figures like Ibn Khaldun, on economic policies and socio-economic structures of the Golden Age of Islamic civilization. In fact, many of the fundamental concepts put forward by Ibn Khaldun, such as *asabiya* (social solidarity), distribution of wealth, and control of power, are still highly relevant in addressing current economic issues (Komarudin, 2022).

Although the existing literature has much debated the implementation of Islamic economic principles in certain areas, the impact of Ibn Khaldun's economic ideas on economic policies during the height of Islamic civilization and what implications it has in the modern economic context remains open to debate. Existing studies often focus on comparisons between Islamic and modern economic systems, as well as practical studies such as the Islamic banking system (Said, 2024). This leaves a significant gap in understanding how Ibn Khaldun's ideas on social solidarity, wealth distribution, and dynastic life cycles influenced economic policies during the golden age of Islamic civilization.

On the other hand, globalization and capitalism have dramatically changed the world economic landscape, widening the gap between rich and poor and undermining the fair wealth distribution system. Therefore, it is crucial to connect Ibn Khaldun's economic ideas with the dynamics of today's economy. This gap highlights the urgent need to explore how the principles advocated by Ibn Khaldun can be applied to solve the economic and social inequalities occurring in modern societies.

## 3. RESEARCH METHODS

### 3.1. Research Design

This study aims to explore and analyze the economic thought of Ibn Khaldun and its impact on the historical development of Islamic economics. The research design adopted for this study is qualitative with a descriptive-analytic approach. A qualitative approach is chosen because the research focuses on an in-depth understanding of the economic concepts proposed by Ibn Khaldun, which cannot be measured through numbers or statistical data. Instead, the study is based on analyzing his ideas and their implications. The descriptive-analytic type of research is employed to systematically describe and explain Ibn Khaldun's economic thought, as well as to analyze its historical significance in shaping Islamic economic development.

### 3.2. Research Sample

The sample for this study consists of primary and secondary sources relevant to Ibn Khaldun's economic thought. The primary source is Ibn Khaldun's seminal work, *Muqaddimah*, which is the key text containing his economic theories. Secondary sources include books, academic papers, journal articles, and other relevant literature that provide context and analysis of Ibn Khaldun's ideas on economics, social structure, and their historical impact. These sources will be gathered from university libraries, digital collections, and scholarly journals related to Islamic economics and the history of economic thought.

### **3.3. Data Collection Tools and Procedure**

Data collection will be carried out using library research (also known as archival or documentary research). Library research involves gathering information from various available sources such as books, research papers, articles, and journals that are related to the subject matter (Sari & Asmendri, 2020). The data collection process will involve identifying and collecting relevant literature and primary texts such as Ibn Khaldun's *Muqaddimah*. The collected texts will be systematically reviewed, with a focus on sections discussing economic theories such as 'asabiyyah, the role of the state in the economy, and the theory of the rise and decline of civilizations affecting the economy.

### **3.4. Data Analysis**

Once the data is collected, the researcher will engage in document analysis to examine Ibn Khaldun's works, particularly those parts relevant to economic theory. The data will be analyzed using content analysis techniques to identify key concepts in Ibn Khaldun's economic thought. This will include extracting and categorizing ideas related to the distribution of wealth, the role of the state, social cohesion, and the cyclical nature of civilizations and their economic systems. Content analysis will help to uncover the meanings within the texts and assess how these ideas have influenced the development of Islamic economic thought over time.

To ensure the validity and reliability of the research findings, data triangulation will be used. This involves comparing multiple texts and perspectives to ensure the consistency of the concepts identified. Additionally, peer debriefing will be conducted, where feedback will be sought from experts in Islamic economics to ensure the accuracy and objectivity of the analysis. This process will help to confirm that the interpretations drawn from the texts are both comprehensive and reliable.

### **3.5. Ethical Considerations**

In conducting this research, the ethical principles of academic integrity and respect for intellectual property will be strictly adhered to. The researcher will ensure proper citation and referencing of all sources used in the study. Additionally, the interpretation of Ibn Khaldun's ideas will be done with respect to the historical and cultural context in which they were written, ensuring that the analysis is fair, unbiased, and grounded in scholarly rigor. The study will also respect the privacy and confidentiality of any data used from secondary sources, ensuring that all research follows ethical guidelines set by the academic community.

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## **4. RESULTS AND DISCUSSION**

### **4.1. Research Results**

The results of this research focus on the analysis of Ibn Khaldun's economic thought and its historical impact on the development of Islamic economics. The findings are based on a thorough examination of the key concepts presented in his seminal work, *Muqaddimah*, along with secondary literature that discusses the application and relevance of his economic ideas.

#### **4.1.1. Data Analysis**

The findings provide a clear and comprehensive answer to the research questions by conducting a detailed and systematic analysis of the key concepts in Ibn Khaldun's economic thought. The analysis was conducted by carefully examining his seminal work, the *Muqaddimah*, and other relevant secondary sources that discuss his theories in the context of both historical and contemporary economic frameworks. The key findings of the study reveal the ongoing relevance of Ibn Khaldun's economic thought in addressing some of the most pressing issues in the modern economy, such as the distribution of wealth, social solidarity, the role of the state in regulating the economy, and the cyclical nature of civilizations.

In exploring Ibn Khaldun's theory of economic cycles, it becomes clear that his approach to understanding economic phenomena such as the rise and fall of civilizations has significant value for contemporary economic analysis. Ibn Khaldun offers a nuanced perspective on the dynamics of economic and social change by examining the processes of growth, prosperity, stagnation, and decline. His recognition of the interconnectedness of political, social, and economic factors still provides a critical framework for understanding how modern economies evolve over time, especially in the context of globalization and technological advances.

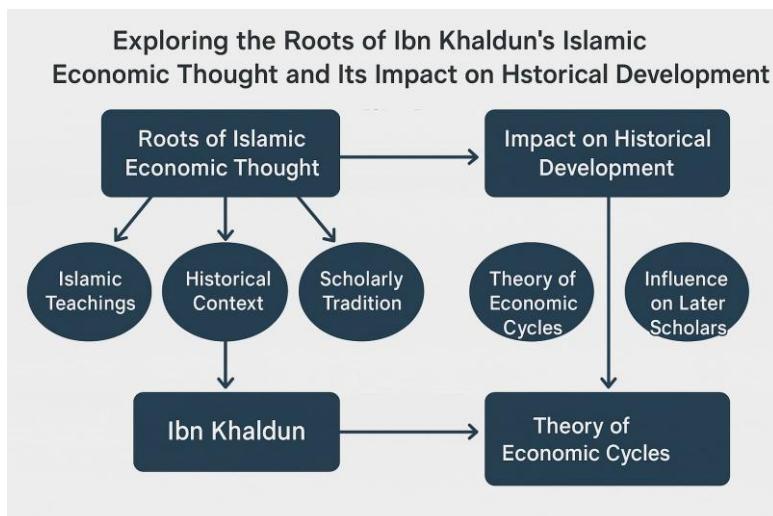
The study delves further into the views on wealth distribution and social justice that underpin Ibn Khaldun's economic philosophy. In his framework, the fair distribution of wealth is not only a moral imperative but also a key element in maintaining social stability and prosperity. His criticism of the concentration of wealth in the hands of a few is particularly poignant in today's context, where issues such as income inequality and wealth disparity continue to cause social and political unrest. The findings suggest that Ibn Khaldun's emphasis on fairness in the distribution of wealth can provide valuable insights for contemporary policies aimed at reducing inequality and promoting inclusive growth.

Social solidarity, or *asabiyya*, is another pillar of Ibn Khaldun's thought and is identified in the study as a key factor in shaping economic outcomes. His belief in the power of social cohesion to inspire collective action and increase economic productivity is more important than ever in modern economies where community fragmentation often leads to social and economic divisions (Khaldun, 1986). The study highlights the importance of *asabiyya* as an underlying force that promotes trust, cooperation, and mutual support within society. These qualities are essential in stabilizing the economy and addressing complex global challenges such as climate change, migration, and political instability.

Furthermore, Ibn Khaldun's views on the role of the state in the economy provide an important perspective on the need for government intervention in regulating economic activity and ensuring the welfare of society. According to Ibn Khaldun, the state is not merely a passive observer but an active actor responsible for shaping economic policies, managing resources, and ensuring fairness in economic transactions (Yumitro, 2022). This concept resonates strongly with contemporary debates on welfare states, market regulation, and the need for governments to address market failures, environmental sustainability, and social justice. Ibn Khaldun's economic theory presents a balance between individual freedom and state intervention, which is crucial in designing policies that promote long-term prosperity and stability.

The study also highlights that Ibn Khaldun's theory of cycles of civilizations offers a unique perspective on economic evolution. His recognition that societies go through stages of growth, peak, decline, and eventual collapse provides valuable lessons for contemporary policymakers and economists. It prompts reflection on the sustainability of current economic practices, especially in the context of environmental degradation, resource depletion, and social inequality (Sari & Asmendri, 2020). Understanding the cyclical nature of the economy allows modern societies to better anticipate potential crises and develop more resilient economic structures that can adapt to future challenges.

Overall, this study demonstrates the enduring importance of Ibn Khaldun's economic thought and highlights the need for a holistic approach to understanding the complex relationship between economy, society, and governance (Vladimir, 2016). His ideas offer a timeless framework for addressing modern economic issues and provide key insights for building a more just, equitable, and sustainable economic system. The findings also suggest that applying Ibn Khaldun's theory to modern challenges can guide the development of policies that balance economic growth and social welfare, ensuring a more harmonious and prosperous future for all.



**Figure 1. Characteristics of the Creative Individual**

Ibn Khaldun's Islamic economic thought is rooted in Islamic teachings, historical experience, and the scientific traditions that developed in his time. He understood how the economy played a role in the rise and fall of civilizations (Yatim, 2000). In the preface, he explains that economic growth is heavily influenced by political stability, government policies, and social trends.

One of the main concepts he developed was the economic cycle that occurs within a country or dynasty. According to him, a new government usually begins with a spirit of hard work, justice, and proper resource management. However, over time, the next generation enjoys excessive prosperity, becomes wasteful, and resorts to high taxes to maintain a luxurious lifestyle (Ulum, 2016). Eventually, a heavy tax burden reduces the productivity of the economy, creates social unrest, and leads to the collapse of the government.

Ibn Khaldun also emphasized the importance of trade and hard work as the driving force of the economy. He argued that taxes that are too high reduce people's motivation to work and trade, which results in a decrease in the state's revenue. This principle is similar to modern economic concepts such as the Laffer curve, which describes the relationship between tax rates and government revenues.

The impact of his ideas on historical development is enormous, both in the Islamic and Western worlds. His ideas on economic cycles, the relationship between taxes and production, and the role of governments in economic welfare became the basis of many modern economic theories (Yani, 2024). Many Western historians and economists acknowledge his contributions to the understanding of macroeconomic dynamics and fiscal policy. With his visionary thinking, Ibn Khaldun not only pioneered Islamic economics, but also laid the foundations of economic theory that remains relevant today. There are several of his thoughts which can be summarized in table form.

**Table 1. The main findings of Ibn Khaldun's thinking**

No.	Concept	Explanation	Impact	Relevance to Modern Economics
1.	Asabiyyah	Social solidarity that forms the foundation of societal strength and stability.	Strengthens social policies focused on solidarity within Islamic societies.	Social cohesion remains crucial in addressing modern inequality and division.
2.	Role of the State in the Economy	The state is responsible for creating policies that support the welfare of society.	Influence on fiscal and taxation policies during the Caliphate era.	Modern welfare states emphasize state intervention for economic stability and fairness.
3.	The Life Cycle of Civilizations	Every civilization undergoes a cycle affecting its social and economic aspects.	Influences the analysis of economic development based on historical phases of civilizations.	Understanding the rise and fall of civilizations helps predict modern economic cycles.
4.	Education and Human Capital	Education is a critical factor in advancing the economy of a society.	Encourages policies that focus on improving human capital for economic development.	Human capital development remains a key driver for economic growth in modern economies.

## 4.2. Discussions

Ibn Khaldun's economic thought, as outlined in his monumental work *Muqaddimah*, provides profound insights into the relationship between economics, society, and politics. His concepts remain highly relevant for understanding the dynamics of societies and civilizations, especially in the context of sustainable economic development. Key ideas in Ibn Khaldun's economic thought include *asabiyyah* (social solidarity), the role of the state in the economy, the lifecycle of civilizations, and the importance of education and human resource quality.

### 4.2.1. *Asabiyyah* (Social Solidarity)

The concept of *asabiyyah* is central to Ibn Khaldun's social and economic theory. Etymologically, *asabiyyah* refers to the social bond or solidarity that exists within a group or community, enabling them to protect and support each other in the face of challenges. Ibn Khaldun argued that the success of a civilization hinges on the strength of *asabiyyah*. A society or state with strong social solidarity is better able to withstand crises and maintain social and economic stability.

In an economic context, asabiyyah influences how resources are managed and distributed. A group of rulers or elites with strong solidarity can control the distribution of wealth and help build economic stability. However, when asabiyyah weakens—often due to rulers becoming preoccupied with personal wealth and luxury—there is a tendency to mismanage resources. This leads to a decrease in productivity, social instability, and, eventually, economic decline.

In modern terms, asabiyyah remains relevant because the concept of social solidarity can be applied to policies that promote social and economic equity. When a society is bound by strong solidarity, social inequalities can be minimized, contributing to sustainable economic growth. Therefore, fostering and maintaining social solidarity is essential for achieving long-term economic stability.

#### **4.2.2. The Role of the State in the Economy**

Ibn Khaldun emphasized the importance of the state in maintaining economic stability. According to him, the state's role extends beyond maintaining order and security; it must also regulate the economy through fiscal policies and ensure the fair distribution of wealth. The state must ensure that resources and wealth are not concentrated in the hands of a few, but are spread across society to improve the well-being of all.

This idea aligns with modern economic principles that stress the importance of inclusive and equitable economic policies. In contemporary economic theory, the state has a crucial role in creating an economic system that reduces inequality and ensures the fair distribution of wealth. The state must also have wise fiscal policies to collect taxes fairly to finance infrastructure and social welfare programs that benefit the population.

Moreover, Ibn Khaldun warned that an unjust tax system could hinder productivity. If taxes are too high, people may feel burdened and lose their incentive to produce. On the other hand, low taxes may result in insufficient revenue for the state to fund essential public projects. Therefore, fair and efficient taxation is crucial for maintaining economic balance and ensuring that the state has sufficient resources to finance development programs that benefit everyone.

#### **4.2.3. The Lifecycle of Civilizations**

Ibn Khaldun also proposed a theory on the lifecycle of civilizations, which remains highly relevant for understanding the dynamics of economic development. According to him, every civilization passes through certain phases that reflect the strength and weaknesses in its social, political, and economic structure. In the early stages of a civilization, society tends to be more productive and efficient due to strong asabiyyah. When a society is simple and relies on social solidarity, it is generally more efficient in managing its resources.

However, as time progresses, power tends to become concentrated in the hands of a few, and luxury starts to erode the social values. This leads to the weakening of asabiyyah. At this stage, government expenditures increase, often due to the lavish lifestyles of the rulers and elites, which leads to excessive taxation that reduces the productivity of the populace. The imbalance in wealth distribution leads to social tension, undermining political and economic stability, and ultimately accelerating the decline of the civilization.

This idea serves as a reminder that increasing social inequality can erode the stability of both state and economy. In the modern context, this theory highlights the importance of maintaining balance in wealth distribution and ensuring that the elites do not focus solely on personal luxury, but on improving the welfare of society as a whole.

#### **4.2.4. The Importance of Education and Human Resource Quality**

Ibn Khaldun regarded education as a key factor in the economic progress of a society. For Ibn Khaldun, the quality of educated and skilled human resources is central to increasing productivity and fostering innovation in the economy. Education not only enhances practical skills but also shapes individual character and thinking, which in turn improves efficiency and effectiveness in sectors such as agriculture, trade, and industry.

According to Ibn Khaldun, an educated society will have individuals who can think critically, innovate, and adapt to changes in the economic landscape. These qualities will contribute to the creation of creative solutions to economic challenges, and help improve productivity across various sectors. Education, in this

sense, is not only about producing skilled workers but also about fostering individuals who can wisely manage resources and contribute to economic development.

Furthermore, Ibn Khaldun emphasized that education should not be limited to academic knowledge but should also include practical skills that are directly applicable in the workplace. Education that only focuses on theoretical knowledge without providing practical skills will produce individuals who are not prepared to contribute productively in sectors requiring specialized expertise. On the other hand, education that combines theoretical knowledge with practical skills will create a more competent, productive, and innovative workforce.

In this regard, Ibn Khaldun's thoughts offer significant insights for developing countries seeking to accelerate their industrialization and economic modernization. By focusing on improving the quality of education, these countries can create a generation that is ready to face global challenges and contribute to sustainable economic development. Thus, investment in high-quality education becomes a priority for any nation that seeks to achieve long-term economic progress.

## 5. CONCLUSIONS

Ibn Khaldun's Islamic economic thought, as articulated in his seminal work *Muqaddimah*, provides a profound understanding of the interconnectedness between social cohesion, economic structure, and political stability. Central to his theory is the concept of *asabiyah* (social solidarity), which highlights the critical role of social bonds in sustaining economic prosperity and political stability. Ibn Khaldun argues that strong cohesion within society enables effective resource management, supports equitable governance, and promotes collective welfare. However, the weakening of social solidarity, often through corruption among the ruling elite, leads to economic decline and political instability. This cyclical view of societal rise and fall offers valuable lessons for modern economies grappling with issues of inequality, governance, and social justice.

Additionally, Ibn Khaldun emphasizes the vital role of the state in regulating the economy, advocating for policies that ensure the equitable distribution of wealth and resources. He stresses that unjust economic systems, marked by extreme wealth concentration, can lead to social unrest and political instability. His ideas on the cyclical nature of civilizations, where societies decline due to elite corruption and moral decay, underscore the need for sustainable governance, ethical leadership, and fiscal responsibility. Furthermore, his insights into the importance of education and human capital for economic development are highly relevant today, particularly in developing countries. Revisiting Ibn Khaldun's economic thought offers valuable perspectives for modern policymakers seeking to address contemporary challenges and foster inclusive, sustainable economic growth.

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