

Ibn Khaldun; a 14th Century Arab Libertarian

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During his lifetime Ibn Khaldun is seeing the development of the earliest forms of capitalist primitive accumulation during the period of the last crusade the centralization of Arab control over the Middle East and the decline of European Feudalism. This would not be recognized in Europe for another two hundred years. He developed a Labour Theory of Value predating Adam Smith, Ricardo and Marx. In fact he is a libertarian economic sociologist.

I found a reference to Ibn Khaldun in an op ed piece on Freedom of the Press in the Egyptian weekly Al-Ahram. The article itself is well worth the read, as it gives a classic liberal view of the issue and its importance for the reformation of the Egyptian political system.

Often in the West we are given to believing the portrait painted by the media of the Middle East as a unitary Islamic culture, one that has no liberal traditions and is under the dominant authority of the Mullahs.

“John Stuart Mill and John Locke wrote about freedom as a political principle, but it was Mill who fully enmeshed it in a philosophical theory. The Islamic historian and jurist, Ibn Khaldun, who preceded Adam Smith in calling for open markets and free trade by 400 years, said in his famous work Al-Muqaddema that restricting people’s freedom would preclude the advance of economic development and commercial exchange. Modern economists and writers still consider that there is a connection between freedom and the welfare of nations.”

I had not heard of Ibn Khaldun before reading this piece and so I googled him. As the author said he fits well within the liberal tradition, indeed in modern terms he can be seen as a precursor to both Adam Smith and Karl Marx.

The English Historian Arnold Toynbee says this about Ibn Khaldun;

“The last member of our Pleiad of historians is ‘Abd-ar-Rahmān ibn Muhammad ibn Khaldūn al-Hadramī of Tunis (vivebat A.D. 1332–1406)—an Arabic genius who achieved in a single ‘acquiescence’ of less than four years’ length, out of a fifty-four years’ span of adult working life, a life-work in the shape of a piece of literature which can bear comparison with the work of a Thucydides or the work of a Machiavelli for both breadth and profundity of vision as well as for sheer intellectual power. In his chosen field of intellectual activity he appears to have been inspired by no predecessors² and to have found no kindred souls among his contemporaries and to have kindled no answering spark of inspiration in any successors; and yet, in the Prolegomena (Muqaddimat) to his Universal History he has conceived and formulated a philosophy of history which is undoubtedly the greatest work of its kind that has ever yet been created by any mind in any time or place. It was his single brief ‘acquiescence’ from a life of practical activity that gave Ibn Khaldūn his opportunity to cast his creative thought into literary shape.”

His major life work can be defined as a Universal History of the Political Economy Arab world, It is a Sociology of Economics. In fact his work is reminiscent of the later works of Spencer, Weber and Veblen.

“Ibn Khaldun, a Sufi who died in 1406 AD, was a renaissance man, the real father of sociology. He defined the foundations of sociology more than 4 centuries before Auguste Comte “discovered” them “.

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“Whoever takes someone’s property, or uses him for forced labor, or presses an unjustified claim upon him It should be known that this is what the Lawgiver had in mind when he forbade injustice.”

Ibn Khaldun fits well within the World Systems Theory of the evolution of Capitalism as developed by Wallerstein and Arrighi. In fact it places Arrighi’s dating of the earliest development of capitalism as far back as the 14th century as correct.

Capitalists (al-mutamawwiluun)

The term “al-mutamawwiluun” refers to persons possessing a great deal of capital. These are individuals who have acquired great estates and farms. They are considered among the wealthiest inhabitants of a particular city. Their capital is generated through fluctuation of the market, imposition of taxes and commerce. They appropriate the labour power of other people in return for protection and other non-material services. Ibn Khaldun says that these are persons who live in great luxury and are accustomed to it. They compete in this respect with emirs and rulers. Emirs and rulers could use their power to undertake similar activities, something which Ibn Khaldun does not recommend.

Class structure.

There are, according to Ibn Khaldun, three major classes:

At the top is the class of rulers. This is the class of those holding power. It also includes capitalists.

Thereafter comes the middle class. This is the class between the capitalists and the lower class. It composes entrepreneurs (al-muctamiruun), i.e. those who are engaged in activities such as craftsmanship and the like and who are not capitalists.

At the bottom, says Ibn Khaldun, there is the lower class, described as those who have nothing to gain or to lose.

Surplus earnings in money and kind (al-muktasabaat)

This denotes all types of visible surplus earnings, contrary to utility-produces (al-mifaadaat) which are invisible.

Considering the two terms together, Ibn Khaldun says that al-mifaadaat and al-muktasabaat in their entirety or for the most are value realized from human labour. Human effort and labour is necessary for every unit of surplus in money and every unit of surplus in kind. Labour could be concealed or obvious, but whatever the case, none of these surpluses will be realized without labour

The know-how productivity (al-mifaad al-muqtana minhu)

This is one of the most important terms of Ibn Khaldun's theory of value. It represents the mere know-how labour which results in creation of utility. It is the productive skilled labour that creates value. There is nothing here but labour.

Ibn Khaldun means that when we buy an article, we do not buy only something concrete (the thing in itself), but we buy in fact the amount of labour which is spent to create that article. Since labour differs in its quality, the price of the article must also differ. Ibn Khaldun expresses this qualitative distinction by the linguistically related term al-qinyah.

Labour

Labour is the sine qua non of all, the source of value. It belongs to the things that constitute capital. One's value, says Ibn Khaldun, is embodied in one's labour and this can not be realized without payment. Labour, which constitutes one's sustenance, livelihood and surplus earnings, is divided into primary and additional labour.

Additional labour generates surplus earnings. Increase in demand creates new types of crafts and more labour. The market flourishes, the surplus earnings of entrepreneurs increase. The income and expenditure of the state and civilizational-cumraan grows. The cycle repeats itself with the increase of demand for luxuries. Al-cumraan increases for the second time. The cycle leads to higher and higher stages of growth, until one reaches the final stage of al-cumraan where growth cannot be overstepped. [Here lies the rudiments of the Multiplier Effect and of measurement of GNP]

Economic enterprise (al-ictimaar)

This term refers to productive activities activities that yield surplus earnings whether emanating from agricultural labourers, farmers, craftsmen, capitalists and all other tax payers.

Economic enterprise (al-ictimaar) results from ambitions and incentives. Business and activities stop when hope and stimulation vanishes. Ibn Khaldun says that man is a natural leader, but becomes apathetic when deprived of his leadership

Those who undertake such activities are called "al-muctamiruun" (entrepreneurs). They engage themselves into productive labour through active participation as opposed to, for instance, capitalists (al-mutamawwluun).

Gross earnings in money and kind (al-makaasib).

The terms "al-makasib" is a general term. It covers income, expenditure, consumption and savings. Labour is the main foundation and source of al-makaasib. According to Ibn Khaldun, gross earnings are achieved after having covered one's expenditures (an-nafaqaat) and one's livelihood (al-macaash). The overspill is savings that could lead to:

- accumulation of money as dead capital (ar-riyaash) and/or
- accumulation of capital in kind (al-mutamawwal)

Gross earnings, says Ibn Khaldun, are measured in gold and silver.

Accumulation of money as dead capital (ar-riyaash) is a surplus that exceeds needs and necessities. It denotes money, or treasure (adh-dhakhirah) as measured in gold and silver.

Accumulation of capital in kind (al-mutamawwal) is also a surplus (maksab) that exceeds needs and necessities. It refers to goods and properties (estates, farms etc.) which result from crafts and non-crafts and which can potentially be converted into cash or gold and silver.

On Economics From Wikipedia

“In the early stages of the state, taxes are light in their incidence, but fetch in a large revenue...As time passes and kings succeed each other, they lose their tribal habits in favor of more civilized ones. Their needs and exigencies grow...owing to the luxury in which they have been brought up. Hence they impose fresh taxes on their subjects...[and] sharply raise the rate of old taxes to increase their yield...But the effects on business of this rise in taxation make themselves felt. For business men are soon discouraged by the comparison of their profits with the burden of their taxes...Consequently production falls off, and with it the yield of taxation.”

This sociological theory includes the concept known in economics as the Laffer Curve (the relationship between tax rates and tax revenue follows an inverted U shape).

For sociology it is interesting that he conceived both a central social conflict (“town” versus “desert”) as well as a theory (using the concept of a “generation”) of the necessary loss of power of city conquerors coming from the desert. The work is based around Ibn Khaldun’s central concept of ‘asabiyah “social cohesion.” This cohesion arises spontaneously in tribes and other small kinship groups; and it can be intensified and enlarged by a religious ideology. Ibn Khaldun’s analysis looks at how this cohesion carries groups to power but contains within itself the seeds – psychological, sociological, economic, political – of the group’s downfall, to be replaced by a new group, dynasty or empire bound by a stronger (or at least younger and more vigorous) cohesion.

Perhaps the most frequently cited observation drawn from Ibn Khaldun’s work is, in layman’s terms, the notion that when a society becomes a great civilization (and, presumably, the dominant culture in its region), its high point is followed by a period of decay. This means that the next cohesive group that conquers the diminished civilization is, by comparison, a group of barbarians. Once the barbarians solidify their control over the conquered society, however, they become attracted to its more refined aspects, such as literacy and arts, and either assimilate into or appropriate such cultural practices. Then, eventually, the former barbarians will be conquered by a new set of barbarians, who will repeat the process.

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