

Contribution of Ibn Khaldun's Thought to the Modern Economic Model: A Historical-Sociological Analysis

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Article Info

Article history:

Received 11 April 2023

Revised 1 May 2023

Accepted 15 May 2023

Keywords:

Ibn Khaldun, modern economics, institutions, taxation, historical-sociological analysis

ABSTRACT

The urgency to revisit the intellectual foundations of modern economics is growing amidst institutional instability, economic inequality, and the challenges of sustainable development, making Ibn Khaldun's thought relevant again as a comprehensive conceptual alternative. This article aims to analyze the contribution of Ibn Khaldun's economic thought to the modern economic model through a historical-sociological approach, by examining how the 14th-century social, political, and cultural context shaped his theoretical framework and assessing its relevance to contemporary economic theory and practice. This research uses a qualitative method with a literature study design, utilizing primary data from Al-Muqaddimah and secondary data from various academic studies, which are analyzed through data reduction, thematic categorization, and comparative interpretation techniques. The results show that Ibn Khaldun's concepts—such as 'asabiyyah, the work-based theory of value, market mechanisms, the role of the state, distributive justice, and the cycle of civilization—have strong correspondences with modern institutional economics, behavioral economics, and fiscal theory, including the Laffer curve principle and the institution-based growth model. These findings enrich the study of the history of economic thought and offer a more integrative analytical framework for understanding the relationship between social stability, institutional quality, and economic performance. The study's conclusions confirm that Ibn Khaldun's thoughts possess not only historical value but also practical relevance for developing equitable and sustainable economic policies. Further studies are recommended to empirically test the key variables in Ibn Khaldun's model using quantitative or mixed-method approaches to expand the validity and applicability of the findings.

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1. INTRODUCTION

In the momentum of globalization and the dynamics of the 21st-century world economy, marked by income inequality, periodic financial crises, labor market disruptions, and issues of economic and social sustainability, the need for an economic theoretical framework capable of explaining the complex interactions between economic, social, political, and cultural aspects is increasingly pressing. Amidst the dominance of the modern market-based economic paradigm and abstract market mechanisms, the question arises: could the roots of modern economic theory harbor a much older intellectual heritage, one that incorporates historical and sociological dimensions? One of the most significant candidates is Ibn Khaldun (1332–1406 CE), through his monumental work, *Al-Muqaddimah*. Although he lived in the 14th century, Ibn Khaldun's thought presented economic ideas that not only predated many classical Western economic theories but also offered a holistic and contextual perspective relevant to contemporary economic challenges.

The need to re-explore such classical thought becomes even more pressing as various contemporary studies demonstrate Ibn Khaldun's relevance in the modern context. For example, recent studies have highlighted how the concepts of price, market mechanisms, and the interaction between supply and demand, discussed in 14th-century Andalusia, remain fundamentally relevant to today's global economic phenomena. Furthermore, Ibn Khaldun's focus on distributive justice, the role of the state in economic stability, and the equitable distribution of prosperity, aspects raised by him, are increasingly gaining attention given the increasing socioeconomic disparities in many developing countries, including Indonesia.

However, despite the abundance of research on Ibn Khaldun's economic thought, there is a conceptual and empirical gap in the literature: most studies focus on the theological or normative aspects of Islamic economics, or simply compare these classical ideas with modern economic theory, without a thorough analysis of the historical-sociological context in which these ideas originated and their implications for contemporary economic models. This opens up space for a more systematic and critical approach, exploring how the social, political, and cultural conditions of Ibn Khaldun's time shaped his economic conceptions and then mapping the connections (continuities/discontinuities) with modern economic theory and practice.

The main problem underlying this research is that many modern economic models have been adopted without considering the socio-cultural and historical variables that influence economic dynamics; as a result, economic policies often fail to address aspects of justice, social solidarity, and sustainability. Furthermore, the lack of integration of classical thought, such as that of Ibn Khaldun, into modern economic discourse, leads to missed opportunities for more contextual, just, and humane alternative thinking.

Therefore, this article aims primarily to explore, analyze, and map the contributions of Ibn Khaldun's thought to modern economic models through a historical-sociological lens. Specifically, this research will: (1) describe Ibn Khaldun's key economic ideas, such as value theory, market mechanisms, the role of the state, taxation, economic growth, and social structure, within the socio-political context of the 14th century; (2) evaluate the relevance and continuity of these ideas to modern economic theory and practice; and (3) assess their potential contribution to the development of a more inclusive, just, and sustainable economic model.

The expected benefits of this article are both theoretical and practical. Theoretically, it is hoped to enrich the literature on Islamic economics and the history of economic thought with contextual analysis, and provide an epistemic basis for an interdisciplinary economic approach that combines

social, historical, and economic aspects. Practically, the results of this study can open new perspectives in the formulation of economic policies, especially in developing countries, that emphasize not only economic growth but also social justice, structural stability, and long-term sustainability.

Building on this background, the article seeks to present an argument that Ibn Khaldun's thought is not merely a historical legacy, but a relevant and constructive source of inspiration in addressing modern economic challenges.

2. METHOD

This study employs a qualitative approach with a historical-sociological approach and library research as its primary strategy. This approach allows for an in-depth exploration of Ibn Khaldun's historical ideas within the social, cultural, and economic contexts of his time, as well as an analysis of how these ideas can be understood, reinterpreted, or adapted within modern economic models. This qualitative approach has been widely recommended in the social sciences when researchers seek to explore meaning, context, and social mechanisms in depth, rather than simply examining variables quantitatively.

The data sources in this study are divided into two broad categories: primary and secondary data. Primary data include the original texts of Ibn Khaldun's works, particularly his seminal book, *Al-Muqaddimah*, which serves as the basis for understanding the economic ideas he exemplifies. Additionally, where relevant, handwritten texts, translated editions, or classical commentaries on *Al-Muqaddimah* are also considered to capture historical and interpretive nuances. Secondary data include contemporary academic literature: journal articles, books, theses, and comparative studies that discuss Ibn Khaldun's thoughts or the relationship between classical thought and modern economics. Secondary literature was selected purposively based on topic relevance, depth of analysis, and contribution to historical and sociological understanding. This approach has been used in recent studies on the relevance of Ibn Khaldun's thought to modern economics.

Data collection techniques primarily utilized documentation and library techniques. In the documentation stage, researchers examined and extracted key ideas from *Al-Muqaddimah* and historical commentaries on the work, such as those related to value theory, market mechanisms, the role of the state, wealth distribution, taxes, and social structure. In the literature stage, researchers read and recorded findings from previous studies, which were then used to compare, contrast, or establish the relevance between classical thought and modern economic conditions. This approach is consistent with research methods on classical economic thought in Islamic economics studies.

For data analysis, the study adopted a systematic qualitative analysis procedure: starting with data reduction, which involves selecting the most relevant ideas, arguments, and information from all sources (both primary and secondary). Then, the data is presented thematically, for example, by grouping Ibn Khaldun's ideas based on themes such as values, markets, the role of the state, distribution, and social justice. Finally, verification and synthesis are carried out to produce a coherent interpretation. This technique allows for the identification of continuities and disjunctions between Ibn Khaldun's thought and modern economic theory, as well as an assessment of its historical-sociological relevance. This analytical approach has been practiced in contemporary studies of classical economics and Islamic thought.

Because the focus of the research is on texts and literature, rather than contemporary human subjects, this study does not involve human subjects. Therefore, there are no subject selection criteria or quantitative sampling techniques such as random sampling. The validity and reliability of the study are maintained through the selection of authentic primary sources and reliable secondary literature, as

well as transparency in the data reduction and analysis process. Thus, the findings are expected to reflect a deep historical-sociological understanding that is academically sound.

3. RESULTS AND DISCUSSION

Key Findings on Ibn Khaldun's Economic Framework

Research has found that Ibn Khaldun's economic framework is holistic, integrating economic, social, political, and moral dimensions. In *Al-Muqaddimah*, he describes an economic structure rooted in 'asabiyah' (fairness), state stability, labor productivity, and orderly market mechanisms. These ideas demonstrate that Ibn Khaldun formulated a proto-modern economic theory long before Adam Smith, David Ricardo, and other classical economists.

The key findings can be summarized as follows:

Economic Aspects	Ibn Khaldun's Thoughts	Linkages to Modern Economics
Productivity and Labor	The value of goods comes from human labor (labor theory of value)	In line with Adam Smith & Ricardo
Market Mechanisms	Prices are determined by the interaction of supply and demand	Identical to modern microeconomic theory
Role of the State	The state functions to maintain stability and justice, not to dominate the market	Similar to the paradigms of good governance and market-friendly states
Taxes	Low taxes → increased production → increased state revenue; high taxes → stagnant economy	Preceding the Laffer curve (1980)
Cycle of Civilization	Dynasties/states experience a cycle: birth → development → stagnation → collapse	Similar to institutional economics & institution-based growth theory

Historical-sociological analysis shows that Ibn Khaldun's thinking was shaped by the context of the 14th century: political instability, the weakening of state structures, the economic decline of Andalusia, and social fragmentation. This social environment reinforced the urgency of his social stability-based economic theory.

Synthesis of Findings with Development Theory and Institutional Economics

The research findings show that Ibn Khaldun's economic model is actually a multidimensional development model that integrates moral, social, political, and economic factors within a single dynamic framework. This aligns with Chapra's (2008) findings, which assert that Ibn Khaldun's development theory explains the progress and decline of society not through a single variable, but through the long-term interaction of moral, social, economic, political, and historical factors.

When compared with modern institutional economics (e.g., North et al.), there is a strong correspondence: political stability, the honesty of rulers, and tax fairness in Ibn Khaldun's framework can be understood as the quality of institutions which in modern institutional theory are considered the primary determinants of long-term economic growth. Chapra even considers Ibn Khaldun's model robust enough to address the problem of underperformance in the contemporary Muslim world economy, particularly when political institutions are fragile or corrupt. The findings of this article strengthen this argument by demonstrating that the concepts of 'asabiyyah, justice, and fiscal governance are not only ethical dimensions but also institutional variables that influence productivity and well-being.

Contributions to the Theory of Value, Markets, and Taxation from a Modern Perspective

Findings on the labor/value theory, market mechanisms, and taxation position Ibn Khaldun not simply as a historical figure, but as a "proto-classic" in the history of economic thought. Ali (2006) and several other researchers have shown that Ibn Khaldun developed ideas similar to the labor theory of value and linked them to price formation through the interaction of supply and demand. Recent studies have also confirmed that Ibn Khaldun's analysis of supply and demand, prices, and the role of labor in production aligns with modern microeconomic analysis.

In the fiscal realm, this article's findings on the relationship between tax rates, work incentives, and state revenues are confirmed by a study by Islahi (2015), who examined Ibn Khaldun's tax theory and concluded that he essentially formulated a principle graphically known as the Laffer Curve: with excessively high taxes, economic activity declines and state revenues decline; moderate taxes generate a broad economic base and optimal revenues. Thus, one of the important theoretical contributions of this study is to demonstrate that several key concepts of modern economics—value, markets, and taxes have roots traceable to Ibn Khaldun's formulations, with strong historical and sociological foundations.

Conceptual and Practical Implications for Contemporary Economic Models

In terms of implications, this study's findings reinforce the view that a sustainable economic model cannot be separated from its social and moral dimensions. Recent studies have shown that the concepts of 'asabiyyah (social solidarity) and human resource development within Ibn Khaldun's framework are highly relevant to addressing the challenges of human resource development in the era of globalization, including issues of work ethic, bureaucratic ethics, and the integrity of rulers. This article interprets 'asabiyyah not simply as kinship ties, but as a form of social capital that supports trust, cooperation, and institutional resilience elements that are now also the focus of the literature on social capital and institutional economics.

In the policy realm, mapping Ibn Khaldun's theory of taxation and the state cycle offers practical implications for developing countries: exploitative fiscal policies, wasteful bureaucracy, and corrupt institutions are not only ethical issues but also direct sources of economic stagnation and structural poverty. Empirical research that builds a poverty model of OIC countries based on Ibn Khaldun's development framework shows that variables such as institutional quality, wealth distribution, and fiscal governance are significantly related to poverty levels. Therefore, the practical contribution of this article is to provide a framework that can serve as a conceptual basis for policy design that balances market efficiency, social justice, and institutional strength.

Research Limitations and Future Directions

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Critically, several limitations need to be acknowledged. First, this research is a qualitative literature study, making its results conceptual and interpretive in nature; it does not empirically test the hypotheses derived from Ibn Khaldun's framework with contemporary quantitative data. However, a number of studies have begun to operationalize Ibn Khaldun's development model in empirical analyses of poverty or fiscal performance in Muslim countries. Second, the selection of secondary literature is still limited to works available in Arabic and English/Indonesian, potentially creating a bias in representation toward other research traditions using different languages or less popular approaches. Third, this article focuses more on Ibn Khaldun's relationship with mainstream economic theory; broader comparative studies with critical theories (e.g., radical political economy, postcolonial economics) have not been explored in depth.

For future development, several recommendations can be made. First, quantitative or mixed-method research is needed that explicitly tests the policy implications of Ibn Khaldun's theories of taxation, development, and institutions using macroeconomic data from developing countries, as has begun to be done in studies of poverty and taxation based on Ibn Khaldun's model. Second, further bibliometric studies can be used to map in more detail the evolution of Ibn Khaldun's studies across disciplines economics, sociology, politics, and history so that his contributions become more clearly positioned within the contemporary scientific landscape. Third, an in-depth comparative study of Ibn Khaldun and other major figures (Adam Smith, Karl Marx, or institutional economists) could provide a richer understanding of the uniqueness and limitations of each theoretical framework, while also encouraging the development of hybrid models that are more relevant to the context of the Muslim world and developing countries.

Overall, this discussion demonstrates that Ibn Khaldun's economic thought is not only important as an Islamic intellectual legacy but also as a source of conceptual inspiration for the development of economic theories and policies that are more humane, just, and sensitive to socio-historical dimensions.

4. CONCLUSION

The conclusion of this study shows that Ibn Khaldun's economic thought offers a rich and multidimensional conceptual framework, which not only explains economic dynamics in the 14th-century context but also provides a deep understanding of the social, political, and moral foundations that underpin economic sustainability from a modern perspective. The qualitative historical-sociological analysis conducted reveals that key concepts such as 'asabiyyah, the work-based theory of value, market mechanisms, the role of the state, distributive justice, and taxation theory have strong correspondences with contemporary institutional economics, behavioral economics, and fiscal models, thus broadening the horizons of both classical and modern economic theory. The findings of this study strengthen previous literature and provide a new contribution by showing that Ibn Khaldun's relevance lies not in its similarity to modern theory, but rather in its holistic framework that positions institutions, morality, and social solidarity as fundamental economic determinants. The implications of this research result span the social and cultural realms, especially for developing countries facing problems of institutional instability, inequality, and weak social capital—making Ibn Khaldun's framework a reflective alternative for formulating more just and sustainable policies. However, this study has limitations due to its qualitative and literature-based nature, which means it has not empirically tested the economic variables inspired by Ibn Khaldun's model. Therefore, further research is recommended using a quantitative or mixed-methods approach and expanding cross-

disciplinary comparisons to enrich understanding and test the model's validity in a broader contemporary economic context.

Based on the results of this study, it is recommended that practitioners, policymakers, and stakeholders in the fields of economics and development begin to consider Ibn Khaldun's thinking as an applicable analytical framework for formulating fiscal policies, strengthening institutions, and sustainable social development, particularly by emphasizing the importance of political stability, tax justice, and strengthening social capital as the foundation of economic growth. For academics, the results of this study can provide a foundation for developing broader studies through empirical exploration, cross-cultural comparisons, or integration with other modern economic theories to deepen understanding of the historical-sociological relevance of Ibn Khaldun's thinking. Further research is also recommended to use triangulation of sources and methods, including quantitative or mixed-methods analysis, to more comprehensively test the relationships between the economic and institutional variables identified in this study. Overall, future research is expected to enrich the understanding of the phenomena studied by examining a broader context, involving empirical data, and conducting comparisons between periods or between economic models to strengthen the theoretical and practical contributions of Ibn Khaldun's thoughts in contemporary economic studies.

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