

# Islamic economic thoughts according to Ibn Khaldun, Al-Maqrizi, and Al-Syatibi

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## Abstract

**Purpose** – This article explores Islamic economic thought according to Ibn Khaldun, Al-Maqrizi, and Al-Syatibi. One of Ibn Khaldun's thoughts that is very prominent and very important to discuss is economics.

**Method** – The research used qualitative methods by analyzing the direction of thought and the construction of the Islamic economic system from Ibn Khaldun, Al-Maqrizi, and AL-Syatibi using the maqashid sharia concept.

**Result** – The importance of discussing Ibn Khaldun's thoughts on economics is because his thoughts have great significance for developing Islamic economics in the future.

**Implication** – The concept of *maqashid* sharia put forward by Asy-Syatibi should be a reference in every analysis process related to economic behavior. The system and science currently being formulated can be a solution to the increasingly acute economic complex.

**Originality** – This study compares the Islamic economic thoughts of three prominent figures, i.e., Ibn Khaldun, Al-Maqrizi, and Al-Syatibi.

**Keywords:** Islamic economics, policy, Ibn Khaldun, Al-Maqrizi, As-Syatibi

## Introduction

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After the development of Islamic economic thoughts in the period of Prophet SAW and the *khulafaurrasyidin*, various kinds of such schools emerged, so-called the classical and Middle Ages. The figures in those periods were Al Syatibi, Abu Ubaid, Yahya bin Umar, Al Ghazali, Al Syatibi, Ibn Taymiyah, Ibn Khaldun, and Al Maqrizi.

Meanwhile, in the contemporary era, various Islamic economic thinkers also emerged, such as Baqr al S'adr, Muhammad Abdul Mannan, Muhammad Nejatullah Siddiqi, Sayyed Haidar Naqfi, Taqiyyuddin An Nabhanni, Monzer Kahf, Sayyed Mahmud Taleghani, Umar Chapra, Fazlur Rahman, M Akram Khan., Anas Zarqa, and many more. The direction of thoughts and the building of the Islamic economic system they brought out were different. Such distinction was influenced by the socio-cultural backgrounds and disciplines they previously had.

An in-depth analysis of the period within the three ages will provide a clear picture of how Muslim scholars built the conception of the Islamic economic system. The construction of Islamic economic system scholars across the ages made will also resolve accusations of the lack of contribution of Muslims regarding the development of economic thought. In addition, this research is also expected to provide an overview of the position of the Islamic economic system between the two existing conventional economic systems, i.e., capitalist and socialist economic systems. Further, the researcher specifically limits the discussion within the title "Islamic Economic Thoughts According To Ibn Khaldun, Al-Maqrizi, and Al-Syatibi."

## Literature review

Relevant previous studies to the theme raised are:

1. Economic thought by the father of economics: Ibnu Khaldun, written by Choirul Huda, journal of economics volume IV/edition1/May 2013. This paper only discusses ibn Khaldun's economic thought without comparing it with the thoughts of other figures as in the journal that the current research. (Huda, 2013)

2. Thoughts of Muslim economic figures: Imam Al-Syatibi, written by Melis in the journal of Islamic Banking volume 2, No 1 August 2016. (Melis, 2016)
3. A journal article written by Riri Tri Puspita entitled "As-syatibi focused on *maqashid sharia* and implication on the theory of modern economic behaviour. The three articles only highlight the economic aspect from one thinker's point of view and do not compare the economic thoughts of other figures, as researched by the author.

## Methodology

This study applied qualitative methods by analyzing the direction of thought and the construction of the Islamic economic system from Ibn Khaldun, Al-Maqrizi, and AL-Syatibi using the concept of *maqashid sharia*.

## Results and discussion

### Development of Islamic economics according to Ibn Khaldun

Ibn Khaldun's full name is Abu Zayd 'Abd al-Rahman ibn Muhammad ibn Khaldun al-Hadrami. He was a Muslim historian from Tunisia and is often known as the founding father of historiography, sociology, and economics. His famous work is *Muqaddimah*. It covers various aspects of science and human life at that time. *Al-Muqaddimah* means 'opening' or 'introduction' and is the opening volume on the seven books of historical writings.

Some of Ibn Khaldun's economic thoughts which in the historical trajectory of the world economy can be equated with the thoughts of modern economists include:

*Economic Issues.* Economic motives arise because of unlimited human desires, while the goods for satisfying their needs are limited. Therefore, to solve such economic problems, two aspects should be visited: power and usability. In terms of power, two points are highlighted as follows.

1. The power to do things (objects) to meet people's needs (subjects), is called "*ma'asy*" (livelihood).
2. The power to work on goods that meet the needs of many people (subjective mass), is called "*tamawwul*" (company).

Meanwhile, there are two elements in usability:

1. The usefulness of items for an individual's benefit, which is called "*rizqy*" (mentioned 55 times in the Qur'an).
2. The usefulness of items to meet the needs of many people, while keeping personal interests aside. It is called "*kasab*" (it is 67 times in the Qur'an).

*Private businesses and public companies.* The first part in the two aspects above (*ma'asy* and *rizqy*) focuses on one's own needs, as was the case with the economy in ancient times. The activity of farming, or more specifically cultivating crops, working on their resources, and expecting the harvest, are solely directed to fulfil household needs. In the past, trade was only carried out by exchanging goods between people. But the second part in the two categories (*tamawwul* and *kasab*) is the form of an economic enterprise. The focus is shifted here. It is no longer the need itself that is the problem, but the main consideration is placed on the interests of the many people who need the item. For an entrepreneur, it is not the goods that become the concern but the value of work or goods. It signifies that the economy has moved into the modern era, no longer exchanging goods but buying and selling.

*Currency Exchange.* Ibn Khaldun lived in an era where currency had become a means of transaction. At that time, he had already talked about the possible future of the currency's levelling-up importance in humans' life. Ibn Khaldun knew that the world would leave the era of barter, and move to the modern era, better known as "*geld Wirtschaft*" (buying and selling by money). Later in the future, he said, gold and silver would take their place as "standard measures of value". Maybe there is a time when the transaction is carried out with paper money, as is the case in our time. However, the real goal, as stated by Ibn Khaldun, is still gold and silver. Each printed banknote must have a gold or silver guarantee in the bank.

*Economic problems.* The issue of economics is explained at length by Ibn Khaldun in his book "*Muqaddimah*", divided into 33 chapters. The topics are summed up in six parts, as follows:

1. Chapter 1 concerns the terminology of economic words, as discussed above. There are two division of economy terminologies, i.e., "*rizqy*" and "*kasab*". They lead to different

implications. Further, Ibn Khaldun also mentioned that there are private and social businesses. The latter is meant to be the real form of entrepreneurship.

2. Chapter 2 focuses on dividing economic plans into two groups with various types of business, namely those directed into the economic plan and those which are not. These are still closely related to the discussion of the previous chapter. The two are connected and influence each other.
3. Chapters 3 to 7 highlight two discussions. The first one is about businesses that are not natural to become economic enterprise while the latter is about external factors that influence the economy. A real example proposed by Ibn Khaldun is the socio-political factor as the environment that surrounds the life of a society. Economic behaviour will be affected by these things, and the output are also greatly affected by what is needed in certain political conditions.
4. Chapter 8 specifically concerns agriculture. According to Ibn Khaldun, agriculture is a genuine human effort to meet the needs of daily life, especially food.
5. Chapters 9 to 15 discuss trade issues in every respect. In this section, the definition of trade is presented, which Ibn Khaldun translates as the illustration of "*al-Tijarah*". Trade is a turnover of work with the occurrence of wealth growth with balanced purchases, both at low and high prices, which take place daily, such as buying and selling of goats (animals), agriculture, animal husbandry or clothing. It is important to note that the products traded should embrace the desire (intention) of everyone.
6. Chapters 16 to 33 provide an analysis of the company in all its parts. The principles include production, physical and mental involvement (spirituality), fulfilment of public needs, and shared prosperity (Choirul Huda, 2013).

#### **Islamic economics thought according to Al Maqrizi**

Al-Maqrizi's full name is Taqiyuddin Abu Al-Abbas Ammad bin Ali bin Abdul Qadir Al-Husaini. He was born in Barjuwam, Cairo, in the year 766 AH (1364-1365). His family is from Maqarizah, a village located in the town of Ba'labak. Therefore, he tends to be known as Al-Maqrizi. During his life, Al-Maqrizi productively wrote various

fields of science, especially Islamic history. More than one hundred written works have been produced, both in the form of small and large books.

*Concept of money.* As a historian, Al-Maqrizi put forward several thoughts about money by studying the history of the currency used by people. His ideas include the history and function of money, the implications of creating the lousy currency, and the purchasing power of money.

For Al-Maqrizi, the currency has a vital role in human life because human beings can meet the needs of life and facilitate their life activities by using money. To prove his premise validity on this issue, he revealed the history of currency used by human beings from the past until his current life under the rule of the Mamluk dynasty. According to Al-Maqrizi, before and after the arrival of Islam, currency was used to determine the prices of various goods and labour costs in that the currency used consisted only of gold and silver.

During his period, Al-Maqrizi explained that the Arabs used gold dinars and silver dirhams as their currency, which were adopted from Rome and Persia, respectively, and had doubled weight in the Islamic era. After Islam came, the Messenger of Allah set out various muamalah practices that used the two currencies and even linked them to zakat al-maal. The use of these two currencies continued without any slightest change until 18 H.

In Al-Maqrizi's view, chaos began to appear when the influence of the Mamluks grew stronger among the court, including the policy of printing mixed dirhams. Printing money, currency made of institutions, beginning in the reign of the Ayyubid dynasty, Sultan Muhammad Al-Kamilibn Al-Adil Al-Ayyubid, which was intended as a medium of exchange for goods that was not significant with ratio 48 fulus for every dirham.

After the reign of Sultan Al-Kamil, the printing of the currency continued until officials at the provincial level were affected by large profits from this activity. A unilateral policy began to be implemented by increasing the volume of fulus printing and setting a ratio of 24 fulus per dirham.

*Implications of bad currency creation.* Al-Maqrizi stated that the creation of bad-quality currency will influence that of good-

quality. It is essential when he outlined the situation of monetary in 569 H. In the reign of Sultan Al-Ayyubid Shahaluddin, the quality of printed currency was relatively low compared to the currency that had no circulation. Knowing such a fact, people would prefer to keep good-quality currency and melted it into jewellery, while released the poor-quality currency into circulation.

*The concept of money purchasing power.* According to Al-Maqrizi, currency printing should be accompanied by greater attention from the government to use the money for further business. Ignoring this results in an unbalanced increase in money printing with production activities, which later decreases money's real purchasing power.

*Inflation theory.* By presenting various facts about the famine occurring in Egypt, Al-Maqrizi stated that inflation is a natural phenomenon that has afflicted the lives of all people around the world since the ancient period until now.

Natural inflation is caused by various natural factors that human beings cannot avoid. Al-Maqrizi mentioned that multiple foodstuffs and other agricultural products experience a drastic decline and scarcity when a natural disaster occurs. In contrast, the demand for various goods has increased. Prices have soared far beyond the purchasing power of the people. As a result, economic transactions have stalled, even stopped altogether, which leads to famine, outbreaks, and death.

In addition to natural factors, Al-maqrizi stated that inflation can occur due to human error. He has identified three things that either individually or together cause this inflation i.e. corruption and poor administration, excessive taxes, and an increase in the circulation of foreign currency.

Al-Maqrizi emphasized that the appointment of government officials based on bribery, and not capability, will place people who do not have credibility in various essential and respectable positions, both in the legislative, judicial, and executive circles. They are willing to pawn all her possessions as compensation to achieve the desired positions and daily necessities as officials. As a result, government officials are no longer free from intervention and the intrigue of palace members.

According to Al-Maqrizi, state spending increased very drastically due to the dominance of corrupt-minded officials in a

government. As compensation, they applied a tax system that oppressed the people, starting from imposing a variety of new taxes and raising the level of taxes that have been there. It significantly affected the condition of the farmers who were the majority in the community. The landowners who wanted to always be in fun will bestow the burden of taxation to the farmers through an increase in the land lease cost. Attracted by the very promising tax returns, the pressure of officials and landowners on the peasants became greater and intensified. The frequency of various taxes on dam maintenance and similar works was increasing.

As mentioned above, in the beginning, cash which had an intrinsic value much smaller than its nominal value was printed as a transaction tool to fulfil insignificant daily needs. Therefore, only a tiny amount of this currency is in circulation (Fadila, 2016).

#### **Islamic economic thought according to Asy-Syatibi**

Imam ash-Shaitibi, whose full name is Abu Ishaq bin Musa bin Muhammad al-Lakhmi a-Gharnatiasy-syaitibi, is a Muslim scholar. His background is not widely known. He came from the Arab tribe Lakhmi. The name ash-syaitibi is attributed to the area of origin of his family, syatibah (Xatiba or Jativa), which is in the eastern part of Spain. (Amalia, 2016).

*The concept of Maqashid al-Shari'ah.* As the primary source of Islam, the Qur'an contains various teachings. Ulama shares the contents of the Qur'an in three major parts, namely aqidah, morality, and sharia. Aqidah is related to faith basics, morality is related to ethics, and sharia is related to legal aspects arising from aqwal (words) and af'al (deeds). The last group (Sharia), in the systematics of Islamic law, is divided into two things, worship (halb min allah) and muamalah (halbmin al-nas).

According to Harun Nasution, of the 6360 verses of the Qur'an, there are only 368 verses related to legal aspects. These two traditions (the Qur'an and the hadith of the Prophet) were then used as the basis for scholars in developing Islamic law, especially in the field of muamalah. In this framework, Imam ash-Syatibi put forward the concept of maqashid al-syariah. Thus, the obligations in sharia concern the protection of maqashid al-syariah which aims to protect the human benefit. Imam as-Syatibi explained that Sharia deals with the security of *maslahah*.



According to Imam al-Syatibi, the human benefit can be realized if five political elements can be recognised and maintained: religion, soul, reason, lineage, and property. Within this framework, he divides maqashid into three levels, namely:

Dharuriyat is intended to maintain the five main elements in human life.

- a. *Hajiyat*, aimed to eliminate the difficulties or make the maintenance of the five basic elements to be better.
- b. *Tahsiniyat*, where human beings can do their best to perfect the maintenance of the five main elements.

*Implications of Maqasid al-Shari'ah.* Conventionally, human economic problems have three dimensions: what is produced, how to produce it, and for whom the production is carried out. These problems will not arise if unlimited natural resources align with human wants or limited human wants in harmony with available natural resources. According to conventional economic theory, human economic problems arise because of the scarcity of natural resources. If the scarcity can be eliminated, will the problem be solved? not, because of the inherent inability of various material natural resources to satisfy all human desires.

#### 1. Purpose of individual economic activity

Humans are always required to seek benefit. Economic activities of production, consumption, and exchange that include benefits as defined by sharia must be followed as a religious obligation to obtain goodness in this world and the hereafter. The approach which says that wants are unlimited due to the scarcity of natural resources that define the problems of human economics may explain the behaviour of capitalist economies but fail to explain the behavior of some traditional world societies conclusively. On the other hand, Islamic economic theory defines economic problems from the perspective of this goal. Fulfilment of these goals makes it a religious obligation. Therefore, Islam becomes a force for economic development, even for some traditional societies that are not motivated by a materialist approach, to maximize the satisfaction of sketch.

#### 2. Efficiency

The main concern of conventional economics is efficiency. This concern arises directly from its definition of the economic

problem. If the wants are unlimited and natural resources are scarce, then the only solution is to economize (savings). It is called efficiency, which is doing the best with what we have. Fulfilment of needs is required when desired. In this case, the satisfaction of dharuriyat needs occupies the top priority. All-natural resources are devoted to meeting these basic needs. *Dharuriyah* needs are limited, and natural resources will not be in short supply to meet these needs. efficiency and desirability are simultaneously needed in meeting the needs of *hajjiyat* and *tahsiniyat*.

### 3. Wants and needs

Wants and needs come from the same place, namely the instinct of human desires. However, in the Islamic framework, all human desires cannot be used as needs. Only desires that have *maslahah* or benefits in this world and the hereafter can be used as needs. The concept of wants is a value-free concept, while the concept of needs is a concept that is not value-free.

### 4. *Maslahah* vs utility

In Islamic economics, the nature or strength of goods or services to meet the needs of human life in the world is *maslahah*. A Muslim is religiously motivated to obtain or produce any goods or services that have such *maslahah*.

### 5. Spending

Consumers must first allocate their income between two types of expenditure, namely expenditures in the way of Allah SWT, which explicitly do not provide worldly benefits and spending aimed at obtaining direct material benefits.

## Conclusion

Ibn Khaldun, whose full name is Abu Zayd 'Abd al-Rahman ibn Muhammad ibn Khaldun al-Hadrami, was a Muslim historian from Tunisia and is often cited as the founding father of historiography, sociology, and economics. His famous work is *Muqaddimah*. He wrote a remarkable book that gave a valuable lesson on science and human life at that time. *Al-Muqaddimah* means 'opening' or 'introduction' and is the first part out of the seven volumes of historical writings.

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