

IBN KHALDUN'S POLITICAL ECONOMY

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ABSTRACT

The celebrated ideas of Ibn Khaldun in respect of the themes of historicism, civilization, and political economy are critically examined in the light of the qur'anic methodological worldview on the same. A comparative approach is also maintained with the historicist ideas of several Islamic scholastic thinkers and the occidental scholarship. Selected applied topics are examined to bring out the validity of the critical argumentation and the Islamic perspective on these topics. These topics, briefly examined, point out the differences between the qur'anic interactive, integrative, and evolutionary learning world-system and the secular Khaldunian approach to the same themes. The other topic briefly examined is the nature of money in qur'anic perspective and Khaldunian theory of historicism, civilization, and political economy. The comparative neo-liberal theory of capitalism is also examined in the general and partial equilibrium contexts of macroeconomics and microeconomics, respectively, within the comparative politico-economic contexts of Ibn Khaldun's thought. A critical study of Khaldunian theory of historicism, civilization, and within these of political economy.

Keywords: Historicism, Civilization, Political Economy, Comparative Thought, Critical Study of Khaldunian thought.

IBNİ HALDUN'UN EKONOMİ POLİTİĞİ

ÖZ

Ibn-i Haldun'un tarihselcilik, uygarlaşma ve politik ekonomi temalarıyla ilgili olarak ünlü fikirleri Kur'an'ın metodolojik dünya görüşünün ışığında eleştirel olarak incelenmektedir. Bir karşılaştırmalı yaklaşım ayrıca çeşitli İslam bilim adamlarının tarihsel fikirleri ve batı ilmi ile sürdürülür. Seçilen uygulamalı konular, eleştirel tartışmaların ve İslami perspektifin bu konularda geçerli olup olmadığını ortaya çıkarmak için incelenmektedir. Kısaca incelenen bu konular, Kur'an'ın etkileşimli, bütünleştirici ve evrimsel öğrenme dünya sistemi ile aynı temalara yönelik seküler Halduncu yaklaşım arasındaki farklılıklara işaret ederler. Kısaca incelenen bir diğer konu, Kur'an perspektifinde ve İbn-i Haldun'un tarihçilik, uygarlık ve siyasi ekonomi teorisinde paranın doğasıdır. Kapitalizmin karşılaştırmalı neo-liberal teorisi, İbn-i Halduncu düşüncenin karşılaştırmalı politik ekonomi bağlamlarında sırasıyla makroekonomi ve mikro ekonominin genel ve kısmi denge bağlamlarında incelenir. İbn-i Haldun'un tarihselcilik, medeniyet teorisi ve bu ekonomi politikaları içindeki eleştirel bir çalışmadır.

Anahtar Kavramlar: Tarihselcilik, Medeniyet, Siyasi Ekonomi, Karşılaştırmalı Düşünce, Halduncu düşüncenin eleştirel çalışması

Ibn Khaldun (born in Tunis, 1332-1406 died in Cairo) was an original Arab thinker whose ideas were influenced by an inductive representation of the state of the Muslim World of North Africa, particularly the region comprising Tunisia and the Mediterranean region known as the Maghrib. To his inductive approach to interpret the foundation of historicism as if this comprised a universal perspective to the rise of civilization, Ibn Khaldun associated a conceptual background of the nature of the Islamic historicist worldview. Yet Ibn Khaldun's idea as of the best law to be found in the Islamic Law called the shari'ah found no empirical support either in the historical narrative context or the state of Muslim regimes of his time prevailing in the Maghrib. Ibn Khaldun was thus led to deduce an inductive conclusion that, the shari'ah remains a science of culture that is embedded in the moral and ethical understanding of economic, social, moral and ethical change that was singularly endowed in the shari'ah. The implication of such an inductive reasoning is that the science of culture rooted in the shari'ah (Mahdi, 1964) was the best law. It was thus inherent in all modes of thought and action across historical regimes; in the rise and variations of civilizations. Thus the shari'ah as the science of culture was seen to transcend cultural exclusiveness. The science of culture was thereby universal and morally accessible to all peoples, irrespective of religious and regional differences.

Being the science of culture, the shari'ah was interpreted by Ibn Khaldun as the universal law for all shades of beliefs and regional contexts. This interpretation of the shari'ah as the science of culture endowed Ibn Khaldun's interpretation of the philosophy of history, and the dynamics of civilization as a claimed universal theory. Yet for all this, Ibn Khaldun's philosophy of history remained a materialistic interpretation of historicist change and transformation of civilization.

Within the inductive perspective of a morally global interpretation of a materialistic interpretation of history and civilizational dynamics Ibn Khaldun studied the resulting features of economy and society that prevail over the *longue dure'*. Such a perspective of the study of history and civilizational change with a vast spectrum of internal forces gave Ibn Khaldun's historicist worldview of change a narrative content of interrelated stages of human activities that change coterminous with each other across history and across all civilizations in general with their moral and material focus on the study of historicism in the *longue dure'*. According to such a

sociological and economic worldview Ibn Khaldun launched a study of the world-system as interactively integrated levels of human activities that were creatively interrelated and evolutionary within the framework of the dynamics of historical and civilizational change.

The holistic nature of Ibn Khaldun's world-system theory being premised on a causative explanation of historic change for all civilizations over the universality of causes underlying events over the *longue duree* provided a forward relational consequence of morality, ethics, culture, and social choices. Consequently, Ibn Khaldun's explanation of historic and civilizational change was one-directional – from a certain philosophy of social factors to socioeconomic change. Besides, such conterminous change caused by social factors spanned all of economic and social transformations, thus experiencing a unique interpretation of the entire gamut of social and socioeconomic transformation that arise from the stages of development starting from the primitive stages of socioeconomic and ethical activities to its higher levels of ethical transformation.

Ibn Khaldun's Political Economy

Taking account of the causative conglomeration of moral, ethical, and socioeconomic factors that cause the patterns of historic and civilizational change, we can now define the paradigm of Ibn Khaldun's Political Economy (KPE). KPE can be defined as the interaction of a gamut of diverse inhering forces. Such forces as existentialist phenomenon may be denoted by the vector, $\{\theta\}$. It defines one-directional causative consequences denoted by $\{\mathbf{x}(\theta)\}$ over time at different phases of occurrence of events caused by the effect of $\{\theta, \mathbf{x}(\theta)\}$ over time. Thus we denote an Event occurring in knowledge (θ), space $\mathbf{x}(\theta)$ and time $t(\theta)$ by $E(\theta) = E\{\theta, \mathbf{x}(\theta), t(\theta)\}$.

Khaldunian trajectory of history and civilization is defined by the continuous trajectory of events, $H\{\theta, \mathbf{x}(\theta), t(\theta)\}$ in the dimensions of knowledge ($\{\theta\}$ exogenous factors), space of occurrence of events $\{\mathbf{x}(\theta)\}$ that are generated by interaction, integration and evolution by the effect of the Khaldunian exogenous factors. These exogenously $\{\theta\}$ -induced events are sustained over time of their occurrence, $\{t(\theta)\}$. The important feature of Khaldunian historic and civilizational change is that exogenous factors

affect consequences. The implication is that history is seen as a one-directional movement across phases of events occurring over time. Thereby, history and civilization are not cyclical events of interactive, integrative and evolutionary learning involving circular inter-causal organic relations between values and consequences (Choudhury 2008). Such a feature of inter-causal organic change implies the endogenous nature of all the interacting, integrating, and evolutionary variables over time. Events then result from the endogenous interplay of all variables in the knowledge, space, and time dimensions. Such events are denoted by $E\{\theta, \mathbf{x}(\theta), t(\theta)\}$. Their sustained historical and civilization trajectory is represented by $H\{E(\theta, \mathbf{x}(\theta), t(\theta))\}$ in the sense of pervasive endogenous interrelations between all the variables in the vector, $\{\theta, \mathbf{x}(\theta)\}$.

Figure 1 brings out that meaning of KPE in Diagram 1. Diagram 2 shows the alternative view of pervasively sustained system of endogenous change shown by interactive, integrative, and evolutionary (IIE) learning processes converging to temporary equilibriums and evolving thereafter continuously in knowledge, space, and time dimensions of events.

KPE and the endogenous type of study of political economy are distinctively different paradigms and worldviews, respectively, than the way that political economy has been studied in the literature. It is only recently that such other ways of studying political economy have entered the literature through the seminal works of Gunnar Myrdal (1958), Piketty (2014), Koizumi (1993), Wallerstein (1974, 1998), Nitzan & Bichler (2000), Choudhury (2006) and others. The study of political economy has now become a multidimensional interactive study of positivistic economic and social phenomena (Staniland, 1985).

Figure 1: *KPE in exogenously factor driven and the contrary endogenous inter-causal nature of historiography*

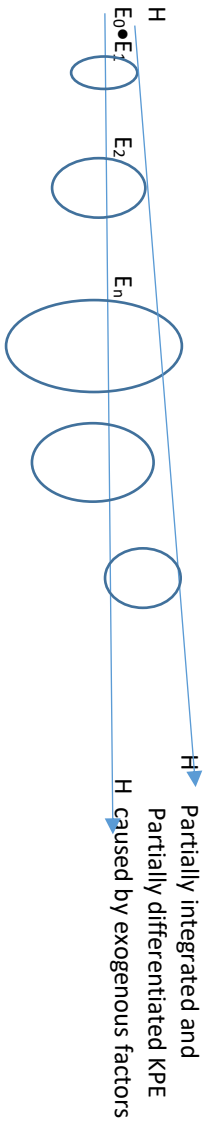


Diagram 1

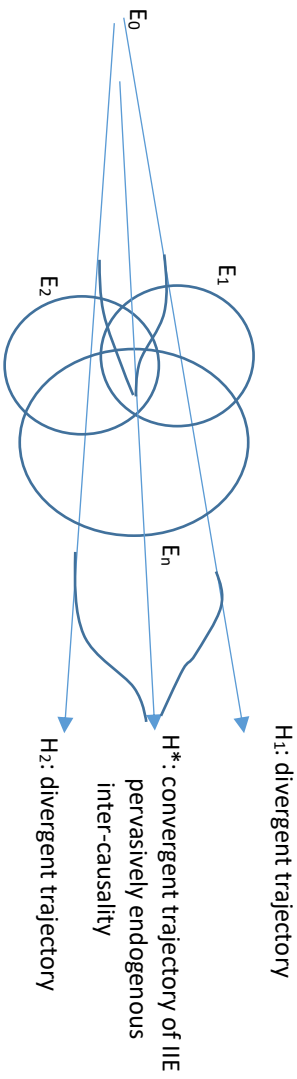


Diagram 2

Ibn Khaldun's epistemology of inductive reasoning implies that E_0 in Diagram 1 of Figure 1 marks the epistemic origin of rationalism and logical positivism. The point then is that, even though Ibn Khaldun praised the shari'ah as the best law, this law was never practiced. Shari'ah is thus seen as an exogenously assigned moral foundation of the just law. It is not seen to be regenerated endogenously in a sustained way out of any discursive process of evolutionary learning along the trajectory HH. KPE thus remained a one-directional evolutionary process of interaction between a complex of exogenously driven initial moral and social factors. Yet the latter vector of factors is not found to be regenerated by recursive learning along the path of endogenous continuity.

The latter case is shown by Diagram 2. KPE could not explain the dynamics of the shari'ah either as a holistic system or in parts. Ibn Khaldun thus remained in Arab history a secular thinker, upholding though the freedom of religious thinking as of the science of shari'ah. KPE as a paradigm thereby devolved into a study of logical positivism of historiography of North Africa of the time. Such logical positivism gave an empirical content to the study of KPE. On the other hand, the normative ontological foundation of Islamic civilization was not within Khaldunian thought.

Review of the literature: Problem of historicism

Shah Waliullah (1980, n.d.) was an Islamic historiographical scholar who compared with Ibn Khaldun in his sociological theory of historical change and growth of civilization. The exogenous nature of moral factors, ethics and values in causing historic change remained the characteristic. Yet there remains the difference that Shah Waliullah eulogized the permanence of the life-sustaining regime of social development. Furthermore, compared with the idea of the needs basket of socioeconomic development presented by Imam Shatibi (Attia, 2008; Ashur, 2013) relating to necessities (*dururiyath*), comforts (*hajiyyath*) and refinements of life (*tahsaniyyath*), Shah Waliullah's conception of moral socioeconomic development can be understood as the perpetuation strictly of the intra-systemic interactive and integrative processes. There is no explanation according to such an intra-systemic moral and ethical view of socioeconomic development relating to the evolutionary worldview.

The total worldview of change as implied in Diagram 2 of Figure 1 remained unexplained in a substantively analytical way of inter-causality in Shah Waliullah's methodological intra-systemic worldview of socioeconomic development despite the moral and ethical invoking in his methodology. Thus, while Ibn Khaldun invoked moral values as exogenous forces in creating evolutionary processes, yet he missed the inter-causality recursive question between events and entities. Shah Waliullah missed the evolutionary learning perspective of inter-causality even though he invoked the intra-causality dynamics between verities at any and every stage of socioeconomic development.

Diagram 2 of Figure 1 invokes the study of historical consciousness in the study of historiography. The concept of historical consciousness is defined in this case as the completion of all the sequential stages of dynamics starting from the primal ontological stage and passing through the epistemological development and completion of any given stage in sequences of interlinked stages of evolutionary continuity following an empirical evaluation of the objective function of events. We call such an objective criterion as the goal of evolutionary learning in consciousness gained stage-wise by continuously interactive, integrative, and learning stages of events over time. Historical consciousness is thus marked by the converging, yet not coinciding, trajectories across the knowledge, space, and time dimensions.

Tabari (see Brinner, 1986; Rozenthal, 1989) yet another great historian of Islamic civilization wrote on a concept of historical consciousness. Yet in this conception moral and ethical forces remained to be exogenous driving causation, historical facts. In his volume 1 (Prophets and Patriarchs) no exegesis is given to explain how historiography can be derived from the times and lives of the prophets, and how the Qur'an explains its universal historicism in the light of the lives and times of the prophets. Thus Tabari's thirty-eight volumes on Islamic history remains a narrative, and thereby a positivistic study of events. Neither the deductive study of historical lessons, their ontological foundations, nor the causative movement of civilizational change and transformation by the recursive embedding of deductive and inductive reasoning form the explanatory design of historicism and of all systems and events that occur along the path of historic change and transformation. Despite this approach by the Islamic scholastics, the message of the Qur'an on historicism is that it is an expression permanently of truth.

All prophets delivered the message of truth as the supreme exemplary. History thus conveys the message of goodness and truth.¹ Falsehood is contrary aberrations not of the *longue dure*.

None of the above-mentioned conceptions of historical consciousness represented the qur'anic principle of change and transformation. According to the Qur'an the episodes of evolution by conscious learning is a thoroughly interactive, integrative, and evolutionary (IIE) learning process as explained by the verses (Qur'an, 27-64; 41:53; 29:19-20; 36:36).² The message of the Qur'an in respect of the philosophy of history and its embedded socioeconomic development is that of a generalized theory of universal conceptualization and application in its widest expanse between the heavens and the earth and over all that lie below and above the earth (Allah is the Lord of the heavens and the earth; dimensionality below and above the earth³).

In each of the cases reviewed here the historicist worldview of unity of knowledge as the episteme underlying the general theory of intra- and inter- systemic holism has almost never been actualized by the Islamic scholars fully, thus leaving the shari'ah as a partial sub-system study, not a general system one (Hassan, 2002; Coulson, 1984; Hallaq, 2009;

¹ Qur'an (21:92) declares regarding the permanent message of truth and goodness in the lives of the prophets:

“verily, this Brotherhood of yours is a single Brotherhood, and I am your Lord and Cherisher: therefore serve me (and no other).”

² Qur'an (27:64): Or, Who originates creation, then repeats it, and who gives you sustenance from heaven and earth? (Can there be another) god besides Allah? Say, "Bring forth your argument, if ye are telling the truth!"

Qur'an (41:53): We will show them Our signs in the horizons and within themselves until it becomes clear to them that it is the truth. But is it not sufficient concerning your Lord that He is, over all things, a Witness?

Qur'an (29:19-20): Do they not see how Allah begins the Creation, then repeats it? That is easy for Allah (to do)

Say: "Travel through the Earth and see how He began the Creation. Then, Allah makes the latter Creation. Allah is capable of (doing) everything".

Qur'an (36:36): “Glory to God, Who created in pairs all things that the earth produces, as well as their own kind and (other) things of which they have no knowledge.”

³ Qur'an (20:6): “To Him belongs what is in the heavens and on earth, and all between them, and all beneath the soil.”

Weeramantry, 2001; Auda, 2008). The consequence of this remiss has been a failure to understand historiography as a sustained and continuous process of evolutionary learning from a lower to higher stages of its actualization by inter-causality of events, change, and transformation. The resulting historiographical scenario has been a partially differentiated as opposed to an embedded and holistic endogenous inter-causal study of historical phenomenology.

Examples of the resulting political economy arising from the differentiated scenario of historiography are the 'aqd' (legal contract) idea of Islamic financing portfolio, which is contrary to what ought to be otherwise as an organically unified and thus complementary basket of diversified financing instruments. Likewise, the practice of jurisprudence concerning worldly affairs (fiqh al-muamalat) has marginalized the qur'anic discursive inquiry of the field of shari'ah by lineage to the schools of sect-specific interpretations that have overwhelmed the constricted social space along with economics, finance, and legal invoking. These became subjected to what Ibn Khaldun referred to as culture and customs (urf, adah) and used this legacy. Such shifts in the development of Khaldunian political economy made it pluralistic in nature. This nature of Khaldunian political economy was contrary to the claim of uniqueness and universality of the Qur'an and its foundational episteme of monotheism (Tawhid) as unity of knowledge describing the unity of the world-system.⁴

⁴ The properties of universality of the Tawhidi methodological worldview of unity of knowledge and the world-system can be proved by the following reference:

Let the superspace of Truth statements ('is' $\{T\}$); example: monotheism believes God is. $\{T\}$ includes' the space of the truth of False statements ('is' of what is contrary to 'is' = $\{T(F)\} = \{T\}$; but $\{F(T)\} = \{F\}$.

There is also the intermediate hybrid space of undecidability between T and F denoted by $H = \lim_{\theta} \{ \{T(F)\} = \{T\}; \text{ or } \{F(T)\} = \{F\} \}$. Thus, the universal manifold, $\Omega = \{T, F, H\} = \text{Totality of the knowledge space denoted by } \{ \theta \in \Omega \}$, characterised by a continuous function F on Ω being such as, $F(\Omega) = \Omega$. This result establishes that Ω is mathematically complete in the sense of spanning all possible descriptions denoted by F of the totality of possibilities on the superspace of knowledge $\{ \theta \}$ that discerns $\{T, F, H\}$. The superspace Ω is thus self-referenced (Rucker, 1982). Hence Ω is universal as the knowledge space.

The uniqueness property of Ω is proved by its absolutely unified nature in the sense of dispensing of with every trace of heteronomy. That is the slightest differentiation between the moral antinomy of a priori reasoning based on the epistemic law and its reflection on the a posteriori organically unified world-system in generality and details

The organismic unification problem of consciousness of historiography despite being a central worldview of the Qur'an yet could not be established by the Islamic thinkers through time. Ibn Khaldun's historicism and theory of civilizational change thus remained an empirical (inductive) observation of events in North Africa and the Maghrib of his time. Consequently, the problem of continuity of endogenous cause and effect that inheres in the philosophy of history remained unresolved among the Islamic thinkers. Qur'anic historicism was never studied as a scholarly theme of permanent importance. Ibn Khaldun like all other scholastic Islamic thinkers remained heteronomous to a degree in their ontological understanding of the nature, construct, and dynamics of continuity of the IIE-properties of the essential methodological worldview emanating from the Qur'an. In regards to the extendibility of the episteme of unity of knowledge in being and becoming of creation across knowledge, space, and time dimensions the Qur'an (41: 9-10) declares: "Say, "Do you indeed disbelieve in He who created the earth in two days and attribute to Him equals? That is the Lord of the worlds.(9) And He placed on the earth firmly set mountains over its surface, and He blessed it and determined therein its [creatures'] sustenance in four days without distinction - for [the information] of those who ask.(10)

Yet the world of reality in political economy in the light of the theory of historicism is today advancing in the field of subtle heterodoxy. The ultimate concepts of economic value and exchange is being cast in an ontological context (Lawson, 1997). Money, goods and services, prices, objective criteria, and states of equilibrium are being recast in the new social and ethical phenomena of deontological reality (Sen, 1990). Economic ontology is thus experiencing today a burst of substantive philosophizing like physics came to juggle with questions of the ultimate state of nature, and the grand design of the universe (Hawking & Mlodinow, 2010). The resulting scholarship is increasingly grappling with generalized system models of study rather than the partial equilibrium ones. Keynes to exemplify, is now studied by a tenor of perturbations around the full-

of specificity of issues and problems is annulled. Differentiation is replaced by strict continuity of the episteme of unity of knowledge in respect of unifying the a priori reasoning with the a posteriori reasoning. Such a methodological worldview is the permanent and universal nature of the qur'anic law of Tawhid. It is not to be found elsewhere despite the project to establish it, as by Kant (1964)

employment real output and price level as an evolutionary field of system study (Choudhury, 2015). The steady-state nature of full-employment equilibrium is questioned. An ever-widening field of process-causality is a new methodological approach insight in which can be gained Schumpeter's ideas of creative destruction by evolution through innovation, as in entrepreneurship (Gaffard, 2009). There are also the pioneering works of Georgescu-Roegen (1981) and Sen (1999) that delineate the new social epistemology of political economy.

The true home of Islamic political economy is in such evolutionary learning fields of ontological beginnings with their intra- and inter- systemic continuity across the dimensions of knowledge, space, and time. Nonetheless, the essential ontology of consilience by unity of knowledge in the dimensions of knowledge, space, and time is not invoked. The result that can be gained by circular cause and effect of the emanating nature of political economy is left as a rationalist dialectical type. In ontological reasoning the rationalist nature of knowledge dichotomizes a priori reasoning from a posterior reasoning. Such a body of reasoning causes partitioned view of reality rupturing the unified system of sustained learning. This is the ontological problem of heteronomy (Bhaskar, 2002).

Global Political Economy and Piketty's theory of capital and social change are examples of the rationalist type of reasoning contra unity of knowledge as consilience (Wilson, 1998) between the social, economic, and scientific fields. A general theory of consilience in such an overarching field of political economy has not evolved. The world of learning has not received a consequentialist theory of sustainability, development, and social capital formation from a unified ontological beginning. An example can be given here of the inability of the rationalist theory of new economic ontology that is devoid of the episteme of unity of knowledge. The problematique remains.

Contra Occidentalism on ontological knowledge and civilizational change

Occidental scholarship has permanently neglected the central role of knowledge in the ontological definition of meaning regarding causation. Instead, the entire scientific nature of occidental inquiry is premised on space-time structure missing out the fundamental role of knowledge in its

primacy and induction of meaning to the space-time structure that follows thereafter. Such a description of the entire scientific meaning has pervaded in the writings of the universal history of Kant (1949a,b) and lately in Wallerstein (1974). The result has been a heteronomous understanding of reality contrary to how the facts of history and the philosophy of historicism ought to be explained (Bhaskar, 2002). Such a dichotomous perception of reality is however contested within the occidental scholarship by the demand of a holistic understanding of the ontological beginning of reality in which science and historicism place themselves.

Through the spectacle of historicism underlying social transformation and change, we find that Ibn Khaldun and the earlier Islamic scholastics extending to more recent times premised their thoughts on a heteronomous construct of reality. The export of such ideas into the critical development of a theory of political economy can be explained by Figure 2. This figure emanates from the definition of political economy as an interactive study of multitude of social phenomena. In this paper we add to this definition the essential need for an ontological recasting of the social phenomena with economic ones on the basis of the episteme of unity of knowledge. This perspective projects the study of political economy in the mold of all things taken up interactively as a substantive feature of holistic reality (Barrow, 1991; Primavesi, 2000; Thayer-Bacon, 2003).

A special feature of such a holistic interaction in the framework of unity of knowledge as the episteme⁵ is the study of moral ontological perspective of political economy (Choudhury, 2016). In this regard Figure 2 shows how the economic space, the social space, and the primal ontological antinomy interact with each other to form the socio-scientific holism; and

⁵ Foucault defines episteme as follows (trans. Sheridan 1972): "By *episteme* we mean ... the total set of relations that unite, at a given period, the discursive practices that give rise to epistemological figures, sciences, and possibly formalized systems ... The episteme is not a form of knowledge (*connaissance*) or type of rationality which, crossing the boundaries of the most varied sciences, manifests the sovereign unity of a subject, a spirit, or a period; it is the totality of relations that can be discovered, for a given period, between the sciences when one analyses them at the level of discursive regularities."

thereby forms creative evolution arising out of the intra- and inter- systemic dynamics of interaction and integration.⁶

Specifics of Ontological Ambivalence of Ibn Khaldun's Political Economy

Ibn Khaldun was a polymath. His political economy explained the vastly interactive nature of economic and social dynamics, forming thereby, an interconnected world-system. One thereby sees in Ibn Khaldun's production theory a structure of the social and economic order that was shaped by the cultural dispensation and egoism of the powerful class. Such structural changes and transformations of production regimes rose from the simple but hardened lives of the grassroots community, which was referred to as *asabiya*. From such frugal beginnings of the needs economy the nation state, *umran*, acquired its acquisitive social order of the wants economy. This carried with it higher echelons of the social and economic power. But along with such growth of the nation state there comes about social costs of taxation on the people and the need for military security of the state.

In the context of the vastly interactive processes of the growth of the nation-state Ibn Khaldun presented a social causation model of civilizational

⁶ The following formalism arises out of the explanation of the nature of induction of unity of knowledge in the moral political economy (PE(θ)) defined by the following dynamics:

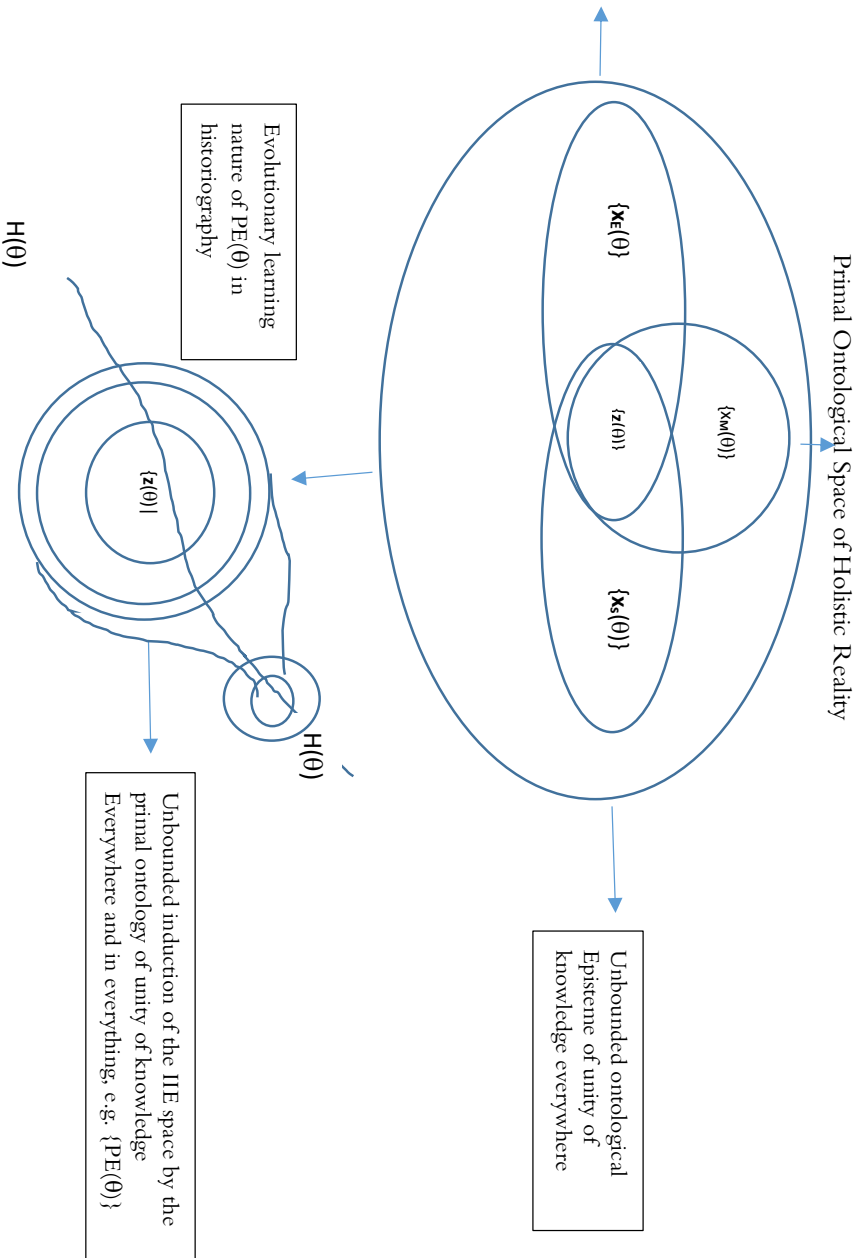
$PE(\theta) = \cup^{\text{interaction}} \cap^{\text{integration}} \{z(\theta)\}$. Historic path of PE(θ) is defined by $HH(\theta) = \{PE(\theta)\}$. $HH(\theta)$ is thus shown to be a trajectory of evolutionary equilibriums across the dimensions of knowledge, space, and time.

According to the holistic objective of the moral PE(θ) with the interaction and integration of the economic, social and ethical spaces the objective function is defined by the wellbeing criterion, $W(z(\theta))$. Furthermore, according to the IIE properties of unity of knowledge, there arises the principle of pervasive complementarities (participation) by degrees between the various variables in the vector, $\{z(\theta)\}$. The empirical model takes the form of circular causation system of estimable equations for evaluating the wellbeing functions in its derived form. The entire system of estimable equations is given by, $x_{Ei} = f_{Ei}(x_{Ej}, x_s, \theta)[\theta]$; $x_{si} = f_{si}(x_E, x_{sj}, \theta)[\theta]$; $i=1, 2, \dots, n_1$; $j = 1, 2, \dots, n_2$. $\theta = F(z(\theta))$; $dW/d\theta = (\partial W/\partial z(\theta)) \bullet (dz(\theta)/d\theta) > 0$; and in discrete case, $\theta_{t+1} - \theta_t = F_{t+1}(z(\theta)) - F_t(z(\theta)) > 0$, over time, both for advancing levels of knowledge or otherwise, or a combination of increase and decrease of knowledge-flows.

change. Thus Ibn Khaldun was a dialectical thinker in terms of the social causation of a vast field of causes and effects. Ibn Khaldun's ideas in this respect was like Myrdal's theory of social causation (Toner, 1999), and of Hegel's dialectics applied to social change (Hegel trans. Sibree, 1986). In such explanation of social causation Ibn Khaldun's political economy presented a socioeconomic state of power, conflict, and acquisition by the warring nation-state. Civilization was thus born from such historical realities as Ibn Khaldun saw such processes unfolding in North Africa and the Maghrib. This was an inductive explanation of historical and civilizational change. Thus Ibn Khaldun became the first empirical and observant thinker to explain political economy and sociological phenomena.

Yet underlying such Khaldunian explanation, severed as it was from the deductive origin of any moral shaping of historicist and civilizational change, Ibn Khaldun could not provide the historicist legacy of the moral values that induce predominant influence in the shaping of civilization in its human form. That is because the process of change and transformation from the early crude stage of *asabiya* to *umran* lead to the formation of civilization, *hadara*, out of wars, conflicts, and acquisition by means of power. In the end thereby, Ibn Khaldun could not provide a theory of the moral influence. The ontological origin of such historiography, civilization dialectics, and political economy was never the foundational methodological worldview in Ibn Khaldun. He thus failed to provide a civil context of historical and civilizational change. Like Marx, Ibn Khaldun left a model of material conflict between opposing groups in the changing states from *assabiya* to *umran* to *hadara*. Such a historical scenario contradicts the ontological pattern of historicism explained by Figure 2, embedded in which is the design of the moral political economy.

Figure 2: Organic holism of unity of knowledge induced by the primal ontology in everything



Evolution and Political Economic Transformation along the Growth of Civilization

Despite Ibn Khaldun's background theory of social causation, this was not a reflexive one. An advancing nation state rises from the stage of *asabiya* (solidarity of the primitive warring state for retaining self-righteous communitarian values) to a militarily and financially powerful organization. This state then leads to an economic one, which raises taxes in favor of the state and the rulers with their congeries of sedentary interests. Finally, a maturing nation state relapses into lethargy, stagnation, and wasteful forms of production and consumption. Such is a state of a maturing civilization regarding which Veblen (1912) wrote in his theory of conspicuous consumption governing the regime and habits of the enervated rulers and citizens.

Yet for such a dynamics of the rise of civilization, Ibn Khaldun's focus on the *asabiya* state of an empowering nation that declines into its enervated state of growth, there is no endogenously self-learned recreation of the early state of enabling values. To revive the nation-state into yet higher levels of rebirth of maturing civilization, Ibn Khaldun's model of historicist and civilizational change and transformation requires injection of external forces. Such forces cause return of progressive development states by the return of good rulers and good economic conditions that would enable the collection of tax revenues, tariffs, and colonial revenues to finance newly induced stages of development. Yet it is known that such a crude way of development to boost civilizational transformation did not work out for the Arab governance of foreign colonies. An example of this is the Arab colonial failure is Malta and Cordova. In present times, similar acquisitive states of development can be found in the oppressive political governance in Arab Middle East by the hegemony of Kings and rulers. The growth of nation-states into higher levels of civilization according to Ibn Khaldun's theory was associated with negative human values and capabilities.

The above-mentioned character of historicist and civilizational change in Khaldunian theory was thus irreversible to a consciously self-generated sustainability because of its silence in the moral foundations of endogenously generated social, economic, and political order by continuous invoking of the ontological origin as explained by Figure 2. The inference to be gained from such contrasting natures of the opposing forms

of understanding sustainability of nation-states rising into civilization is that Ibn Khaldun presented a one-directional mode of change of the transforming civilization and historicist states. The critical circular causation (footnote 6) nature of civilizational change that has the sustained possibility to return to its moral and conscious ontological beginnings (Figure 2) and assume rebirth of the continuously endogenous actualization of historiography and civilizational change of the *longue dure* (Braudel, 1995) cannot be derived from Ibn Khaldun's theory of change and transformation.

The ontological revisiting continuously along the path of historicist meaning over the *longue dure* and sustainability of civilization was not the centerpiece of Ibn Khaldun's secular construction of the relationship of man with the environment. Even though as Rozenhal (1958, p. lxxiii) points out, Ibn Khaldun was not forgetful of the divine relevance in human experience, except that this was considered an individual matter, not a social necessity according. Rozenhal explains in this regard, "... Ibn Khaldun was inclined to consider constant and active contact with the Divine to be primarily the prerogative of the individual, and to acknowledge no more than a casual relationship between the supernatural and the forms of human social organization". Rozenhal (*op cit*, p. lxxiii) furthermore comments: "Ibn Khaldun's philosophy can be called secular, as scholars have occasionally described it. His secularism does not imply, however, any opposition to the supernatural world, let alone disavowal of it; to him its existence was as certain as anything observed by means of the senses."

Though Ibn Khaldun's ideas resembled neo-liberalism of contemporary times today, yet the centerpiece of organizational behaviour that gave existence to both the *asabiya* state of the beginning of community life leading to the subtle functions of *umran* and *hadara*, was social cooperation. This principle marked Ibn Khaldun's way of thinking that was different from the centerpiece of competition in neo-liberalism that led to the rationality argumentation in neoclassical thought and political economy as a positivistic study. Indeed, also Ibn Khaldun derived the principle of social cooperation from the divine law of unity of knowledge. But he did not make the divine law as being necessary for invoking the principle of cooperation in social organization.

Yet the attribute of cooperation characterized group cooperation out of its own desire and objective to compete with other groups. Such *asabiya* to

form competing attribute within groups that compete with other groups by gaining power and dominance once again devolved Khaldunian meaning of social organism to a perspective of latter days' meaning of social Darwinism. Rozenthal (op cit, p. lxxix) writes on this Khaldunian characteristic of social organization born out of competition caused by self-seeking cooperating groups: "Preponderance of 'asabiyah renders one group superior to others; it also determines leadership within a given group..... And no group can retain its predominance, nor any leader his dominant position in the group, when their former 'asabiyah is no longer there to support him."

In the end we note that, Ibn Khaldun's reference to the divine principle of universal cooperation conveying the meaning of organic pairing by way of interactive complementarities and participation (Qur'an 36:36) to form integrated social states, and thereby to evolve by similar attributes over time (as explained by Figure 1 Diagram 1 and Figure 2 captioned as IIE could not be sustained. The group-specific cooperation that leads to competition in the large scale evolution of asabiya to umran and into hadara cannot explain the endogenous influence of moral consciousness as a natural phenomenon. Moral political economy based on the qur'anic precepts of divinely manifest law of unity (Tawhid as *law*), inter-causal balance (al-wasatiyyah), and objectivity (maslaha) were not the premises of Ibn Khaldun's thought despite his acknowledgement of the pre-existence of the divine will in social construction. Such an exogenous causation of the divine will in human activities can be characterised as God is indeed the creator of the universe and everything in it is according to law; but mankind sustains itself by worldly laws and patterns of activities.

Ibn Khaldun's idea of group-specific cooperation with competition in the large scale does not explain the methodological worldview of organismic unity by inter-causality between varieties of entities including socioeconomic variables. The resulting consequence can be found in the structure of political economy. We will explain this kind of interactive political economic structure in two contrasting ways. We will adopt Khaldunian social implications in the case of input-output model with fixed coefficients.⁷ The purpose here is to establish the social consequences of Ibn

⁷ Franz Rozenthal (1958, vol 1, p. 13) translating Ibn Khaldun's words writes: "I omitted nothing concerning the origin of races and dynasties, concerning the synchronism of

Khaldun's all-comprehensive theory of the interactive nature of social organization. Next we will adapt this model to dynamic coefficients model with continuous augmentation of resources including technological change, say of the Schumpeterian type (Choudhury, 2011). The purpose in this formalism is to establish the case that Ibn Khaldun's perception of competitive-cooperative social groupings and its resulting constriction in resource regeneration goes contrary to sustainability of the interactive processes of historical and civilizational activities. Thereby, Khaldunian thought proves to be by and large of the nature of early neo-liberalism endowed by its postulates of resource scarcity and group competition to maximize self-gains and self-righteousness (Karatas, 2016, internet).

An Analytical Features of the Interactive World of Ibn Khaldun and Its Extension

In reference to Figure 2, the ontological space of unity of knowledge is nowhere defined and used by Ibn Khaldun except by way of an exogenous role played by reference to the divine truth, yet without any explained functionality of this law in the order of social organization. Consequently, the ontological space assumes the character of a material space, like those of the economic space and the social space. An example is the technology space driving the economic space and the social space. An interaction is thus generated between the multiple spaces out of a spirit of cooperation that is group-specific (asabiyah-specific). Consequently, in the large scale universe a technological effect can cause complementarities (cooperation) within a specific grouping, say of capitalist globalization of today. Yet another structure of a similar type would be upheld by the microentrepreneurial worldview, and so on with many such groupings in context with each other having their group-specific self-interest (group-specific asabiyah).

the earliest nations, concerning the reasons for change and variation in past periods and within religious groups, concerning dynasties and religious groups, towns and hamlets, strength and humiliation, large numbers and small numbers, sciences and crafts, gains and losses, changing general conditions, nomadic and sedentary life, actual events and future events, all things expected to occur in civilization. I treated everything comprehensively and exhaustively and explained the arguments for the causes of it (s existence).”

Between the worldview of capitalist corporatism and the microentrepreneurial worldview there is conflict of designs, functions, and objectives. Consequently, the concentric circles in Figure 2 denoting pervasive continuity and thus sustainability of the evolutionary learning spaces caused by interaction and integration (Footnote 6) break away into dichotomous differentiations. The ontological law of unity of knowledge derived from the monotheistic episteme of unity of knowledge is rejected in favour of marginalist competing perspectives of social conflict and competition. Such a state conveys the economic rationality assumptions of allocation of scarce resources between competing ends.

Consequently, the objective criteria of optimization of self-centered gains and steady-state equilibrium characterize the space of political economy. An example of such conditions is depicted by Public Choice Theory (Nordhaus, 1975) and new institutionalist theories of the neoclassical economic genre.

The above features of competition between differentiated groupings can be translated in the case of the sectoral allocation of scarce resources. Financial and physical resources are given exogenously in *asabiya* groupings. They do not augment themselves under the force of endogenous knowledge induction by way of inter-causal states of extensive participation and complementarities. The inter-sectoral distributions of output, investment, financing, and the consequential allocations of resources, output, investment, and financing by sectoral allocation of labour are now explained by fixed coefficients, and thereby steady-state equilibriums signifying non-learning technological coefficients of the input-output model. Ibn Khaldun's *asabiya* model applied to intersectoral allocation of resources reflected a physical *asabiya* type of sectoral competition by sectoral differentiation.

The modern days' input-output matrix perspective characterizing Ibn Khaldun implication on sectoral linkages (cooperation) while maintaining the postulate of scarcity of resources (competition) can be formalized as follows:

Let X_i denote any of i th sectoral variable like output, investment, financing, and labour, as the case may be.

X_{ij} denotes inter-sectoral allocation of such quantities from i th sector as output into the i th sector output (investment, financing etc.) to produce the j th sector output etc.

Thereby, the material balance equation is $X_i = \sum_{j=1}^n X_{ij} + x_i$;

x_i denotes i -sector final demand (i -sectoral value added).

$$i, j = 1, 2, \dots, n.$$

The input-output coefficients between (i, j) =sectors, is denoted by,

$$a_{ij} = X_{ij}/X_j.$$

Thereby, $X_i = \sum_{j=1}^n X_{ij} + x_i \Rightarrow X_i = \sum_{j=1}^n a_{ij} \cdot X_j + x_i$; $i = 1, 2, \dots, n$.

The above equations give the competitive-cooperative nature of asabiya principle for the case of sectoral of resources among competing sectors of output etc. This understanding of the asabiya principle in respect of economic matters show the vaster concept of competition-cooperation that Khaldunian political economy conveys.

The principal cause of the limitations in Ibn Khaldun's model of extensive interaction and integration followed by evolutionary learning over time is his peculiar worldview regarding competition within asabiya type cooperation at all levels of social organization and the economy. To break through this limitation in civilization theory the most critical realism required is sustained. Consequently, continuous near-elastic regeneration of resources in respect of inter-causality between learning entities and variables must proceed on. Diversities and opportunities thereby arise. This state was noted to exemplify the case with Schumpeter's entrepreneurial model of development; and Myrdal's social causation idea. Both of these models criticize the postulate of marginal rate of substitution and opportunity cost concepts associated with optimal allocation of scarce resources among competing ends as rationality axiom in the case of perfect economic (market) competition.

The above-mentioned differences show up in the dynamic version of the input-output coefficients. Liberation of resources through the inter-causal evolutionary process now induces variables and entities with knowledge arising from the episteme of unity of knowledge. This is purely an ontological issue, which Ibn Khaldun ignored in his theory concerning evolution from asabiya to umran to hadara. The knowledge-induced

variables that span the moral, economic, and social spaces as shown in Figure 2 are represented by $\{\mathbf{z}(\theta)\}$ along the historic path $HH(\theta)$. $HH(\theta)$ is shown to be described by evolutionary stages of political economy. That is, $HH(\theta) = \{PE(\theta)\}$.

The resulting knowledge-induced input-output coefficients are now modeled in terms of the knowledge-induced variables, $\{\mathbf{x}(\theta)\} \subset \{\mathbf{z}(\theta)\}$ of the moral political economy in response to the episteme of unity of knowledge. In reference to modern days' formalism of dynamic input-output coefficients, Ibn Khaldun's competition-cooperation constriction of resource scarcity is annulled. The emergent model now takes up the following form:

Let $X_i(\theta)$ denote any of i th sectoral output, investment, financing, and labour.

$X_{ij}(\theta)$ denotes inter-sectoral allocation of such quantities from i th sector as input into the production of j th sector output etc.

Thereby, the material balance equation is $X_i(\theta) = \sum_{j=1}^n X_{ij}(\theta) + x_i(\theta)$

$x_i(\theta)$ denotes i -sector final demand (i -sectoral value added).

$i, j = 1, 2, \dots, n$.

The input-output coefficients between (i, j) sectors is denoted by,

$$a_{ij}(\theta) = (X_{ij}/X_j)[\theta]$$

Thereby, $(X_i = \sum_{j=1}^n X_{ij} + x_i)[\theta] \Rightarrow (X_i = \sum_{j=1}^n a_{ij}.X_j + x_i)[\theta]; i = 1, 2, \dots, n$.

The substantive meaning of inter-variable θ -induction is explained by the evolutionary concentric circles by processes of learning according to the episteme of unity of knowledge in Figure 2 and the operation of the wellbeing simulation by reference to the circular causation relations that follow. Thus the substantive difference is unravelled between Ibn Khaldun's neo-liberal views centering around competition-cooperative implications of his *asabiya* theory across economic and social specifics, and the evolutionary learning nature of the political economy in the epistemic framework of unity of knowledge.

The Capitalism of Ibn Khaldun

Ibn Khaldun's *asabiya* theory applied to earlier postulates of economic rationality along with its early neo-liberal implications make him an earlier economic theorist in primeval idea of capitalism. Ibn Khaldun assigned the primal input of production to labor, thus bringing into the picture of production the idea of productivity of labour. This simple economic attribute in Ibn Khaldun's politico-economic thought centered the entire economic activity on the following sequences of causation: Labor leads into production through its productivity. In turn, the productivity of labour initiates profitability followed by investment, and thereby growth and continued cycles of the same kind. In such an economic causality, profits were seen as the fundamental source of capital accumulation at the end of any cycle of reproduction of the productive process. Thereafter, as capital accumulation increased, taxes increased, but to serve the sedentary life of luxury of the rulers and their protégé. Increased taxes in this respect started the cycle of contraction from acceleration of capital accumulation to capital deceleration. Real output starts to decline and the labor market condition worsens.

Ibn Khaldun also wrote on stabilization of the price level between the two ends of low prices that has adverse affects on farmers, and high price level that hurts spending and the consumers, making the producers to be aggressive agents. Price variations between high and low levels were seen as the cause and manifestation of business cycle. Price level so fluctuating was associated with levels of output in demand and supply. Thus over-production leading to export potential and under-production leading to import demand were seen as a cause of business cycles.

Ibn Khaldun's capitalist model arose from his theoretical postulate of scarcity of resources and an inept theory of competition via cooperation of the sectoral *asabiya* type as a special case. An example of this kind of politico-economic attribute was the competition for resources between economic sectors under the postulate of optimal allocation of scarce resources between competing ends.

The expanding and contracting cycles of Ibn Khaldun's capitalist economic activity can be explained in the following way:

Let,

Y denote nominal output;

y denote real output;

L denote productive labor;

p denote nominal price level of Y;

R denote revenue as $R(Y) = p(Y).Y$.

$C = C(Y)$ denotes cost of production = $w(Y).L$; $w(Y)$ as nominal wage rate. L was thought to be the primal factor of production.

$$\Pi = \Pi(Y) = p(Y).Y - C(Y)$$

$T(Y) = t(Y).Y$ denotes taxes on Y by the tax rate $t(Y)$.

$K(Y) = \int dI(Y)$, K as stock of capital accumulated, I as investment.

$$y = (Y - t(Y).Y)/p = (Y/p).(1-t(Y))$$

The following effects are considered in Khaldunian one-directional micro/macro- economic activity:

$$1. L \rightarrow Y = f(L) \rightarrow R(Y) - C(Y) \rightarrow \Pi(Y) \rightarrow a. \Pi(Y) \rightarrow T(Y) \rightarrow K(Y) = \int dI(Y),$$

All of these quantities increase within the acceptable level of price stability.

2. As in the Laffer Curve, when T increases to serve sedentary and unproductive ego, then the chain of relations in (1) contracts (countercyclical).

Between the movements of the Khaldunian variables shown above, businesses exist in accordance with the movement of the price level. Stabilization of the price level is thereby equivalent to stabilization of the business cycle. Except that, Ibn Khaldun did not invoke the role of interest rates in savings, which essentially causes capital accumulation to occur, but not capital formation, at every point of time. Ibn Khaldun remains silent regarding the role of the rate of interest and its contrariety the total productivity in the formation of capital. It therefore appears that, Ibn Khaldun equated investment to savings as in the case of Keynes' full employment real output and stable price level (S-I). If this is accepted as part of the explanation, then the inference is clearly that, Ibn Khaldun was a forerunner of all the major forces of capitalism and a market economy,

but with significant government fiscal presence in economic stabilization when business cycles become pronounced.

Ibn Khaldun's theory of historicism and civilizational change, within which is the design of his political economy, cannot therefore be upheld as a universal theory of historicism. That is precisely because of his negligence of an ontological premise of socio-scientific reasoning. Kant referred to the antinomy of the ontological case in his theory of universal history. Shah Waliullah (Jalbani, n.d.) came nearest to the same type of worldview in terms of his theory of moral foundations of historicism. The ontological formalism that could place Ibn Khaldun's historicism on a universal and unique footing would be to initiate it from the episteme of unity of knowledge. This premise would endow Khaldunian worldview with the perspective of pervasive inter-variable complementarities and participative systemic holism. The methodology is explained in Footnote 6 and Figure 2.

We apply the same kind of formalism to expressions (1) and (2) to formalize the universal and unique theory of historicism and its composition in political economy. If pervasive cooperation as the attribute of political economy resting on inter-entity and inter-causal complementarities and participation is to appear in the universal theory of historicism then the most critical change to expressions (1) and (2) would be to differentiate the nature of savings from investment. It is important to realize that capital accumulation through the roots of profits is caused by interest rates working through savings positively. But interest rate would have negative impact on investment. Saving and investment are thereby contrary economic activities if resources are not fully mobilized throughout $HH(\theta)$.

Likewise, the presence of interest causes differentiation between the financial sector and the real economy. The inter-sectoral division of given resources results by competition for the inherent scarce resources between the opposing ends of the financial economy and the real economy. This is similar to the general case of inter-sectoral competition under conditions of resource scarcity and objective criterion of maximization of profits, all to be found in neoclassical economic theory.

If the explanation of interest rate contra the productivity question of the real economy was explained in Ibn Khaldun's political economy, then the centerpiece of real productivity could be placed at the center of capital

accumulation. The concept of capital accumulation *a la* Ibn Khaldun's capitalism would be replaced by that of capital formation, which is a reflection of the productivity of the real economy exclusively. Capital formation requires technological change and entrepreneurial interaction on innovation. Such is the role of θ -induction of all the activities denoted by variables in expression (1). Thereby, the activities of markets will increase against the predominance of governments. Taxes will decline to sustain the momentum of market transformation. In the end, the possibility of expression (2) will be phased out in the presence of θ -induction of the economic activities with the objective of establishing pervasive complementarities and participation between diverse entities and their representative variables. Such politico-economic consequences project the circular (reflexive) cause and effect of the episteme of unity of knowledge across the imminent general equilibrium model of evolutionary learning contrary to the optimization model of the capitalistic genre.

Ibn Khaldun, Adam Smith, and Keynes in the Perspective of Capitalism and Its Dynamics

In expression (1) we note that Ibn Khaldun made no difference in his economic ideas between microeconomics and macroeconomics, for even as profit and market prices belongs to microeconomic study, capital accumulation is a topic of macroeconomics. Likewise, taxation is a topic of both microeconomics and public finance. We therefore deduce that, Ibn Khaldun was different in his formalization of political economy from Adam Smith who primarily focused on microeconomic issues. We thereby infer that, while the division of labour interested both Ibn Khaldun and Adam Smith in explaining the central role that productivity of labor plays in product and labor markets, yet Ibn Khaldun's version of the production function was not specifically of the microeconomic type as was Adam Smith's.

There was yet another similarity with a difference between the politico-economic thought of Ibn Khaldun and Adam Smith. This had to do with the *ceteris paribus* partial equilibrium perspective of Smithian economics and the general equilibrium perspective of Ibn Khaldun's economics. Both Ibn Khaldun and Adam Smith centered the good and ethical process of market exchange on human consciousness; except that Smithian political

economy is closer to the exchange functioning of a needs economy. Ibn Khaldun did not necessarily oppose a wants economy except by way of sedentary behavioural attitudes of the conspicuous consumption class.

The ethical nature of the needs economy upheld the hidden role of the divine law as Smith's invincible hand principle. Yet we find that, the moral foundations of Smith's *Theory of Moral Sentiments* (1984) could not bear upon the mundane functioning of the economy in *The Wealth of Nations* (1976). Both Ibn Khaldun and Adam Smith upheld the high values of freedom to reach civilizational and neo-liberal heights, respectively. In this respect, Smith saw the ethical law of freedom to be like the law of natural liberty. This concept of freedom in both the natural and social orders conveyed the important message of the scientific treatment of all ethical laws equivalently between science and society including the political economy. But like Smith's silent functioning of the divine law in freedom as ethics in both the social and scientific orders, Ibn Khaldun's conception of ethics being influenced by the divine law was significant. Yet the moral law in this case was only exogenously invoked, not learnt via evolutionary knowledge. There was no endogenous functioning of the divine law and the moral/ethical law emanating from human and scientific consciousness by evolutionary learning. Such negligence to the endogenous functioning of the divine law gave purely liberal perspective to the two politico-economic worldviews. The theme of such moral independence was also similar to the heteronomous character of Kantian antinomy. We mentioned this matter earlier.

The macroeconomic nature of Ibn Khaldun's general equilibrium in political economy was of the Keynesian type to some extent. This is inferred from expressions (1) and (2). The expansion of the national output and the growth of the economy were both driven by the income multiplier caused positively by fiscal expansion, productivity of labor, higher profitability, and lower tax rates.⁸

⁸ The total Keynesian income multiplier model is written as, $\Delta Y = \Delta Sp / (1 - mpSp)$, Sp denotes spending and includes consumption spending, investment spending, government spending including national and international according to the value of marginal rate of spending, $mpSp$.

One More Point: Did Ibn Khaldun Provide an Early Version of the Quantity Theory of Money?

Whether Ibn Khaldun thought about the Quantity Theory of Money can be deduced in reference to his emphasis on price stabilization, non-sedentary (productive) spending, and economic growth. These economic targets together came to be known as non-inflationary economic growth through macroeconomic policy coordination. If we combine the above economic elements together then the equation of exchange can be written down as, $MV = p.Y$, where M denotes the quantity of money that circulates in the economy at a velocity of V to meet transaction demand in terms of spending value can be denoted by, (price \times output = pY). Given the balanced outlook of price stabilization and output, the transaction demand of money can be construed to be of unitary price elasticity.

However, Ibn Khaldun's ambivalence of the rate of interest in economic transaction contradicts the exchange equation, which must be written as follows in the presence of interest rate affecting M and the two kinds of spending (mentioned earlier) being real goods and financial goods. Thereby, $S_p = p.Y = p_r.Y_r + i.Y_f$. More generally we write in functional form, $S_p = p.Y = S_p(p_r, i, Y_r, Y_f)$. (Friedman, 1989). In such a case there is no particular reason for prices to remain stable as money as resource substitutes between valuation of real goods and financial goods. Thereby, the presence of differentiated prices as values of real goods (real prices) and financial goods

Both Ibn Khaldun and Keynes saw taxes as withdrawal from potential output. In terms of Ibn Khaldun's economic relations given in expression (1) we can write the total Keynesian income multiplier as,

$$\Delta Y = \Delta[C(Y, L) + I(Y, \Pi, W) + G(Y - T) + B(Y)] / (1 - m_p S_p);$$

W denotes wage bill. Hence we derive both Ibn Khaldun and Keynes:

$$\Delta Y(1 - A / (1 - m_p S_p)) = [\Delta B W - \Delta D T] / (1 - m_p S_p); A, B, D \text{ are coefficients.}$$

This expression explains the negative effect of taxes on income (output) and wages, and the positive effect of spending on wages and income (output).

The price stabilization situation for the general economic equilibrium is explained in both Khaldunian and Keynesian multiplier model by treating the income multiplier in the general case as an equilibrating dynamics towards a desired equilibrium (full-employment in the case of Keynes; undefined in the case of Ibn Khaldun), except that labor productivity is made to play a central role in economic growth.

(interest rate) will distort economic stabilization. This is the case that is today unavoidably rampant in the volatile capital markets; even as the world output increases most pronouncedly by the shift of financial resources towards interest-bearing financial goods. Khaldunian idea of monetary resources, which we have interpreted in terms of the Quantity of Money, but was not so formulated by Ibn Khaldun, could not fathom the most destabilizing role of interest rate in the financial economy, and through this its adverse effect on the real economy.

CONCLUSION

The great legacy of Ibn Khaldun has relevance in the political economy of the Arab World more than in the Islamic World. It left behind the legacy of an earlier politico-economic thinking along lines of neo-liberalism of the earlier and subsequent Arab leaders until the present days. Such depiction of the Arab political economy can be seen today in the fast decadence of this World in the hands of sedentary life style and deep characteristics of oppressive rulers, economic competition and political conflict in struggling to maintain the various stages of *asabiya* of the rulers and the unholy alliances for Arab hegemony and royal power domestically and internationally. But Ibn Khaldun's theory of historical and civilizational change did not dwell on the furtherance of the Islamic values and the epistemic thought that emanates from them. There was no place in Ibn Khaldun's theory of civilization for the great watershed of Islamic civilization that emanated during and following the times of the Prophet Muhammad and his early community. In this sense therefore, Ibn Khaldun's thought cannot be either a representative of a great part of world civilization or in representing the moral aspects of historicism.

In the field of political economy derived from Ibn Khaldun's theory of historicism and civilizational dynamics the neo-liberal nature of early capitalism left a contested criticism. That is because latter and present fields of scholarship seriously question the validity of the traditional politico-economic orthodoxy. Within such critical questioning classical, neoclassical, and Keynesian politico-economic worldviews have fallen into serious criticism by heterodox economic thinking (Lawson & Pesaran, 2009).

Social thought has forever sought for the moral ontological foundations of a universal theory of historicism. In this paper we have introduced the theory of endogenous moral consciousness playing its dynamic role in the theory of universal historicism and civilizational change. Ibn Khaldun despite attempting dialectical evolutionary dynamics in his theory could not establish the important role of reversibility in explaining history (Soros, 1998). Thus there was no evolutionary learning content in Khaldunian thought on continuity and sustainability of historical and civilizational change contrary to competition-cooperation according to the use of *asabiya* type group cooperation to attain self-righteousness.

Apart from Shah Waliullah, most Muslim scholars including Ibn Khaldun could not accomplish writing about the moral heights of Islamic values as was done by Kant, Hegel, and Toynbee for the Western civilization. It was such an explanation of western civilization that marked its own history of political economy (North, 1981). This paper has thus been a scholarly criticism of Khaldunian thought regarding historicism, civilizational change, and the derived political economy against the wider façade of historical consciousness (Lucaks, 1968).

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