



ISLAMIC MODERATION IN POVERTY ALLEVIATION STRATEGY: A STUDY OF IBN KHALDUN'S ECONOMIC THOUGHT

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Abstract

Poverty remains an ongoing challenge in Indonesia despite relatively stable economic growth. This condition demonstrates the limitations of a technocratic approach to development, which often neglects ethical and social dimensions. This study aims to explore Ibn Khaldun's economic thinking as a basis for poverty alleviation within the framework of Islamic moderation (wasatiyyah). This study uses a qualitative approach based on literature review with thematic analysis of *al-Muqaddimah* and relevant contemporary literature in the field of Islamic economics. The results show that Ibn Khaldun's eight principles of development, particularly those related to the role of the state, institutions, human resource development, wealth distribution, and justice, reflect a moderate development model that integrates moral, spiritual, and economic dimensions. This model rejects extreme approaches such as minimalist or authoritarian states, and views wealth as a means of distributing social welfare, not as a tool for accumulating power. This study concludes that Ibn Khaldun's framework of thought provides a coherent epistemic foundation for inclusive and equitable development, and remains relevant to the contemporary Indonesian context. The scientific contribution of this research lies in its synthesis of classical Islamic development theory and the principles of Islamic moderation, thereby offering an alternative to conventional economic paradigms that tend to marginalize moral and social dimensions.

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INTRODUCTION

Poverty remains a multidimensional global challenge encompassing economic deprivation, social exclusion, and political marginalization. Recent global evidence indicates that more than 700 million people continue to live in extreme poverty, surviving on less than USD 2.15 per day, while income inequality, post-pandemic vulnerability, and climate-induced shocks increasingly undermine household resilience.¹ In Indonesia, this condition is reflected in a poverty rate of 8.47 percent, equivalent to 23.85 million people, alongside 2.38 million individuals living in extreme poverty and a stagnating Gini ratio of 0.375.² Despite stable economic growth averaging around 5 percent, regional disparities particularly between western and eastern Indonesia—remain pronounced, indicating that growth-oriented development has not addressed structural inequality. From the perspective of *Ibn Khaldun*, such conditions signal civilizational imbalance characterized by weakened social cohesion ('asabiyyah), unjust fiscal practices, and distorted wealth circulation, which disrupt economic cycles and accelerate societal decline (Khaldun, 2014)³; (Chapra, 2008)⁴. Poverty, therefore, should be

¹ World Bank, "Pathways Out of the Polycrisis" (Washington, D.C., 2024).

² BPS, "Statistik Indonesia 2025" (Jakarta, 2025).

³ Ibn Khaldun, *The Muqaddimah: An Introduction to History, The Anthropology of Climate Change: An Historical Reader* (Wiley Online Library, 2014).



understood not merely as an income deficit, but as a structural outcome of institutional failure, eroding solidarity, and unjust governance.

Within the framework of Islamic economics, poverty is conceptualized as a direct threat to the objectives of *maqāsid al-shari‘ah*, particularly the preservation of life (*hifz al-nafs*), wealth (*hifz al-māl*), and human dignity (*karāmah al-insān*). Islamic economic principles emphasize distributive justice through social instruments such as *zakāt*, *infāq*, *ṣadaqah*, and *waqf*, while prohibiting exploitative practices including *ribā* and unjust wealth accumulation (Chapra, 2016)⁵; (Auda, 2008)⁶. Core values; justice (*‘adl*), balance (*mīzān*), and social solidarity (*ukhuwwah*), form the ethical foundation of an inclusive and humane economic order. As argued by Chapra (2008)⁷, Islamic economics offers not only a moral critique of capitalist excesses but also a systemic framework that integrates market mechanisms with social responsibility and an active, justice-oriented role of the state.

Ibn Khaldun occupies a pivotal position in Islamic economic thought due to his integrative analysis of political authority, moral order, and economic development. In his *Muqaddimah*, he articulated a set of interrelated development principles (often referred to as *hikamīyyah*) that encompass governance, justice, human resources, fiscal policy, wealth circulation, and social cohesion (Khaldun, 2014)⁸; (Islahi, 2014)⁹. He argued that economic prosperity is inseparable from political stability and distributive justice, while excessive taxation and extractive governance undermine productivity and weaken societal resilience. His theory of economic cycles demonstrates how injustice and declining *‘asabiyah* precipitate fiscal inefficiency, social stagnation, and eventual civilizational decay (Sprengler, 1964)¹⁰; (Chapra, 2008)¹¹. These insights render *Ibn Khaldun’s* framework highly relevant for diagnosing and addressing structural poverty in contemporary developing economies.

Recent scholarship has examined poverty through the framework of *Ibn Khaldun*, particularly by operationalizing his socio-economic dynamics model based on the eight *hikamīyyah* principles. Empirical studies in Indonesia show that poverty is significantly influenced by governance-related variables such as government social expenditure, corruption, and regional economic performance, while indicators like the Human Development Index, foreign direct investment,

⁴ M Umer Chapra, “*Ibn Khaldun’s Theory of Development: Does It Help Explain the Low Performance of the Present-Day Muslim World?*,” *The Journal of Socio-Economics* 37, no. 2 (2008): 836–63.

⁵ M. Umer Chapra, *The Future of Economics: An Islamic Perspective*, vol. 21 (Kube Publishing Ltd, 2016).

⁶ Jasser Auda, *Maqasid Al-Shariah as Philosophy of Islamic Law: A Systems Approach* (London: International Institute of Islamic Thought (IIIT), 2008).

⁷ Chapra, *The Future of Economics: An Islamic Perspective*.

⁸ Khaldun, *The Muqaddimah: An Introduction to History*.

⁹ Abdul Azim Islahi, *History of Islamic Economic Thought: Contributions of Muslim Scholars to Economic Thought and Analysis* (Edward Elgar Publishing, 2014).

¹⁰ Joseph J Spengler, “Economic Thought of Islam: *Ibn Khaldūn*,” *Comparative Studies in Society and History* 6, no. 3 (1964): 268–306.

¹¹ Chapra, “*Ibn Khaldun’s Theory of Development: Does It Help Explain the Low Performance of the Present-Day Muslim World?*”

and the Gini ratio often produce inconsistent results, underscoring the central role of institutional quality and moral governance.¹² Comparative and cross-country studies further indicate that the explanatory power of the Ibn Khaldunian model is highly contextual, being more effective in Muslim-majority countries than in minority-Muslim contexts (Affandi & Puji Astuti, 2013)¹³; (Putra & Indra, 2016)¹⁴. Beyond empirical analyses, the literature can be broadly grouped into normative-philosophical studies emphasizing ethics and justice, sectoral empirical studies with partial findings, and historical-comparative analyses that highlight Ibn Khaldun's legacy without translating it into policy-relevant frameworks (Spengler, 1964)¹⁵; (Chapra, 2008)¹⁶; (Mafrudlo et al., 2024)¹⁷; (Jumadi, 2025)¹⁸; (Suryawirawan et al., 2025)¹⁹; (Anshari & ArioPutra, 2025)²⁰. While these studies affirm the relevance of Ibn Khaldun's thought, they remain fragmented and have yet to integrate the *hikamiyyah* framework with the principle of Islamic moderation (*wasatiyyah*), leaving a clear conceptual gap for a cohesive and ethically grounded model of poverty alleviation.

This fragmentation reveals several unresolved gaps in the literature. First, there is a lack of integrative studies that systematically connect *Ibn Khaldun's hikamiyyah* principles with the framework of Islamic moderation. Second, dominant approaches remain normative-historical, with limited effort to translate classical theory into policy-relevant conceptual models. Third, *Ibn Khaldun's* thought has rarely been positioned as a comprehensive development framework for addressing structural inequality in modern Muslim-majority states. Given the widening socio-economic disparities and the limitations of growth-centric development paradigms, these gaps underscore the need for a more holistic and context-sensitive Islamic economic approach.

In response, this article proposes a conceptual synthesis between *Ibn Khaldun's hikamiyyah* principles and the values of Islamic moderation (*wasatiyyah*)

¹² Siti Nur Latifah, Mohammad Fathorrazi, and Lili Yuliati, "Is Corruption the Cause of Poverty in Indonesia? A Dynamic Approach to Ibn Khaldun's Model of Morality," *Seybold Report Journal* 19 (2024): 27–40, <https://doi.org/10.5110/77>.

¹³ Ahmad Affandi and Dewi Puji Astuti, "Dynamic Model of Ibn Khaldun Theory on Poverty: Empirical Analysis on the Poverty in Majority and Minority Muslim Population after the Financial Crisis," *Humanomics* 29, no. 2 (May 17, 2013): 136–60, <https://doi.org/10.1108/08288661311319193>.

¹⁴ Dian Paisal Putra and Indra Indra, "Determinant of the Poverty in the Moslem Countries: Ibn Khaldun Development Model," *Signifikan* 5, no. 1 (2016).

¹⁵ Spengler, "Economic Thought of Islam: Ibn Khaldūn."

¹⁶ Chapra, "Ibn Khaldun's Theory of Development: Does It Help Explain the Low Performance of the Present-Day Muslim World?"

¹⁷ Ahmad Mahfudzi Mafrudlo et al., "Economic Development Theory of Ibnu Khaldun: Interrelation between Justice and Umran Al-Alam," *Share: Jurnal Ekonomi Dan Keuangan Islam* 13, no. 1 (2024): 43–70.

¹⁸ Jumadi Jumadi, "Pendekatan Ekonomi Islam Terhadap Urbanisasi Dan Keadilan Sosial," *Jurnal Ekonomi Syariah* 2, no. 2 (2025).

¹⁹ Ade Suryawirawan, Yadi Janwari, and Dedah Jubaedah, "Teori Pembangunan Dalam Perspektif Ibnu Khaldun: Analisis Historis Dan Implikasi Kontemporer," *Jurnal Ekonomi, Akuntansi, Dan Perpajakan* 2 (May 2025): 224–33, <https://doi.org/10.61132/jeap.v2i2.950>.

²⁰ Al Anshari and Fakhri Muhammad ArioPutra, "Strategi Pengentasan Kemiskinan Di Provinsi Aceh Dengan Model As-Syatibi Dan Ibnu Khaldun," *Media Riset Bisnis Ekonomi Sains Dan Terapan* 3, no. 2 (2025): 88–94.

in the context of poverty alleviation in Indonesia. This model, termed Moderate Islamic Economics Based on *Hikamiyyah*, emphasizes equilibrium between state responsibility, community participation, and Islamic social finance instruments. Unlike prior studies that are sectoral or technocratic, this approach integrates *maqāṣid al-shari‘ah* with development policy and institutional design, offering a civilizationally grounded yet contextually adaptive framework²¹. The novelty of this study lies in bridging classical Islamic development theory with contemporary socio-economic challenges, thereby strengthening Islamic economics as a multidimensional response to modern poverty.

This study aims to critically analyze *Ibn Khaldun's* economic thought within the framework of Islamic moderation as a strategy for poverty alleviation. Using a qualitative literature-based approach, it interprets the eight *hikamiyyah* principles in relation to Indonesia's socio-economic context and contemporary development challenges. By synthesizing classical Islamic theory with inclusive justice and sustainability principles, this article seeks to contribute both to academic discourse and to policy-oriented debates among Islamic economists and practitioners.

METHOD

This study employs a qualitative research approach using a literature review method to examine *Ibn Khaldun's* economic thought in the context of poverty alleviation based on the values of Islamic moderation (*wasatiyyah*). The literature review method is selected because it enables a comprehensive and critical engagement with ideas that have developed across both classical and contemporary Islamic economic scholarship, allowing for the synthesis of normative theory and contextual interpretation (Greenhalgh et al., 2018)²²; (Ibrahim, 2023)²³. Data were collected from a wide range of authoritative written sources, including classical texts (most notably *al-Muqaddimah*) peer-reviewed journal articles, scholarly books, and relevant research reports on Islamic economics and development. Through this approach, the study ensures conceptual depth and historical continuity in analyzing *Ibn Khaldun's* contribution to poverty discourse.

The collected data were analyzed using a thematic analysis framework as formulated by Braun & Clarke (2021)²⁴, which provides a systematic procedure for identifying, organizing, and interpreting meaningful patterns within qualitative data. This analytical process involved several stages, including familiarization with the texts, coding of key concepts, and the categorization of recurring themes. The main themes identified in this study include the principles of *hikamiyyah*, the concept of '*umrān al-‘ālam*', and the value of social justice (*al-‘adālah al-ijtimā‘iyah*) in Islamic economic development. Thematic analysis allows for a structured comparison between *Ibn Khaldun's* ideas and the contributions of other

²¹ Mohammad Hashim Kamali, *Actualization (Taf‘il) of the Higher Purposes (Maqasid) of Shari‘ah*, vol. 28 (International Institute of Islamic Thought (IIIT), 2020).

²² Trisha Greenhalgh, Sally Thorne, and Kirsti Malterud, “Time to Challenge the Spurious Hierarchy of Systematic over Narrative Reviews?,” *European Journal of Clinical Investigation* 48, no. 6 (2018): e12931.

²³ Azharsyah Ibrahim, *Metodologi Penelitian Ekonomi Dan Bisnis Islam* (Bumi Aksara, 2023).

²⁴ Virginia Braun and Victoria Clarke, “Thematic Analysis: A Practical Guide,” 2021.

Islamic economists, thereby situating his thought within the broader evolution of Islamic economic theory.

The focus of the analysis is directed toward a conceptual synthesis that links *Ibn Khaldun's* development theory with the principle of Islamic moderation (*wasatiyyah*) in order to formulate an applicable conceptual model for poverty alleviation. This synthesis is intended not merely to describe the internal structure of *Ibn Khaldun's* economic reasoning, but also to assess its relevance and potential applicability within the contemporary socio-economic context of Indonesia. Accordingly, this methodological approach facilitates a bridge between classical Islamic intellectual heritage and present-day development challenges, strengthening the analytical contribution of the study and preparing the foundation for subsequent discussion and model construction.

RESULTS AND DISCUSSION

1.1. Ibn Khaldun and the Concept of Economic Development

Ibn Khaldun (1332–1406 AD) was a Tunisian scholar known as a polymath for his extensive contributions to various disciplines, ranging from history and economics to social philosophy.²⁵ His magnum opus, *al-Muqaddimah*, not only revolutionized the approach to historiography, but also became a fundamental text for development theory and social economics in the Islamic tradition.²⁶ Although written more than seven centuries ago, his ideas remain relevant and continue to be studied by Muslim and non-Muslim scholars in the contemporary era.²⁷ This demonstrates the transhistorical value of his holistic and contextual thinking.

In *al-Muqaddimah*, *Ibn Khaldun* introduces the concept of '*umrān al-ḍām* (prospering the world), which various academics interpret as multidimensional development encompassing humans (*al-insān*), life (*al-hayāh*), and the universe (*al-kawn*). He associates this development with social cooperation (*al-ijtimā' al-insānī*), group solidarity ('*asabiyyah*), and the formation of a just (*dawlah*) and prosperous (*umrān*) state.²⁸ In his thinking, development is not merely economic growth, but a process of civilization that includes justice, strong leadership, fair distribution of wealth, and spiritual and social sustainability.

Furthermore, *Ibn Khaldun* articulated eight interrelated principles of development within a framework he termed *Kalimah Hikamiyyah*, which together form a causal and hierarchical system governing the dynamics of civilizational development. The first and second pillars emphasize that *sharī'ah* can function as a moral and legal foundation for society only when supported by a strong and authoritative state. The third pillar underscores that the strength of the state itself depends on the quality of its human resources, particularly in terms of moral integrity, productivity, and social solidarity. The fourth and fifth pillars place

²⁵ Walter J Fischel, *Ibn Khaldun in Egypt: His Public Functions and His Historical Research (1382-1406): A Study in Islamic Historiography* (Univ of California Press, 2022).

²⁶ Nurullah Ardiç, "İsmail Hakkı İzmirli (1932), Philosophical Currents in Islam: *Ibn Khaldun (732 - 808)*," *Journal of Historical Sociology* 35, no. 3 (2022): 349–59.

²⁷ N I B Hussien and M Sulaiman, "The Role and Contribution of *Ibn Khaldun* In Islamic Sociology and Human Civilization," 2022.

²⁸ Mafrudlo et al., "Economic Development Theory of Ibnu Khaldun: Interrelation between Justice and Umran Al-Alam."

wealth distribution and economic development at the core of societal welfare, while the sixth and seventh pillars assert that development can only be sustained when grounded in justice as a divine balance (*al-mīzān*). The eighth pillar integrates the entire framework by assigning the state ultimate responsibility for upholding justice and maintaining social equilibrium.²⁹

Within this interconnected framework, poverty occupies a central position as an indicator of structural failure rather than merely an individual condition or income shortfall. *Ibn Khaldun* conceptualized poverty as the outcome of a breakdown in the relationship between the state, society, and the circulation of wealth, particularly when justice is neglected and institutional capacity deteriorates.³⁰ This perspective converges with contemporary structural approaches to poverty, which view deprivation as a systemic product of institutional inequality, weak governance, and social exclusion rather than personal inadequacy (Sen, 2014)³¹; (Hickel, 2017)³². Inequitable distribution and unjust fiscal policies ultimately undermine productivity, erode social cohesion ('asabiyyah), and accelerate economic stagnation.³³ Consequently, within the *hikamiyyah* framework, poverty does not lie at the downstream end of economic outcomes, but at the very core of the development system, reflecting the failure of ethical foundations, institutional arrangements, and governance structures. This interpretation reinforces the relevance of Islamic moderation (*wasatiyyah*), which calls for balance between state authority, economic mechanisms, and social responsibility in managing development and ensuring societal well-being.

1.2. Islamic Moderation in Ibn Khaldun's Eight Pillars of Development

1.2.1. The State as a Pillar of Welfare

Ibn Khaldun conceptualized the state as a central institutional pillar in ensuring social welfare, justice, and civilizational sustainability. In his political economy, the state is not merely an administrative authority, but a moral and institutional agent responsible for alleviating economic hardship, expanding access to productive opportunities, and safeguarding equitable prosperity among citizens.³⁴ Welfare, therefore, is inseparable from the capacity of the state to maintain justice, protect property rights, and regulate economic activity in a manner consistent with ethical norms. This view places the state at the heart of development, yet firmly anchors its legitimacy in justice rather than coercive power.

Classical Islamic governance provides empirical illustrations of this normative role of the state. Historical accounts of the governance of the Prophet Muhammad and the *Khulafā' al-Rāshidūn* demonstrate an active but accountable state

²⁹ Chapra, "Ibn Khaldun's Theory of Development: Does It Help Explain the Low Performance of the Present-Day Muslim World?"

³⁰ Islahi, *History of Islamic Economic Thought: Contributions of Muslim Scholars to Economic Thought and Analysis*.

³¹ Amartya Sen, "Development as Freedom (1999)," *The Globalization and Development Reader: Perspectives on Development and Global Change* 525 (2014).

³² Jason Hickel, *The Divide: A Brief Guide to Global Inequality and Its Solutions* (Random House, 2017).

³³ Chapra, "Ibn Khaldun's Theory of Development: Does It Help Explain the Low Performance of the Present-Day Muslim World?"

³⁴ Khaldun, *The Muqaddimah: An Introduction to History*.

involvement in economic life, particularly through the institutionalization of *zakāt*, market supervision (*hisbah*), and the management of public finance via *bayt al-mād*.³⁵ These mechanisms illustrate that state intervention in Islam is not oriented toward domination of the market, but toward correcting injustice, preventing exploitation, and ensuring fair access to economic resources. Such practices resonate with *Ibn Khaldun's* insistence that prosperity emerges when political authority supports, rather than suppresses, productive social forces.

Contemporary Islamic political economy further clarifies the typology of state roles. Classifies state authority into three broad models: *tabī'i* power (a minimal liberal state), *siyāsah 'aqliyyah* (a secular welfare state driven by rational policy objectives), and *siyāsah dīniyyah* (a *sharī'ah*-based state).³⁶ The latter aligns most closely with *Ibn Khaldun's* framework, as it integrates spiritual values, social justice, and economic efficiency into a unified development paradigm. However, *Ibn Khaldun* does not advocate an unlimited or absolutist state. Instead, he warns that excessive state intervention particularly through oppressive taxation, rent-seeking behavior, and arbitrary regulation undermines productivity, weakens social cohesion ('asabiyyah), and ultimately leads to economic decline (Khaldun, 2014)³⁷; Islahi, 2014)³⁸.

From this perspective, the role of the state in Islam is normatively constrained by justice, moderation, and institutional balance. The state must act as a guarantor of public welfare without encroaching upon individual economic initiative or distorting market dynamics. When state power exceeds its ethical and functional limits, it transforms from a source of welfare into a driver of poverty and stagnation. Thus, within *Ibn Khaldun's* framework, the state functions optimally not as an omnipotent economic actor, but as a regulator and moral guardian that preserves equilibrium between authority, society, and the economy. This balanced conception directly reflects the principle of Islamic moderation (*wasatiyyah*), reinforcing the argument that sustainable poverty alleviation requires neither state neglect nor state overreach, but a just and proportionate exercise of public authority.

1.2.2. Institutions as Drivers of Social Ethics and Economic Distribution

In the view of *Ibn Khaldun*, institutions (particularly *sharī'ah*) play a decisive role in cultivating moral values such as honesty, integrity, moderation, and collective responsibility, which constitute the ethical foundation of a just and harmonious society.³⁹ These values are not peripheral to economic life; rather, they shape individual behavior, social trust, and productive cooperation, all of which are essential for sustainable development. For *Ibn Khaldun*, the moral quality of society directly affects economic performance, as the erosion of ethical norms weakens social cohesion ('asabiyyah) and undermines long-term prosperity.

³⁵ Chapra, "Ibn Khaldun's Theory of Development: Does It Help Explain the Low Performance of the Present-Day Muslim World?"

³⁶ Chapra, *The Future of Economics: An Islamic Perspective*.

³⁷ Khaldun, *The Muqaddimah: An Introduction to History*.

³⁸ Islahi, *History of Islamic Economic Thought: Contributions of Muslim Scholars to Economic Thought and Analysis*.

³⁹ Khaldun, *The Muqaddimah: An Introduction to History*.

Institutions, however, are not confined to formal state organizations. They also encompass informal rules, social conventions, and cultural norms both written and unwritten that regulate economic behavior and orient social interaction toward the common good).⁴⁰ Within this broader institutional framework, *shari'ah* functions as a normative system that aligns economic activity with ethical constraints, preventing exploitation, excessive accumulation, and socially harmful practices. When applied in a moderate and contextual manner, *shari'ah* serves not as a rigid legal apparatus, but as a moral compass that governs resource use, market conduct, and distributive justice.⁴¹ In this sense, institutions operate not merely as instruments of enforcement, but as mechanisms for internalizing civilized values that support inclusive and sustainable poverty alleviation.

The relationship between *shari'ah* and the state in alleviating poverty is therefore central in *Ibn Khaldun's* political economy. He emphasizes that moral norms embedded in *shari'ah* require state authority for their effective implementation, while state power itself must be restrained and guided by ethical principles to avoid tyranny and economic distortion.⁴² The state acts as an intermediary institution that translates moral injunctions into public policy, particularly in areas such as fiscal justice, redistribution, and market regulation. Empirical and theoretical studies in Islamic economics further affirm that poverty persists when the state fails to operationalize *shari'ah*—based principles of justice, equity, and social protection, or when these principles are reduced to symbolic rhetoric without institutional substance.⁴³

From this perspective, poverty emerges not simply from scarcity of resources, but from institutional failure in harmonizing moral norms, state authority, and economic governance. When *shari'ah* is marginalized from public institutions or enforced in an immoderate manner, its potential role in correcting inequality and protecting the vulnerable is diminished. Conversely, when *shari'ah* operates within a framework of Islamic moderation (*wasatiyyah*), supported by accountable state institutions, it contributes to social balance, ethical economic behavior, and the reduction of structural poverty. This integrative understanding reinforces *Ibn Khaldun's* insight that sustainable development depends on the coherence between moral values, institutional arrangements, and political authority.

1.2.3. Human Resources as Pillars of Civilization and Development

Ibn Khaldun places human beings at the core of civilizational dynamics, arguing that the rise and decline of societies are shaped not merely by material or economic variables, but fundamentally by the quality of human agents who serve both as the drivers and the ultimate objectives of development. In his framework, humans constitute the primary input of the social system, shaping governance structures, family institutions, and broader social norms through their moral integrity, skills, and collective orientation. Development, therefore, is sustainable only when basic human needs are fulfilled, enabling individuals to participate

⁴⁰ Chapra, "Ibn Khaldun's Theory of Development: Does It Help Explain the Low Performance of the Present-Day Muslim World?"

⁴¹ Kamali, *Actualization (Taf'il) of the Higher Purposes (Maqasid) of Shari'ah*.

⁴² Khaldun, *The Muqaddimah: An Introduction to History*.

⁴³ Chapra, "Ibn Khaldun's Theory of Development: Does It Help Explain the Low Performance of the Present-Day Muslim World?"

productively and creatively in economic and social life. Conversely, deficiencies in human development manifested in limited access to education, health, and moral formation generate structural inequality that ultimately translates into persistent poverty and social fragility.⁴⁴

This human-centered perspective resonates strongly with contemporary development literature, which increasingly recognizes human capability as the foundation of economic resilience and social transformation.⁴⁵ Capability approach conceptualizes poverty not simply as income deprivation, but as the denial of essential freedoms that enable individuals to lead productive and dignified lives. Similarly, UNDP's human development framework emphasizes education and health as strategic investments that enhance productivity while reducing vulnerability and intergenerational poverty (UNDP, 2022). These perspectives converge with *Ibn Khaldun's* thesis that neglecting human quality weakens social cohesion ('asabiyah), undermines institutional effectiveness, and accelerates economic stagnation.

In the Indonesian context, human resource development has been elevated to a national priority, as reflected in the constitutional mandate allocating at least 20 percent of the state budget to the education sector. Policy initiatives such as *Indonesia Pintar*, *Kartu Indonesia Pintar* (KIP) scholarships, and national internship programs represent state efforts to enhance human capital, particularly among poor and vulnerable populations. Nevertheless, significant disparities in educational quality and access to healthcare persist, especially in geographically remote and underdeveloped regions. Empirical studies demonstrate that improvements in the Human Development Index (HDI) are strongly associated with reductions in poverty incidence, confirming the strategic role of human development in poverty alleviation (Prasetyoningrum & Sukmawati 2018)⁴⁶; (Ramdhana et al., 2022)⁴⁷.

Taken together, both classical Islamic thought and contemporary development theory affirm that human development occupies a pivotal position in any sustainable poverty alleviation strategy. From an *Ibn Khaldunian* perspective, investment in human quality is not merely an ethical obligation, but a structural necessity for strengthening economic resilience, preserving social cohesion, and sustaining long-term development. This reinforces the argument that poverty reduction policies must move beyond material redistribution alone and address deeper inequalities in human development that shape the trajectory of social and economic transformation.

1.2.4. Wealth as an Instrument of Public Welfare

Ibn Khaldun emphasized that wealth should not be hoarded, but should be distributed for the benefit of society. In *al-Muqaddimah*, he states that wealth grows when it is spent for the benefit of society, distributed to those who are

⁴⁴ Khaldun, *The Muqaddimah: An Introduction to History*.

⁴⁵ Sen, "Development as Freedom (1999)."

⁴⁶ Ari Kristin Prasetyoningrum and U Sulia Sukmawati, "Analisis Pengaruh Indeks Pembangunan Manusia (IPM), Pertumbuhan Ekonomi Dan Pengagguran Terhadap Kemiskinan Di Indonesia," *EQUILIBRIUM: Jurnal Ekonomi Syariah* 6 (2018): 217–40.

⁴⁷ Novita Ramdhani, Yulia Anggraeni, and Deris Desmawan, "Analisis Pengaruh Indeks Pembangunan Manusia (IPM) Terhadap Kemiskinan Di Provinsi DKI Jakarta," *EBISMEN: Jurnal Ekonomi, Bisnis Dan Manajemen* 1, no. 2 (2022): 136–44.

entitled to it, and used to alleviate economic hardship.⁴⁸ He also highlights that factors such as reasonable tax rates, guarantees of property rights, and a secure environment are catalysts for healthy economic growth.⁴⁹ Stable revenues enable countries to manage their finances effectively, fund social programs, and create economic opportunities. Conversely, when countries fail to maintain distributive justice and only pursue revenue through excessive taxation, systemic economic and social decline can occur, leading to institutional collapse.

In the Indonesian context, this concept is reflected in the state's efforts to optimize the use of public wealth through taxes and other state revenues. The government has established a progressive tax structure while channeling the revenue back into programs such as energy subsidies, social assistance, and village infrastructure. On the other hand, zakat, infaq, and waqf as instruments of Islamic social wealth are beginning to be mainstreamed into the national financial system through institutions such as BAZNAS and BWI. If managed professionally and transparently, zakat and waqf can complement fiscal and monetary policies, thereby strengthening economic resilience and inclusiveness. The synergy between zakat and waqf not only addresses short-term social needs but also contributes to long-term economic growth.⁵⁰ The challenge is how to prevent the concentration of wealth among the elite and ensure fair distribution. To that end, synergy between state fiscal policy and Islamic financial institutions is important so that wealth does not become a source of inequality, but rather a pillar of sustainable socio-economic development as taught by Ibn Khaldun.

1.2.5. Development and Justice as Pillars of Holistic Welfare

Ibn Khaldun viewed development and justice as two closely related and inseparable entities. In his framework, development is not merely economic growth in the material sense, but encompasses all aspects of human life—spiritual, intellectual, social, and physical.⁵¹ He emphasized that society is naturally driven to progress and develop, so that stagnation will lead to systemic decline. Therefore, development must be comprehensive, where improvement in one dimension (e.g., education) strengthens other dimensions (such as economic productivity), and ultimately leads to the achievement of true human happiness.⁵²

However, development will be meaningless without justice as its main foundation. Justice in Ibn Khaldun's perspective is not limited to economic distribution, but encompasses all sectors of human life holistically. He emphasizes the importance of property rights, fair wages, respect for human dignity, and protection of the weak from injustice. In the Indonesian context, this principle is relevant to the concept of inclusive development adopted by the government, such as the Agrarian Reform program, increased social security, and a rights-based approach to public policy. However, challenges remain in the form of structural

⁴⁸ Khaldun, *The Muqaddimah: An Introduction to History*.

⁴⁹ Chapra, "Ibn Khaldun's Theory of Development: Does It Help Explain the Low Performance of the Present-Day Muslim World?"

⁵⁰ Evi Noor Aliyah et al., "Zakat, Wakaf, Dan Stabilitas Moneter: Perspektif Ekonomi Islam Untuk Masa Depan Berkelanjutan," *Ahsan: Jurnal Ilmiah Keislaman Dan Kemasyarakatan* 2, no. 1 (2025): 122–40.

⁵¹ Khaldun, *The Muqaddimah: An Introduction to History*.

⁵² Chapra, "Ibn Khaldun's Theory of Development: Does It Help Explain the Low Performance of the Present-Day Muslim World?"

inequality and unfair access to basic services in various regions. Thus, development according to Ibn Khaldun requires a socio-political system that is not only efficient but also ethical and oriented towards collective justice.

Ibn Khaldun conceptualized development ('*umrān*) and justice ('*adl*) as two interdependent and inseparable pillars of civilizational welfare. In his framework, development is not confined to material economic growth alone, but encompasses the full range of human life, including spiritual, intellectual, social, and physical dimensions.⁵³ Human societies are naturally oriented toward progress and expansion. When development stagnates, systemic decline becomes inevitable. For this reason, *Ibn Khaldun* emphasized the necessity of comprehensive development in which advancement in one domain, such as education or moral formation, strengthens other domains, including economic productivity, social cohesion, and political stability. This process ultimately contributes to the realization of genuine human well-being.⁵⁴

Development, however, cannot generate sustainable welfare without justice as its foundational principle. Justice in *Ibn Khaldun's* political economy is not limited to matters of economic distribution, but extends to all spheres of social life. It includes the protection of property rights, the provision of fair wages, respect for human dignity, and institutional safeguards for vulnerable groups against exploitation and abuse.⁵⁵ When justice is compromised through arbitrary taxation, unequal access to opportunities, or misuse of authority, the gains of development are gradually eroded. As a result, social trust weakens and economic vitality declines. This perspective is consistent with contemporary development theory, which emphasizes that inclusive governance and rights-based institutions are essential prerequisites for sustainable development and effective poverty reduction.⁵⁶

In the Indonesian context, the relevance of *Ibn Khaldun's* development and justice framework can be observed in the government's commitment to inclusive development. This commitment is reflected in policies such as agrarian reform, the expansion of social protection systems, and the adoption of rights-based approaches in public policy. Despite these initiatives, persistent structural inequalities, regional disparities, and unequal access to basic services remain significant challenges. These conditions reaffirm *Ibn Khaldun's* insight that development must be embedded within an ethical and just socio-political order. Efficiency alone, without justice, cannot ensure long-term welfare or social stability.

It is important to clarify that this study elaborates only five of the eight *hikamiyyah* pillars articulated by *Ibn Khaldun*. This decision does not diminish the significance of the remaining pillars, but reflects a deliberate methodological focus. The six pillars examined in this study, namely the role of the state, institutions, human development, wealth, development itself, and justice, are selected because they have the most direct relevance to poverty alleviation and contemporary development policy. The remaining pillars function as foundational

⁵³ Khaldun, *The Muqaddimah: An Introduction to History*.

⁵⁴ Spengler, "Economic Thought of Islam: Ibn Khaldūn."

⁵⁵ Chapra, "Ibn Khaldun's Theory of Development: Does It Help Explain the Low Performance of the Present-Day Muslim World?"

⁵⁶ Sen, "Development as Freedom (1999)."

or derivative elements that conceptually underpin these core dimensions. By concentrating on the most policy-relevant pillars, this study seeks to achieve analytical depth and coherence while preserving the integrity of *Ibn Khaldun's* holistic framework. This focused approach also facilitates a more systematic integration of classical Islamic development theory with modern debates on inclusive and just development.

CONCLUSION

This study examined *Ibn Khaldun's* economic thought within the framework of Islamic moderation (*wasatiyyah*) as a foundation for sustainable poverty alleviation, with particular reference to the Indonesian context. Using a qualitative literature-based approach, the study sought to assess the contemporary relevance of *Ibn Khaldun's* development principles in addressing modern socio-economic challenges.

The findings show that *Ibn Khaldun's* development paradigm is inherently holistic and value-oriented. Societal progress, in his framework, depends not merely on economic growth, but on the interaction between moral leadership, ethical institutions, human development, just wealth distribution, and active social participation. Poverty is therefore understood as a manifestation of structural imbalance caused by injustice, weak institutions, and declining social cohesion, rather than as a purely individual or economic condition. These findings confirm that *Ibn Khaldun's* principles remain analytically relevant when interpreted through the lens of Islamic moderation.

This study contributes to the literature by integrating *Ibn Khaldun's* *hikamiyyah* principles with the normative framework of *wasatiyyah*, offering a policy-relevant conceptual synthesis that bridges classical Islamic thought and contemporary development discourse. Practically, the findings underscore the relevance of *Ibn Khaldun's* model for Indonesia, particularly in relation to pro-poor fiscal policies, Islamic social finance, human development, and regional equity. However, effective poverty alleviation requires stronger institutional coherence and synergy between the state, Islamic economic instruments, and civil society.

The study is limited by its conceptual nature and the absence of empirical testing. Future research is therefore recommended to empirically examine the proposed framework using quantitative or mixed-method approaches and to extend the analysis to comparative contexts across Muslim-majority countries. Overall, this study affirms that the integration of classical Islamic values with modern development paradigms provides a meaningful pathway toward a more just, inclusive, and sustainable economic system.

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