CHAPTER 1

In the Matter of Islamic Banking and Local Currencies

ONE OF THE MOST DIFFICULT aspects of this book's project is specifying its subject of study. First, the material is hopelessly intertwined with "other" material; the work of delineation and separation is confounded by the material's own work of networking, hybridization, and interconnection. Second, the very idea of the materiality of data, of those notes in bottles of which Geertz wrote, is undercut by the analytical work of the material itself: currency forms that put into question the relationship of adequation between word and thing presupposed by modern moneys and philosophies. People's creation, discussion and use of these currency forms are continually interrupted by their querying of the forms' veracity, reality, and sometimes very existence. Thus it was that I was repeatedly told that Ithaca HOURS are a "game," that they are "novelty items or souvenirs," and that Islamic banking is "just word-play." The activity of Islamic banking or local currencies is backed by "nothing," people said, or, is really just state money or conventional banking in disguise, and, so, "nothing" out of the ordinary. In making these statements, participants preempted analysts. "This is all very interesting but really rather banal," a sociologist told me.

My response: "Yes, indeed." The sociologist's statement, after all, was directly related to my third quandary in specie-fying this material—that is, rendering my data into specie, legal tender for the currency of contemporary social theory. Participants in these alternative money projects often resolved the first two problems, for the time being, by focusing on the technical aspects of their effort. They would reduce Islamic banking to a set of contractual forms and the capacities and efficacies they enlisted and enabled. They would reduce Ithaca HOURS to the mathematical operations of currency, time, and labor conversions. Time and again people familiar with my research have asked me questions like "But what *is* Islamic banking, *really*? What *are* local currencies? How do they *work*? What do they *do*?" and my answers repeated the technical specifications of participants themselves. My doing so affirmed their banality; the technical details are fun to get caught up in, to a point, but once you see how the apparatus works it ceases to be interesting because the problem with which you began is solved. As in a mystery novel, once the murderer is known, the mystery dissolves into the banalities of jealousy, betrayal, or greed. Focusing on the technical also left aside the real import of these questions and the explicit ontologies—the genera and species of money or finance—that they sought as answers.

The problem of specifying the material is interwoven with the analytical problem of how to represent these alternatives, both "within" and "outside" their worlds. Local currency proponents, at least since the 1980s, have debated the use of the terms "local," "alternative," "community," or "complementary" to describe their moneys, the adjectives often marking subtle ideological differences, regional variations, and the political-economic intention of the currency. Those who prefer "alternative," for example, tend to view their activities in terms of creating a wholly new "economy" that is separate from national economies. Those who prefer "complementary" imagine the money they are creating as supplementing the use of the national currency, especially for those people who rely on their activities in an informal economy to meet their needs.[1] Those who prefer "local" sometimes imagine a world of localities, each circulating wealth internally while occasionally reaching beyond them to form loose, interconnected networks. These preferences do not name hard and fast rules, of course, and often the same person will tack back and forth between them or use different names to describe them.

For Islamic banking, names are a central preoccupation. Although most in the business use Arabic terms for the various contractual forms they employ, some see these terms as obfuscation, or worry that they provide an Islamic veneer over practices whose status in *shari'a*, or Islamic law, is uncertain. At worst, some maintain, the use of such terms is merely a marketing ploy. For the most part, the lingua franca of Islamic finance is English; Arabic terms supplement it, and most if not all of those supplementary terms are nouns naming contracts or concepts. The field has settled on the terms, "Islamic banking" or "Islamic finance" or most often "Islamic banking and finance," sometimes abbreviated IBF, to name itself. But there are vocal and influential individuals within the field who insist that the term *lariba* better captures what it is that makes its activities unique—the avoidance of *riba*—and better exposes the field to the widest possible potential audience. "Islamic" may have negative connotations, for one thing, and furthermore one does not have to be Muslim to appreciate or participate in *lariba* banking. Along similar lines, especially after September 11, 2001, some began using the expression "faith-based" to describe their activities, a term popularized by President George W. Bush's "faith-based initiatives" to direct federal funds to religious social service institutions.

Naming becomes vexed as well when issues of permissibility seem to hinge on very finely tuned definitions. It sometimes marks the boundaries between different factions within the field. Said one Islamic banking professional:

> There's two faces [or] aspects of Islamic banking, one which was doing it for the rich and affluent, the people from the Gulf countries that came to invest in big real estate projects and so on. . . . They spent all this money trying to change the word "interest" to the word "profit" or whatever. . . . I called it Mickey Mouse Islamic banking. And then [there is] the work that *we* are doing, which is the grassroots work, which calls things by their names.

The invocation of correct names tracks Qur'anic verses that relate how God taught the angels and Adam the names of all things and then made each perform before the others so that they might each know the truth of each other, as well as of God's infinite knowledge. Upon seeing Adam's demonstration of his knowledge of the names of things, all the angels except Satan then bowed down before him as God's vice-regent on earth (2:30–34). The paradox of calling things by their names is that we can never with our names capture all the qualities of the essence of the thing. The "Islamic" in the Islamic banking that is not Mickey Mouse Islamic banking, as the product of human activity, must be translated anew each time. On the other hand, Islamic bankers and their clients sometimes use the term "I-banking," capturing the newness and the nicheness of the field, rendering Islam a sort of placeholder for the practical activity bundled under the name. Here, the "I" could never bring under itself all the qualities of the object, and is thus always already hopelessly inadequate—or both adequate and inadequate, oscillating back and forth in the time of the discussion and the exchange.

The issue of naming also preoccupies those who take the time to "study" alternative currencies or Islamic banking as if from a position outside. This includes people like me, who believe they have no link with such phenomena apart from their research interest, an interest even the language of *lariba* does not escape, and the vast numbers of people who believe they are generally "inside" these phenomena and who author books and articles about them. There is a tendency to want to specify these phenomena in terms of other projects or movements, an impulse to categorize or classify. This extends, of course, to the incorporation of Ithaca HOURS and Islamic banking under the rubric of "alternative currencies" or "alternative economies," found not just in the book before you but in texts written "within" these socialities, such as Richard Douthwaite's (1996) *Short Circuit: Strengthening Local Economies for Security in an Unstable World* and Margrit Kennedy's (1995) *Interest and Inflation Free Money*—both of which were recommended to me on separate occasions by one of the founders of the Ithaca HOURS system as well as one of the founders of an American Islamic investment company. It is these entanglements between the inside and the outside of these alternatives, entanglements that obviate the very notion of the alternative, that trouble the matter of Islamic banking, local currencies, and their analysis. This chapter takes up Islamic banking and

Ithaca HOURS in turn, sketching out the symmetries and divergencies between these two alternatives as well as providing a basic road map of the territories each attempts to traverse. The concluding section takes up the question of the alternative itself, and asks whether the analytical impulse to name "alternative" economies, and alternative "economies," can be sustained in light of the networks the chapter replicates.[2]

Entangled Origins of Islamic Banking

> *Question*: Are we allowed to claim tax deductions on our Zakat contributions?
>
> *Answer*: Surely, you must report all your Zakat contributions as your charitable contributions and take all legal exemptions and deductions. Any money that may come back to you from the federal or state taxes, you should apply that to your next year's income and pay the Zakat on it next year. There is great reward in giving money for Zakat, but there is no blessing in giving extra money to IRS.[3]

The Qur'an invokes *riba*, literally "increase," often translated as usury or interest, twenty times. Five verses in particular stand out:

> Those that live on usury [*riba*] shall rise up before God like men whom Satan has demented by his touch; for they claim that trading is no different from usury. But God has permitted trading and made usury unlawful. He that has received an admonition from his Lord and minded his ways may keep his previous gains; God will be his judge. Those that turn back shall be the inmates of the Fire, wherein they shall abide for ever. (2:275)
>
> God has laid His curse on usury and blessed almsgiving with increase. God bears no love for the impious and the sinful. (2:276)
>
> Believers, have fear of God and waive what is still due to you from usury, if your faith be true, or war shall be declared against you by God and his apostle. (2:278)
>
> Believers, do not live on usury, doubling your wealth many times over. Have fear of God, that you may prosper. (3:130)
>
> That which you seek to increase by usury will not be blessed by God; but the alms you give for His sake shall be repaid to you many times over. (30:39)

The last is particularly intriguing, for it brings together *riba* and alms, *zakat* (also, literally, "increase") like two sides of a ledger that cancel each other out. It was also one of the earliest verses to have been revealed to Muhammad (Saeed 1999:20).

As I am using it here, and as those in the field use the phrase, Islamic banking and finance (IBF) refers to a worldwide phenomenon taking place in Malaysia, Indonesia, the United States, the United Kingdom, the Arabian peninsula, the Indian subcontinent, and, to a lesser extent, west and east Africa, and not simply the financial systems of those nation-states that have officially at one time or another "Islamized" their economies, such as the Sudan, Brunei, Iran, and Pakistan. The broadest definition of IBF would include all those activities understood to be financial or economic that seek to avoid *riba*—itself a term of considerable definitional anxiety—generally through profit-and-loss sharing, leasing, or other forms of equity- or asset-based financing. Global Islamic banking today owes much to the immigration of Middle Eastern and South Asian students and professionals to the United States and United Kingdom during the 1970s and 1980s, and the consolidation of large U.S. Muslim organizations such as the Islamic Society of North America and the Islamic Circle of North America. The oil boom in the Middle East during the 1970s, which sparked renewed interest in Islamic banking in many Muslim-majority countries (see, e.g., Warde 2000:92–93; Wilson 1990), also encouraged the development of a loosely knit interconnected international network of Muslim members of the business community, who, working for oil and chemical companies as well as financial firms, gained experience in Western regulatory and business environments. The main nodes of this network, however, were the financial and industrial centers of Europe and the United States, and not the Middle East or South Asia. Thus, although at present Saudi royals and entrepreneurs bankroll many Islamic finance conferences, journals, and academic institutions around the world, the main sites for intellectual production in Islamic economics are places like the Islamic Foundation in Leicester, England; the Institute of Islamic Banking and Insurance in London; and the Harvard Islamic Finance Information Program in Cambridge, Massachusetts.

Much like anthropologists debating their disciplinary projects and identities, people involved in Islamic banking and finance are continually engaged in an effort to define precisely what their field is. The foregoing description is a just-so story, and variations of it can be found in most of the books, articles, and encyclopedias of Islamic banking that have been published since the 1980s.[4] Indeed, a publishing boom has been taking place at least since the mid-1980s, following on the heels of a number of international conferences that took place from the mid-1970s to early 1980s. With the establishment in the late 1990s of two important Web sites (that of the Institute of Islamic Banking and Insurance in London, and the IBF Net site started by Mohammed Obaidullah in Bhubaneswar, India, in 1998) information proliferated about Islamic banking on the Internet, and many more people and companies posted many more Web sites.

With so much text out there, from so many different kinds of people, it is easy to understand why debates within Islamic banking so frequently go back to first principles, from the very possibility of human interpretation of the Qur'an, to the prohibition of *riba*, different styles of reasoning in jurisprudence, and so forth.[5] The constant tacking back and forth between heady philosophical and theological issues can be disorienting at times, both for participants and the participant-observer ("What is the efficient cause or '*illa* of gold?" "How should one weigh *shari'a* derived from the *hadith* versus the Qur'an?"), practical ones ("Where do you enter returns from *mudarabah* on a ledger?" "What is the best instrument for short-term project financing?"). Indeed, the very distinction between participant and participant-observer breaks down here, since everyone involved in Islamic banking at one time or another is compelled to take a step back and reflexively examine what it is he or she has been doing, and why.

Nonetheless, despite the avalanche of prose in the past twenty years, some distinct patterns do emerge, especially when one looks at the transnational dissemination of ideas about Islamic banking to places like Indonesia. Most writers, within and outside Islamic banking, cite a handful of key texts responsible for the early formation of the field, namely, the writings of Sayyid Abul al-A'la Maulana Maududi (1903–79) and Sayyid Qutb (1906–66), founders of the Jama'at-i Islami in India and the Muslim Brotherhood in Egypt, respectively. Interestingly, however, it is Maududi who gets more play, primarily because of the citation practices of other South Asian writers who tend to rely more heavily on his English and Urdu texts rather than the Arabic works of Qutb or his disciples.

Another pattern traceable to citation practices is the divergence between those texts that seek to outline an entire "Islamic economic system" and those that focus on techniques and contractual forms. The latter are dominant in the field today in citational terms, although the two sets of texts often converge, and sometimes appear side by side in anthologies (or, in the bodies of their authors, at conferences). The former often begin with an understanding of *riba* as contrasted to *zakat*. The latter begin with an understanding of *riba* in contrast to legitimate forms of profit making, hanging much of their argument on the verse "God has permitted trading and made usury unlawful" (2.275), which seems to imply that the prohibition of *riba* was meant to direct people toward lawful profit making through trade. This is the interpretation of Muhammad Nejatullah Siddiqi (1931–), born in Gorakhpur, India, and currently professor emeritus of economics at King Abdulaziz University, Jeddah, Saudi Arabia, where he helped establish the International Center for Research in Islamic Economics. It is also the interpretation of Muhammad Abdul Mannan (1938–), born in Bangladesh, educated at Michigan State University, and professor at the Center for Research in Islamic Economics in Jeddah. Of "first generation" scholars in the field, that is, those who took up the mantle of Maududi and were instrumental in the field's initial formation as a scholarly endeavor, Siddiqi and Mannan are perhaps the most widely cited Islamic economics scholars in the world—Siddiqi more so because of his sheer output. Both have published almost exclusively in English.

Mannan conceives of Islamic economics as a social science founded on principles that do not differ much from conventional economics, except for the understanding that Islamic economic activity is/should be guided by a set of behavioral norms and ethics deriving from the moral precepts of Islam. His methodology is "eclectic" (Haneef 1995:21), a blend of neoclassical economics, Keynesianism, and even some Marxism, leading some to criticize Maanan's writings as "internally inconsistent" (p. 21; Kuran 1986). Where Mannan attempts to theorize a broadly conceived "Islamic economy," Siddiqi is more concerned with implementation and execution. Siddiqi's analytical approach is "a 'modified' neoclassical one" (Haneef 1995:44). It sticks to the precepts of mainstream economics but introduces elements of *fiqh*, or jurisprudence. Above all, however, Siddiqi is responsible for the popularity of profit-and-loss sharing contracts (e.g., *mudarabah*) over other contractual forms involving deferred payment or mark ups (e.g., *murabaha*).

The enduring legacy of Siddiqi, to my mind, is that many new books on Islamic banking and countless stories from newspapers or other media begin by mentioning the prohibition of *riba* and then immediately jump to a description of such contractual forms, without lingering over the finer points of Qur'an, *hadith* or *fiqh*. Indeed, the bulk of such books, whether written by and intended for "insiders" or "outsiders," is given over to a discussion of the contractual forms that Siddiqi legitimated and popularized. For example, Muhammad Taqi Usmani is a Pakistani who formerly served on the Shari'a Appellate Branch of the Supreme Court of Pakistan, and is a permanent member of the International Islamic Fiqh Academy in Jeddah (which operates under the Organization of the Islamic Conference). He currently sits on the *shari'a* supervisory board of the Accounting and Auditing Organization for Islamic Financial Institutions in Bahrain. His book, *An Introduction to Islamic Finance* (2002), contains only two prefatory pages on "an Islamic way of life" (pp. xiii–xiv); the rest of the book is devoted to the ins and outs of contractual forms like *musharaka*, *murabaha*, *ijarah*, *salam*, and *istina'*, as well as investment funds and limited liability, each of which occupies a chapter. Similarly, Paul Mills and John Presley's (1999) *Islamic Finance: Theory and Practice*, spends only fourteen pages on the religious and institutional background before going into the dynamics of profit-and-loss sharing.

International training and certification programs in Islamic banking and finance also stress the contractual forms above almost everything else. The student is to learn contracts and how to use them. Larger questions of Islamic ethics, behavioral norms, the role of the state in collecting *zakat* or the place of individual *sadaqah* (voluntary alms), or the relationship between Islamic economics and Marxism or Keynesianism may serve as interesting background information, but one is rarely, if ever, tested on it. The goal is to teach a tool kit. When I began this research in 1998, there were two international Islamic banking certification programs, both using a distance-learning model over the Internet.[6] I enrolled in one of them, and spent several hours a week from June 1998 to September 1999, studying lessons e-mailed to me and seventy-five other students, asking and answering questions, Socratic-style, using e-mail. My fellow students were from the United States, Canada, the United Kingdom, Australia, New Zealand, Indonesia, Malaysia, Hong Kong, Saudi Arabia, the United Arab Emirates, Bahrain, Lebanon, Kuwait, Morocco, Tunisia, Kenya, Tanzania, South Africa, Turkey, Spain, Bosnia, Russia, India, and Pakistan. Most were academics: postgraduate students, dissertation writers, and professors like myself. The rest were bankers and financial consultants.

The course consisted of three "modules." The first was on the "foundations of Islamic finance."[7] For one week, we focused on the sources of Islamic law, and the relationship between the Qur'an and *sunnah*, or the rules of law deduced from *hadith*, or stories from the life of the Prophet. We circled back to these initial lessons throughout the course. We also learned methods of interpretation: *ijma*, the consensus of the community of Muslims, and *ijtihad*, individual interpretation based on acceptable hermeneutic techniques. We were taught *qiyas*, reasoning by analogy, as the primary such technique. After that first week, Module 1 consisted of learning the various contractual forms developed in Islamic banking with reference to their status in *fiqh*, the Qur'an, and the *sunnah*. It was as if we were being empowered ourselves to engage in *ijtihad*, to think creatively, and analogically, about things like currency options with reference to various *hadith* or Qur'anic verse. There were very soft boundaries between what "we" were legitimately capable of producing, new knowledge that had the status simultaneously of "religious" law and "financial" practice, and what powers of interpretation were reserved to higher or more powerful others ("*fiqh* scholars," or "experts in *shari'a*" as they were often called). Sometimes they were too soft for the comfort of many participants: were we "learning," or were we "making"? This led to discussions about the limits of *ijma*—who could produce it, how many scholars it takes to make a consensus, and did we ourselves count as such scholars if we hit on a new financial innovation that seemed, to us, to have legitimate grounding in Islamic law? My question to one of my instructors: "In a modern world characterized by Durkheim's 'organic solidarity,' do specialists in particular areas get to form *ijma* for their own specific part of the social organism? E.g., do Islamic financial specialists get to find/declare *ijma* about certain aspects?" His response: "Islamic financial practices should not merely strive to remain in the 'permissible' domain, but explicitly seek to achieve higher and higher levels of Islamic values. Islamic law should not be used as a 'screening' device." The implication: interpret, and interpret some more, lest *shari'a* become a dead technique rather than a striving toward perfection.

The remaining two modules focused on "products, services, and markets," and "accounting and regulation." First, we took the tools we had learned in Module 1 and applied them to various banking models (commercial banking, development banking, consumer banking), insurance, project finance, money markets, and stock exchanges. Then, we studied accountancy procedures and talked a lot about capital adequacy norms. If an Islamic bank is structured using profit-and-loss sharing contracts rather than interest-bearing debt, it will have a liquidity problem if depositors/investors seek to withdraw their money in a hurry, much as George Bailey's Building and Loan faced a liquidity crisis the night Potter closed the local bank. But it was the lessons from Module 1 that stuck with us. Modules 2 and 3, furthermore, were made up primarily of scholarly and practitioner articles—already formed knowledge, as it were—while the material for Module 1 came from primary sources or descriptive, documentary texts about the Qur'an, *sunnah*, and *fiqh*. We were to read the reports in Modules 2 and 3 and assess them, using our knowledge of Islamic law. We could refine and critique, and perhaps suggest new avenues of research, using the tools from Module 1. The most important lessons were the bases for coming to judgments about the permissibility of various contracts, and the contractual forms themselves.

The coming together of new knowledge formations and a new community of interpreters through Islamic banking training programs became a cause for concern for many involved in the field during time of my research. Many decried "self-proclaimed *shari'a* scholars" and warned that people with "no real credentials" were selling themselves to financial institutions—Islamic or otherwise—as "experts." At the same time, people chafed against established voices of authority, and some vociferously defended the "right" of everyone to interpret as they saw fit. I discuss this conversation more fully in the next chapter.

One aspect of it that went completely undiscussed was the role of language. Debates were always conducted wholly in English, with a smattering of Arabic terms from *fiqh* and Islamic banking. Indeed, the specific status afforded English in Islamic banking, and the dissemination of ideas through the medium of English, has produced a distinct language ideology in Islamic banking and finance that resonates with debates over interpretation and the putative universality of neoclassical economics.[8] English is the presumed universal standard. It brings more people together in Islamic banking than any other tongue, even (or especially) Arabic. It also provides an important bridge between centers of intellectual production and implementation in the United States, the United Kingdom, and India and Pakistan, on the one hand, with those in Malaysia and Indonesia, on the other. For many Malay/Indonesian speaking and reading publics, the dissemination of knowledge in English has been critical to the formation of Islamic banking in the "Malay world." It was the English texts of Siddiqi, Mannan, Afazlur Rahman, Anwar Iqbal Qureshi, and others that impacted the development of the field there to a far greater extent than the Arabic texts of al-Najjar or Qutb.[9] Arabic terms thus function in Indonesian/Malay Islamic banking as they do in English: as supplements to a universal standard. Several interlocutors in the United States made explicit to me the role of Arabic as a supplement to English on several occasions. They stressed that English, or sometimes "America," like economics, was inherently perfectible through the addition of Islamic or Arabic terms. "Just as America became a better place because of burritos and tacos, so America will become a more perfect place because of Islamic banking," as one explained to me. "Can you imagine the English language without all the French words in it? This is how it will be when everyone knows the meaning of *riba*." Arabic is not simply the language of revealed knowledge or the divine word, but a crucial, necessary (and possibly sufficient) supplement to another (near-perfect?) tongue. Arabic terms function similarly in the Indonesian/Malay language texts—and, often, analogously to the way English terms do. Such "foreign" terms become "Indonesian," replicating New Order ideologies of encompassment (see Boellstorff 2003; Siegel 1997). The potential universal encompassment of English or Indonesian, depending on the context, is further replicated in diagrammatical representations of Islam as a universal field of knowledge formation and human activity. The form of the flow chart produces an aesthetic of infinitely extendable bureaucratic "neutral" knowledge that, here, is simultaneously the infinite reach of God (compare Riles 2000; see figures. 1.1 and 1.2). And God's reach is wide, indeed: I have seen flow charts identical to figures 1.1 and 1.2 reproduced in other Islamic banking presentations; a colleague sent me another version of figure 1.1 after attending an Islamic banking conference in Sri Lanka. The reach of these images seems to transform the question of whether there is an "original" into a theological problem about the definition of the ineffable and the status of that which emanates from it.[10]

I have lingered over dissemination, field formation, and language to mirror the form of Islamic banking and finance as I came to know it during my own education, as well as during archival research, fieldwork in Indonesia, and conversations in London, the United States, Indonesia, and online. I continually found myself wanting, or being explicitly called on, to adjudicate disputes over interpretation, historical analysis, or economic or legal

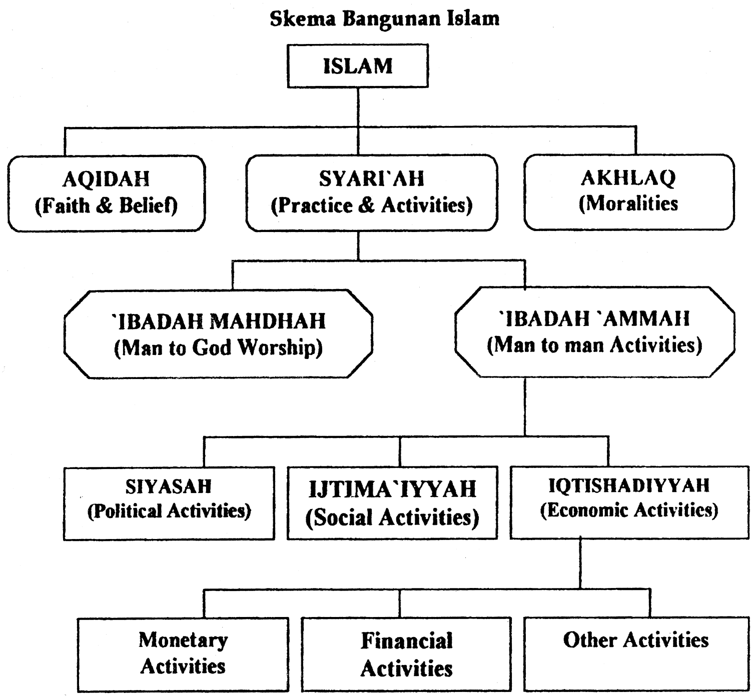
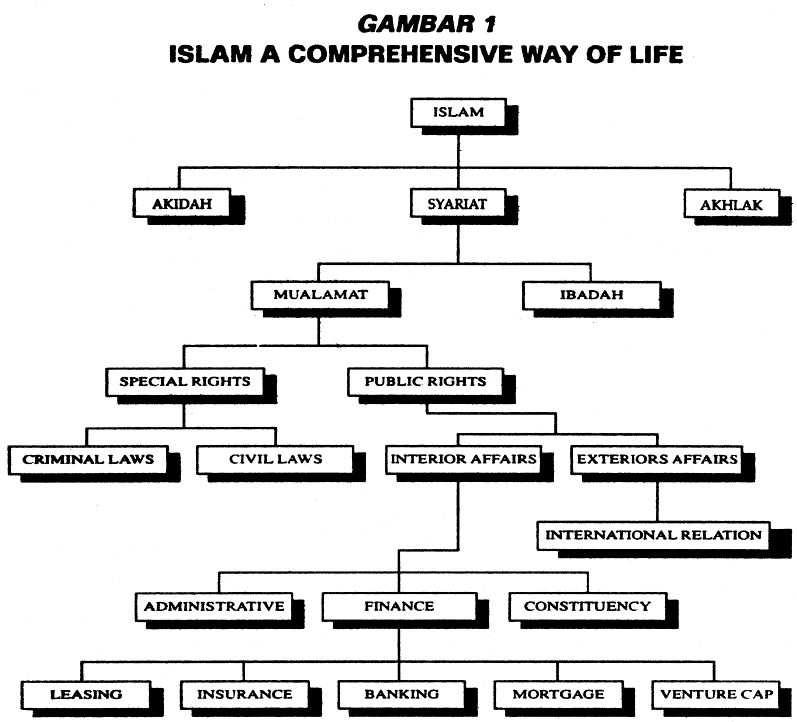


Figure 1.1 A "Diagram of Islam's Structure." (From Muamalat Institute 1997:3, an Indonesian-language text; note the use of Arabic and English words)

principles as a member of the field. Maintaining a "critical distance" became impossible but also improbable as a means of generating "new" knowledge that hadn't already been conjured, argued over, or dismissed by the field itself. At times, this was a little unsettling. I once found myself hopelessly out of date when I presented a paper at an Islamic banking conference comparing Christian and Muslim takes on the prohibition of interest, only to have my "findings" shot out of the water by the next speaker. He thanked me publicly for laying out all manner of misconceptions so clearly that he would not have to spend time discussing "wrong" interpretations; for an example of such wrong interpretations, listeners could simply hark back to Professor Maurer's talk. I was not being challenged as an outsider; I was being challenged as an insider with old theory. I took some comfort from the fact that my interlocutor was seen as a "radical" by others in attendance, who found comfort in my simpler frame. But I couldn't shake the feeling that I had missed the train to more lively and cutting-edge debates. I have the same worry here, too. In making the revelation that it is the impact of figures like Siddiqi and their emphasis on the trade



Figue 1.2 "Islam, a Comprehensive Way of Life." (From Antonio 1997:224, an Indonesian-language text; note the use of Arabic and English words)

and profit *ayah* that accounts for the focus on profit-and-loss sharing, I am echoing others in the field who have made much the same observation already (e.g., Haneef 1995). I fear that I will be taken by Islamic banking colleagues and their critics as laying out yet another (dated) grand theory about something, whether it be the "real" reasons for the prohibition of *riba*, or the finer points of *fiqh*, or a sociological-historical account of the origins of Islamic banking, or a critique. Timur Kuran, for example, a long-standing critic of Islamic banking, has taken me to task in print for my seemingly uncritical insider's perspective (see Maurer 2001a; Kuran 2001), while in Indonesia, I found myself explaining certain aspects of profit-and-loss sharing contracts, and even Qur'anic injunctions, to "experts" (including one imam) who sought my advice as an "impartial outsider."

I would like to claim the mantle neither of an insider nor an outsider, but of a fellow traveler who has been trundling alongside the knowledge formations of others as I try to formulate the lineaments of our own divisions as we do the work that we do in eliciting each other's regard, whether with approbrium, acceptance, or indifference.[11] Thus, I do not see the present work as adjudicating the relationship between "theory" and "practice": fieldwork in Indonesia and explorations of Islamic finance in the United States were not attempts to "test" the presuppositions of Islamic economics against "reality"; nor were they attempts to see if, "in practice," Islamic banking strays from its "official" line, or if practices "on the ground" work to revise or supplement "theory." Those kinds of approaches would depend on the stabilization of theory and practice, or idea and reality, as separate and discernable rather than continually intertwining. They would aim for a critical metalanguage, above and distinct from the phenomena they observe. The effort in this book is to speak in a paralanguage, a language alongside those of the people with whom I have spoken and lived over the course of the research, and with whom I continue to question our mutual entanglements.

With that said, I will outline the two kinds of origin stories about Islamic banking and finance that have been circulating in IBF worlds as part of people's efforts to specify "what it is" (myself included). The first centers on the meaning of the Qur'anic verses, and is a scriptural origin story. One variant of this kind of origin story proposes that the Muhammad, a merchant by trade, incorporated fair and just economic principles into his teachings and in his daily life.[12] These principles have been passed down through the *hadith* to the present day, a font of economic wisdom waiting to be tapped once Muslims worldwide could look beyond the economic precepts of maximizing, calculating *homo economicus* in order to foster a revived *homo islamicus*. Another variant is that the revealed word of God in the Qur'an itself embodies rational economic principles that are quite in line with the modern assumptions of neoclassical economic theory. As a form of universally applicable theory about human beings' economic behavior, economic theory necessarily is in accord with and confirms the source of universal knowledge, the Qur'an: *homo islamicus* and *homo economicus* are one and the same. These two variants circulate in IBF worlds today. Sometimes they vie with one another; more often, they exist awkwardly side by side. The first takes is cue from interpretations of Islamic law that emphasize social justice and redistribution (e.g., Chapra 1992). Its focus is on understanding the Qur'anic prohibition against *riba* (glossed here as interest, but also as indicating the time-value of money) as a means to mitigate inequality between lenders and borrowers. *Riba*, this logic goes, allows the lender to insulate himself from the risks involved in a business venture, while exposing the borrower to the risks of both business failure and default. Eliminating *riba* eliminates the risk-free accumulation of the lender and throws him, with everyone else, into the world of uncertainty into which God has placed human beings (see Vogel and Hayes 1998; Gambling and Karim 1991; Mills and Presley 1999). The second takes its cue from interpretations of Islamic law that emphasize rationality and formal equality. Its emphasis is on understanding the Qur'anic prohibition against *riba* as a means to ensure that decisions are economically rational by compelling parties to a transaction to mark their activity to market, that is, to ensure the optimality of the market mechanism (El-Gamal 1999, 2000a). I discuss this in greater detail in chapter 3.

The other kind of origin story is sociopolitical. It essentially brackets the question of the original meaning of the Qur'anic scripture, and seeks instead the beginnings of IBF in twentieth-century Muslim politics in the Middle East and Indian subcontinent. In one variant, classical Islamic contractual forms animated by the Qur'anic injunctions were "eclipsed" by European colonialism and the rise in the West of the methods and institutions of the modern financial system, which were exported to and instituted in the colonial world (Vogel and Hayes 1998:4). Decolonization and independence movements, coupled with Islamic revivalism, fostered the rediscovery or reinvention of classical contractual forms and doctrines (Saeed 1999). The oil boom provided the wealth necessary for an alternative system of finance to grow and mature. Another variant of this origin story does not challenge these understandings of the beginnings and causes of Islamic banking and finance so much as it queries their underlying ideological agenda. In this variant, IBF is less concerned with economic assertion and creating a true alternative to Western institutions as it is to foster a sense of collective identity and, especially, bolster the position of national elites in the face of assertions of resurgent "Islamic" identities that might supersede them (Kuran 1997). In both variants, the history proposed for Islamic finance is the same, but one variant views IBF emerging to serve an economic need, while the other views it emerging to serve a political need. The former locates it within a broad tradition of Islamic revivalism, including Islamic socialism and modernism (often at odds); the latter locates it squarely within "fundamentalism." Both stress the importance of key texts, written in the first third of the twentieth century, that married Islamic assertion with Keynesian and/or socialist economic theories (e.g., Maududi 1975; Qureshi 1946). Both also credit the Muslim Brotherhood in Egypt and the Jama'at-i-Islami in the Indian subcontinent with fomenting reflection on Islamic economic alternatives (e.g., Saeed 1999:9), and the tension between modernist and neorevivalist interpretations of scripture (the modernists emphasizing social justice, and neorevivalists emphasizing the legal form of the prohibition of *riba*; Saeed 1999:41ff). One variant of the sociopolitical origin story tends to see IBF as potentially viable and practical alternatives to "conventional" finance; the other tends to see it as impractical, as rarely living up to its promises, and as sidestepping the prohibition of *riba* through simple accounting tricks or linguistic sleights of hand.

> This may seem like a dumb question to many on this board, but I have recently heard that Sharia is final and all Ijtehad has been banned since the age of the Caliphs. If so, then how come we are arguing about Riba? Has the ban on Ijtehad been lifted or is the person dead wrong? If he is, I would like to know why and I would like some references on the nonfinality of Sharia.[13]

It is tempting to attempt to locate the first kind of origin story, the scriptural story, solely within IBF worlds, and the second, the sociopolitical, wholly outside such worlds, looking in. The first kind clearly comes from the position of a believer reading the sacred texts and engaging in the interpretative work, *ijtihad*, that many believers hold to be incumbent on the faithful. The believer doing the work of *ijtihad* is specifically situated, in an Islam that considers the "gate of interpretation" to be "open," that is, an Islam that does not consider all questions of ethical practice to have been settled in the first centuries after Muhammad's revelation. Questioning whether the gate is indeed open renders the entire enterprise of Islamic banking and finance suspect.

The second kind of origin story clearly comes from social-scientific modes of inquiry into social, historical, and political origins, the causes and consequences of human activity, and whether or not those humans ascribe their actions to divine guidance or divine plan. This story also depends on *its* believers, who are specifically situated in an inquiring practice that takes the human as its object and that predicts observable regularities in human activity. In discussion and debate with others interested in Islamic banking and finance but not "of" it, I have often felt that we talk past each other, not least because the words we use to talk about it create the illusion that we are speaking of the same thing. On more than one occasion such conversations have included almost ritualistic invocation of Max Weber and Benjamin Nelson, the sociologist whose *Idea of Usury: From Tribal Brotherhood to Universal Otherhood* (1969) explores the changing exegeses of Deuteronomy.[14] Scholarly communication itself is an illusion in these instances—when, often, very little is actually communicated! The problem has been particularly acute for me in cross-disciplinary discussions, when words stabilize referents the very status or existence of which I am often unsure, or when I am trying to convey the slippage between the ontological and the moral, often within the terms of Islamic banking itself, and only the ontologies get through.[15] Nelson and Weber are invoked "inside" Islamic banking, of course, and so the distinction between analytical level and the apparatus being analyzed once again becomes almost illegible. Furthermore, these origin stories, their variants, and their analyses intertwine with one another, sometimes in apparently contradictory ways, sometimes not, and get voiced in all manner of forums and settings, both "inside" and "outside" IBF worlds. Indeed, their circulation calls into question the very notion of an inside and an outside to and an ontology of "Islamic banking and finance."

The distinction between Islamic and conventional finance—the term most often used by people involved in IBF for financial activities that involve or touch on *riba*—could be said to hinge on religion or faith. Yet questions of faith or belief usually take a backseat to questions of technique or instrumentality in contemporary IBF forums. In a sense, "Islamic banking and finance" *is* the debate over its own origins and the debate over *riba*: how it is defined, how it is avoided, and how it has become the absent center of IBF practice today. As an ongoing debate among an enormous number of participants, not a thing or clear-cut set of practices, it cannot be said to have an inside or an outside. As an ongoing debate often grounded in specific techniques or contractual forms, whose formal properties more than their transcendental status ground the debate, IBF also cannot be said to be strictly speaking a "religious" phenomenon, unless any and all debates over putatively economic activities and practices are simultaneously over putatively religious or transcendent concerns. (This is a proposition this book does not challenge, and ultimately supports.) IBF practice holds a mirror to conventional practice and reveals its nonmodern character, a character where the work of purification and stabilization of "religion" and "economy" is revealed as continuous, not settled in the Renaissance, or with Weber, for that matter (Latour 1992; Asad 1993).

Within the logic of the exemplary that warrants social-scientific ontologies, Islamic banking and finance provides a perfect case of what economic sociologist Michel Callon describes as the "performation" of the economy, the processes through which explicitly articulated economic theories serve "as a frame of reference to institute each element of the market" (Callon 1998:22). Islamic economics configures and formats the new object called "the Islamic economy" or "the Islamic financial system." Just as Callon delineates "the essential contribution of economics in the performing of the economy" (p. 23), I would like to draw attention to the essential contribution of Islamic economics in the performing of the Islamic economy represented by IBF, and also of "the economy" itself, Islamic or otherwise. For the mutual imbrication of IBF and conventional finance—understood as ongoing debates that call forth, purify, and stabilize the objects they name even as those ongoing debates represent intensively proliferating hybridizations between "Islamic" and "conventional" finance—reveals that the performation of the Islamic economy is simultaneously the performation of "the" economy, particularly its supposedly rational and secular character. Thus, the Saudi prince can write things like: "Basically, the Islamic system of economics has very little variation between it and the economic system in the West. The difference is in the basic philosophy, not in the implementation and the instrumentalities" (Al-Saud 2000:3). The role of

Islamic economic theory in performing the Islamic economy is nowhere more evident than in the linguistic slippage in commonly heard (or read) phrases like "Islamic finance faces many challenges today" (Obaidullah 2000:131), where the phrase "Islamic finance" indexes both a scholarly or disciplinary activity and an on-the-ground reality. This kind of absent distance between the research and the reality it represents points up a dense network of connections that ultimately obviates any neat compartmentalization of Islam, Islamic finance, conventional finance, and the secular. It also accounts for the way almost every Islamic banking speech act or text includes a reflexive definition of what it is, or how it does or does not differ from conventional banking.

This also, I believe, is why IBF is frequently, if not almost exclusively, always so preoccupied with discussions of technique, apparatus, engineering, instrument, and rationality. The instruments of Islamic finance—contractual forms like *murabaha*, *musharaka*, *ijara*, and *mudarabah*—occupy center stage in nearly all accounts of IBF. (Even this book, an attempt to cut through the debate in a different fashion, must eventually come down to them lest it be read as not sufficiently descriptive or detailed on what Islamic finance "really is" or how Islamic finance "really works.") Still, as Islamic economist Mahmoud El-Gamal remarks, while "Arabic terms . . . [such as these] are very common in Islamic banking . . . good translations of those terms are readily available" (El-Gamal 2000a:146). "In contrast," he continues, "the use of the English terms 'interest' or 'usury' . . . has all but replaced the use of the term *riba*, for which no English translation is available" (pp. 146–47). The notable exception is the occasional use of the expression *lariba* to refer to Islamic banking, as in the name of the American Finance House–Lariba. In this case, however, "Lariba" signifies doubly, as *lariba* and as the acronym for Los Angeles Reliable Investment and Banking Associates.

In claiming that IBF and "conventional" finance are part of one field, not two, and are densely interconnected, indeed, constituted as separate objects by their very interconnection and their attempt to purify their constant hybridization, I am writing against the discourses of difference and deviance that sometimes characterize discussions of IBF.[16] Charges of difference and deviance go both ways, of course. Regulatory agencies might castigate Islamic banking as shady or disreputable just as IBF practitioners deride the lack of transparency and "fictitousness" of debt-based financing, as opposed to the clarity and groundedness in "reality" of asset-based financing organized through profit-and-loss sharing contracts like *mudarabah* or leasing contracts like *ijara*. Still, the growth of conventional finance cannot be understood to be separate from the development of Islamic finance, and vice versa. The political economy of decolonization, the the oil price rise of 1973, and the creation of new kinds of objects of property like

TABLE 1.1
A Sampling of Common Islamic Finance Contractual Forms

Name of Contract	Approximate Equivalent	Technique
Ijara wa iqtina	Lease-to-purchase	Borrower pays rent based on equity share (initially determined by down payment) plus predetermined and unchanging portion of the principal. With each payment to the principal, borrower's equity share increases, and so rent decreases. Rent determined by marking to market.
Istisna'a	Manufacturing partnership	Finance company funds construction of a house, factory, or business, or the purchase of a piece of equipment for the borrower on the finance company's property; borrower then purchases through ijara or other process.
Mudarabah	Limited partnership	Borrower and finance company enter into limited partnership and form a corporate entity; borrower rents from the corporate entity, increasing borrower's share in entity over time until it is completely owned by the borrower. The object of the contract is the corporate partnership itself, which over time is bought out by the borrower.
Murabaha (bai bi thamin al ajil)	Deferred payment sale	Borrower pays finance company, which holds title until complete payoff of principal plus administration costs.
Musharaka	Joint venture	Similar to mudarabah, but finance company and borrower share title as "co-owners" of the property rather than as partners in a separate corporate entity. The object of the contract is the property, not the corporate partnership.

petrodollars, together with their associated forms of knowledge—"economics" and "Islamic economics," "finance" and "Islamic finance"—signal the mutual frames of reference that performed and formatted each. What is necessary to understand IBF and conventional finance, then, is an "anthropology of entanglement" (Callon 1998:40). This would close off such questions as "What is the place of Islamic banking in the world?" which imagine a place for a specific entity within a larger, more encompassing entity, or "What is the distinctiveness of Islamic banking?" which imagines distinction on the model of difference or on the model of the theory/practice divide. An anthropology of entanglement would simply hold that the logic of encompassment as deployed in such questions misapprehends entanglement as embeddedness (cf. Granovetter 1985), or takes recombinations for relationality. It necessarily queries other modes of analysis that would unproblematically accept the slippage between finance as an activity in the world and finance as an intellectual project.

Complementary Currencies, Short Circuits

> *Are HOURS legal?* The IRS, Federal Reserve, Treasury Department, Secret Service and FBI have repeatedly told the media that there is no law against HOURS, as long as HOURS have a dollar equivalent (for paying taxes), as long as they do not look like Federal Reserve Notes, as long as each note has at least $1.00 value. Each participant must report taxable HOUR income, at $10.00 per HOUR.[17]

Quantitative descriptive modality of social scientific inquiry: Ithaca is a small hamlet with a population of around thirty thousand, located in upstate New York at the southern tip of Cayuga Lake. Cornell University occupies a hill overlooking the town, and accounts for the town's disproportionate population of twenty-to-twenty-four year olds. It is also the town's largest employer, providing jobs to about nine thousand people, while the next largest employer, Borg Warner, an auto-parts manufacturer, provides work and wages to around eighteen hundred. Ithaca College is the next largest employer. Seventy-four percent of the residents checked the "white" box on the 2000 U.S. Census form; 6.7 percent checked "black or African-American," 13.7 percent "Asian," 0.4 percent "American Indian and Alaska Native," and 0.1 percent "Native Hawaiian or Other Pacific Islander." In addition, 3.4 percent checked "two or more races," and 5.3 percent indicated "Hispanic or Latino (of any race)." The median income is $21,441 per "household," and $42,304 per "family."[18]

Qualitative descriptive modality of social-scientific inquiry: Ithaca is ten square miles surrounded by reality. The town/gown divide is strong, despite the incredibly heavy reliance of the local economy on Cornell. Still, in this predominantly progressive and environmentally aware town, one resident told me, Cornell is "the place where corporate America and the government come together," a part-public, part-private institution funded in part by large federal research grants. Or, as others sang, "High above Cayuga's waters, there's an awful smell. Some say it's Cayuga's waters; we know it's Cornell."[19]

Since 1991, a local alternative currency, the Ithaca HOUR, has been circulating in this town. HOURS are notes printed on natural fiber paper (originally made from cat-tail pulp) and come in six denominations (2 HOURS, 1 HOUR, 1/2 HOUR, 1/4 HOUR, 1/8 HOUR and, since 2003, 1/10 HOUR). Each HOUR is equivalent to ten U.S. dollars, or, alternately, depending on whom you ask, one hour of labor-time. Since 1991 over ten thousand HOURS have been issued, and the total value of all transactions conducted in HOURS since that time is estimated to be around $2 million. Nearly five hundred businesses accept HOURS in partial payment for goods and services, and over one thousand individuals currently list themselves as offering goods or services in exchange for HOURS in the "HOUR Town" Annual Directory, which, since 2002, has served as a sort of telephone book for people seeking to make transactions in HOURS. The Alternatives Federal Credit Union accepts deposits in HOURS, and will accept HOURS for membership, loan, check bounce, and automatic transfer fees, as well as in exchange for a "Socially Responsible Investing" packet. Several grocery co-ops will accept them, as well, and several establishments offer employees the option of receiving part of their wages in the form of HOURS. More than sixty vendors at the weekend Farmer's Market will also accept HOURS, generally for full payment. All businesses and other vendors that accept them do so at the $10.00/HOUR exchange rate.

Almost more impressive than the circulation of HOURS has been the global circulation of media stories about them. HOURS have been featured in over 100 news stories in Ithaca-area newspapers. Over 450 stories have appeared in media outlets globally, from CNN and the *New York Times* to *Family Circle* and US Airways' *Attaché* in-flight magazine. Newspapers around the world, from Sweden to Thailand, Argentina to Bangor, Maine, have also carried stories about the currency since its inception, the rate peaking in 1998–99 at about 50 and slowing to about 10 a year since then. Interest in HOURS displaced earlier media attention to other alternative currency experiments in western Massachusetts: Great Barrington's "Deli Dollars," and the "Berkshire Farm Preserve Notes," the former issued by the owner of a deli who was unable to secure a bank loan when faced with the possible closure of his establishment, and the latter issued in conjunction with SHARE, the Self Help Association for a Regional Economy, to support local farms. Today, it is Ithaca HOURS that clearly garner the most interest. Stories about other local currency experiments invariably make mention of HOURS, and often report interviews with one of the founders of the Ithaca money, Paul Glover.

The currency itself, however, has been emplotted in narratives of the history of barter, money, and local sustainability that make it rather difficult to specify. People familiar enough with HOURS to know something about their origins write them into histories of barter, agriculture, small businesses, and environmental awareness. "There's a tradition of exchange," I was told. "There's a history and tradition of cooperative societies," too. I was directed to Janet Fitchen's (1991) ethnographic study of the transformation in dairy farming in upstate New York, *Endangered Spaces, Enduring Places*, which chronicles the decimation of small-scale dairy farms by the mechanization and economic restructuring of the industry. The book also pays careful attention to the transformations in the meanings and identities bound up with notions of the "rural" in the region. People in Ithaca emphasize its history as a market town, with "a lot of spokes coming into this central area," bringing together farmers and others from the surrounding countryside. In these narratives, features of the landscape—the hilly, rocky terrain, the gorges—prevented the mechanization of dairy farming in Tompkins County and contributed to the failure of the industry. Ironically, those same geological features are also proudly hailed as integral to local identity: "Ithaca is Gorges" is the tourism slogan, and an engraved image of Ithaca Falls adorns the local currency.

The failure of the farms heralded their renaissance, and breathed new life into Ithaca's unique social formation. Already a center for artists, intellectuals, and environmentalists, Ithaca benefited from a new migration to the bankrupt farms:

> When the Farmer's Market started up again in '73, it was all the hippie friends of mine who had bought farms and had a kitchen garden and a few goats and a few chickens, and they were just selling their surplus in a parking lot from their pickup trucks. And they discovered, hey, you fools, you'll pay me lots of money for what I have extra, so they started putting in bigger kitchen gardens and on purpose raising things for this market. Then local restaurants started saying, hey, people around here pay more for fresh local products, blah blah blah. . . . So, the farmer's market gave a market for the farmers, it was a self-fulfilling prophecy.

In such narratives, today's "hippie" farmers are seen as an outgrowth of yesterday's dairy farmers. And today's barter among them is seen as a simple extension of the barter networks and cooperative societies that structured farming in an earlier era. Contemporary farmers with some familial connection to that past are virtually erased from present recollections. One resident had to correct herself in midsentence: "A lot of the agricultural component [of the local economy] started at the Farmer's Market—well, not completely, a lot of them are people that have been farming for a long time in the area." That "them," while often elided into the community of new, postbankruptcy farmers, is nonetheless central to narratives of continuity that link past barter activity with present alternative currencies.

Barter networks, especially among farmers, long predate the Ithaca HOUR and are interwoven in some people's lives and memories with their more recent bartering activity. Such activity seems to have taken place on a limited scale since the Depression, and continues into the time of this writing (2004). Hence, people will relate histories of "continuous bartering" in Ithaca since time immemorial. Most of the barter took place "directly": one person with a good or service would swap with another, making a trade without reference to any currency whatsoever. And most of it was relatively dyadic. As one person who barters regularly and has done so since the 1980s put it, "Usually, it's not a circle. Usually, it's a lot of straight lines between two individuals." Such direct barter is often the barter of a service, and rarely of a good. People explained to me that direct barter generally involves "people who have a production skill," skills that ranged from balancing checkbooks and computer repair to landscaping and babysitting.

The origins of the Ithaca HOUR rest in efforts to expand barter dyads by means of a currency that people could exchange with strangers for goods and services. One person called it "go-between barter" in contrast to "direct" barter. It is unclear, of course, why it should be considered "barter" at all, if the currency is used as a means of exchange and a universal equivalent. "Barter" as a term to describe what Ithaca HOURS facilitate seems to have its origins in the imagined histories of barter in Tompkins County, making HOURS part of an unbroken line of local economic practices with great historical and presumably cultural depth ("there's a tradition of exchange"). The term probably also has its origins in Internal Revenue Service regulations that demand all income earned by "barter" be recorded on people's income tax returns. Since there is no other way to record HOUR income, it has to be recorded in the "barter" category. The tax code, and efforts to resist it, occupies an important place in people's consciousness of HOURS, and will be discussed in greater detail below and in subsequent chapters.

According to the received history of Ithaca HOURS, the first attempt to expand barter dyads was a short-lived "Local Exchange Trading System" or LETSystem instigated by a visit to town from Michael Linton.[20] Linton established the first LETS on Vancouver Island, Canada, in 1983, in a context of severe unemployment. He designed a computer program that kept track of exchanges, denominated in terms of a notional currency unit, within a membership-based organization. People's accounts began at zero, and were credited or debited when they sold or bought something. Barterers negotiated prices in the notional currency. They then reported their exchanges to a central accounts manager, who would enter the credits and debits (see Solomon 1996:37–38). LETS took off in the early 1990s, especially in the Anglophone Commonwealth. By 1994, for example, there were three hundred LETS in the United Kingdom representing about fifteen thousand people (Thorne 1996). The notional currency and central account permit exchange relationships broader than simple barter dyads.

The acronym is remarkably polysemic. LETS stands for anything from Local Exchange Trading System to Local Energy Transfer Scheme to Local Employment and Trading System. One person I interviewed and at least one Web site (that of the Australian National University's QBC LETS) put it more directly: "What does the E stand for anyway?" There is considerable debate over the political and moral valence, not to mention intellectual property ownership, of "system" versus "scheme," the former denoting something more total than the latter, and the latter understood to be supplementary to the broader economy. Linton himself claims ownership over "system" and stresses the "self regulating" nature of "system" as opposed to the planlike nature of "scheme."

> A scheme is basically a plan, or a procedure for doing something. A plan tries to draw up every part, or show every step, in advance. A system, on the other hand, can respond to changes in its environment. Once established, it can be naturally self-regulating throughout its life. This is why we use the word "system"—"a complex whole, a set of connected parts." . . . The Pocket Oxford Dictionary also defines "scheme" as "an artful or underhand design." (This is not something we wish to be associated with.)[21]

Scholars of LETS also seem to come down on either side of the system/scheme divide. On the "system" side, they ask questions about whether LETS represent a form of "reembedding" of the economy in social relations (Thorne 1996) or a kind of "moral money" (Lee 1996), stressing reintegration of "complex wholes" of the anthropological kind. On the "scheme" side, they ask questions about whether LETS could become a "useful strand of community economic development policy" (O'Doherty, Dürrschmidt, Jowers, and Purdue 1999:1639), or "a new source of work and credit for the poor and unemployed" (Williams 1996:1395). It is noteworthy that the questions and answers are determined in advance by the people involved in any given LETS and take the same form as those of the scholars. One of Roger Lee's informants in a study of LETS in the United Kingdom said that the people in the network constituted a "community of philosophy"—the informant's phrase—or a culture, a complex whole or "a set of shared beliefs and prior commitments," Lee's phrase (Lee 1996:1387). Another of Lee's informants noted that LETS are made up of "people who think about the environment, vegetarianism, people who think about the humanities" (quoted in Lee, 1996: 1387). It also comprises people who want "to stand to one side" of the rest of the world economy (quoted on p.1386). Indeed, one of Lee's informants described LETS as a "new moral economy" (quoted on p.1392).

Michael Linton came to Ithaca in 1986 to meet Paul Glover, an Ithacan whose writings on sustainable urban ecologies had attracted Linton's attention. Linton and Glover began a conversation about creating a LETS in town, and linked up with the Community Self-Reliance Center (CSRC), a loosely organized entity that facilitated community events, political action activities, and skills-building workshops (from seminars on herbs to antinuclear political organizing). CSRC also produced a newsletter, *SPROUTS!* which, among other things, listed items people were willing to swap with others (Jennings 1992:31). CRSC was willing to sponsor a series of LETS workshops and raised funds to bring Linton back to Ithaca for a second visit, during which he established the first LETS in Ithaca in October 1986. The membership began at around thirty, almost without exception people already involved with the CSRC. The most important piece of technology for the system was a telephone answering machine. People would call and leave messages about their trades, and the system administrator would later listen to the messages and record the transactions in a computer database (p. 31). The administrator sent out monthly balance statements so that people could see whether they had run up large credits or debits and act accordingly. The unit of account was called the "green dollar," as in other LETS organized by environmentally conscious people. In a little over a year, membership had grown to seventy-five. In March 1988, however, the CSRC closed due to financial difficulties, and publication of *SPROUTS!* ceased. When the venue for listing possible trades vanished, trading itself slowly sputtered out (pp. 35–36).

Those involved with the LETS attributed its failure in part to its inability to reach beyond the small network represented by the CSRC membership (Jennings 1992:41). LETS members also cooled to their system when it became apparent that the Internal Revenue Service would want an accounting of all the "barter income" it generated. Having a computerized database facilitated such an accounting, but also raised concerns about government intrusion into the system, especially for tax resisters who may have joined the system to avoid the IRS in the first place. Another reason for the LETS's failure is proposed by Patrice Jennings, who has conducted an extensive historical study of the rise and fall of the LETS and the emergence of HOURS. She argues that since Ithaca's "economy" was relatively stable in the late 1980s, the LETS did not serve any real financial need for its members (p. 44).[22]

Jennings's research on LETS cannot be meaningfully separated from the development of HOURS. In the course of her research on the LETS, she came to interview Paul Glover, and before her research was completed, she became involved in an effort to create an alternative scrip currency—"coupons," at first—that would obviate some of the problems the LETS experienced that her research was documenting. Coupons had the advantage that they could be used beyond a small network of friends, and that they would not require a membership structure in order to function. Transactions would be easier and membership automatic, in a sense—anyone who has a coupon can use it with anyone who will accept it. Both Glover and Jennings had read about the Berkshire currency experiments, and, within a month of their first meeting, began to plan a similar scrip currency for Ithaca, which Glover named the "Ithaca Hour." To exploit the homonymic potential of the name of the currency, its founders began spelling it "HOURS" and renamed the *Ithaca Money* newspaper *HOUR Town*. HOURS would be printed up and distributed to Ithaca's "alternative organizations," especially those that had faced budget cuts. The early 1990s recession was beginning to hit town, and these "alternative" organizations were among the first to suffer. The plan was to encourage people to accept HOURS from these organizations in place of dollars. HOURS would also be distributed in the form of grants to community organizations, to fund projects now in jeopardy due to budget constraints. Finally, HOURS would be distributed to people who agreed to list their names and their products or services in an "Ithaca Barter Network" (Jennings 1992:48–49).

The design of the HOUR preceded the actual formation of the network or distribution of the currency. Glover set up a bulletin board at the Farmer's Market to pitch the idea and discuss it with others. Glover and Jennings established an "Ithaca Barter Board" (IBB) that would be responsible for printing and managing the currency. The first run of 1,500 HOUR notes and 1,500 half-HOUR notes was printed up, complete with serial numbers and signatures of the "Treasurer" and "Secretary" of the IBB, and the bills were deposited for safe-keeping at the Alternatives Federal Credit Union (which took some convincing as to their legality and assurances that their distribution would be accompanied with full disclosure of IRS guidelines on reporting "barter" income). Meanwhile, Glover began compiling a list of people who said they would be willing to accept HOURS, and eventually published five thousand copies of the first issue of the newspaper, *Ithaca Money: Ithaca's Largest List of Goods and Services to Trade*, on October 22, 1991. The newspaper specified an exchange rate of ten dollars per HOUR, based on Glover's assumption that ten dollars represented the average hourly wage in Ithaca. It was distributed to "alternative businesses," cooperatives, the Credit Union, and other places around town. The first issue contained the names and phone numbers of 80 individuals and businesses listing 273 offerings of, and requests for, goods and services. The newspaper also contained a coupon so that others could join the system: potential members were asked to attend a biweekly "barter potluck" where they would receive four free HOURS (later reduced to two). The first barter potluck was held on November 12, and by that time there were 500 HOURS in circulation and 120 individuals and businesses that had agreed to accept them (Jennings 1992:54–56).

As early as 1992, however, Jennings expressed some reservations about the new currency. Her fear was that it would be taken as "a new economic institution," or a "new financial regime," rather than as a "tool." She concluded her study:

> I do not believe that any of these tools should exist any longer than is required for them to perform their function. When we allow them to remain unchanged and no longer useful, wearing out their welcome, we numb ourselves to other possibilities in the world. We learn to live with systems that almost, or partially fit. When a reporter asked me to estimate how long the Ithaca Hours list would be around . . . I found that the only answer I could honestly give was "hopefully as long as it needs to be and no longer." (Jennings 1992:68)

In interviews, many expressed the sentiment that this particular tool had been around for too long. People were especially critical of the "hypocrisy" of the currency. Founded by the "alternative" community and as a means of economic empowerment, it had become a "hobby" of the "white, middle class." "Because we set it up to be self-perpetuating," one former IBB member related, "you would almost need to reform, revitalize the barter border, and bring in specific people . . . sort of a diversity approach." Indeed, for many, the "success" of Ithaca HOURS—the media attention, the appearance of the currency in tourist brochures, the institutional support of the Alternatives Federal Credit Union—represents profound failure. An employee of a local grocery store who agreed to accept HOURS as part of her wages brought home for me the paradox, indeed, the intertwining of success and failure. She receives HOURS in partial payment of her wages, but at the ten-dollar-to-one HOUR exchange rate rather than at one HOUR per hour of labor. Her hourly wage is $8.50. Similarly, a manager reported to me, in an utterance in which HOUR's homonymy nearly confounds as much as it clarifies: "I had a new employee actually ask me if they . . . chose to be paid in HOURS would they get an HOUR for an hour, as opposed to their hourly wage for an hour, which was a very interesting question, but not how the [store] pays." HOURS may be backed by "our skills, our time, our tools, forests, fields, and rivers," as the inscription on the bills states (see also fig. 1.3), but, on payday, are underwritten by the U.S. dollar.

There is also skepticism of the motivations of those who accept HOURS as payment, such as landlords, who may use them to hide their true natures: "You know, they *look* benevolent by taking their rent in Ithaca HOURS." There was also a sense that Ithaca HOURS were "contributing to Paul Glover's personal glory," as one person put it, and this sentiment is perhaps responsible for changes in the HOURS governing structure that took place in 1998–99. In October 1998 "Ithaca Hours" incorporated as a New York State not-for-profit corporation and elected a board of directors who began serving two- and one-year terms in 1999. Not-for-profit standing required the solidification of the exchange rate at $10/HOUR. It also enabled closer

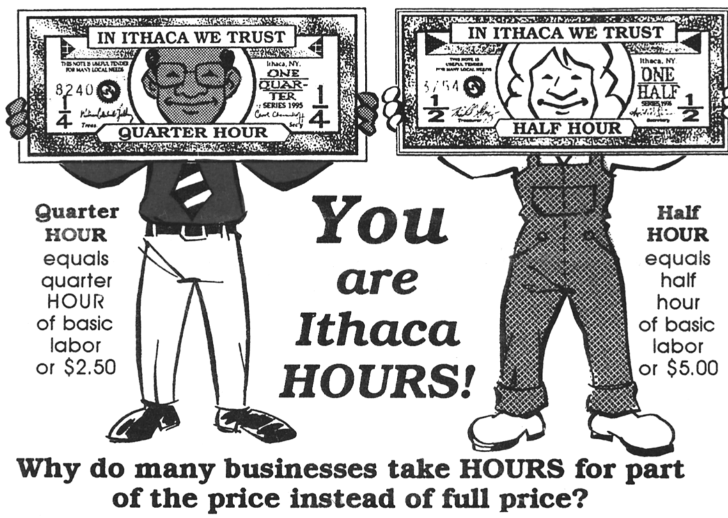


Figure 1.3 What's Behind the HOUR?

ties with the Tompkins County Chamber of Commerce. To those outside the board, the most visible change it brought about was the creation of the Annual Directory to supplant the *HOUR Town* newspaper listings. Rather than listing goods and services desired as well as for trade, the directory only lists those for trade. Here, "barter" looks more like "sale" and the "network of traders" takes the form of a business telephone book, a list of entrepreneurs.

The other major change in the HOUR system has been the extension of interest-free loans and outright grants to businesses and community organizations as a means of injecting more HOURS into the money supply. One of the first charges of the newly formed board was to determine how many HOURS actually were in circulation and to address the perception that the number of HOURS was shrinking, mainly, many surmised, because of the large number taken out of the county as souvenirs. Another concern was that the success of HOURS—especially the increasing numbers of businesses that accepted them—would dilute their efficacy "as an actual monetary system" and make them "almost interchangeable with dollars" (*Ithaca Journal* July 22, 1999, 2A). One member of the board remarked that "There are so many places that accept Ithaca Hours now that it could get to the point where it had no effect on spending patterns," thus canceling out any gains the local currency might make toward the goal of keeping money in the community (p. 2A). Loans and grants were seen as a means of getting more HOURS into circulation and of gaining more publicity for the currency. Grant recipients have included Big Brothers/Big Sisters of Tompkins County, the GreenStar Cooperative Market, and even a $25,000 (2,500 HOUR) loan for a private house renovation. The largest loan to date has been to Alternatives Federal Credit Union, the banking institution that helped launch the currency by providing depositor and security services. Ithaca Hours, Inc. lent the AFCU 3,000 HOURS ($30,000) in the form of an interest-free construction loan to build a new branch headquarters—a story first reported in a news feature written by Paul Glover himself, in the spring 2000 issue of *Ithaca Today*.

Alternative Economics?

The next chapter takes up the question of the falsity or counterfeit nature of Islamic banking and local currencies, a question leveled at them because of their entanglements with that which they supposedly reject or seek to stand apart from. Here, however, I am concerned with their materiality, and in what sense that materiality presses against their self-reflexive congealing as "alternatives" and, at the same time, as "economies," understood to be made up of tangible, real material—whether those materials are pieces of paper (contractual forms or scrip), goods traded, or services rendered.

What would it mean for there to be an "alternative economy?" Timothy Mitchell (2002) and Mary Poovey (1998), among others, have traced the concatenation of the idea of "the economy" in post-Enlightenment Euro-American organizations of experience in terms of the apparent sundering of representation from reality. Understanding the world as capable of being represented creates the effect of a real, of facts or of data, preexisting the representational moment and standing apart from it, to be enlisted later in productive or scientific planning and enterprise. There is a temporal incongruity between their respective arguments, however. Poovey locates this separation of value from fact, and the concomitant congealing of "economy," in the long period following the invention of double-entry bookkeeping in Europe, stretching from the sixteenth to the early-nineteenth centuries. Mitchell locates it more firmly in the nineteenth and early-twentieth centuries, and sees it as part and parcel of colonial forms of knowledge that rendered the colonial subject open to technical reorganization. Both look to the history of certain procedures of calculability and mathematical precision as signal features of the history of abstraction making possible "economies" as separable and manipulable domains. Mitchell is the more direct in this regard. "There was no economy before the twentieth century because the economy belonged to a world that was being reorganized around a new axis," he writes, "the axis that appears to divide the world into image and object, representation and reality. This could not be a transformation only at the level of representations, for the modern belief in a disembodied yet secular realm of representation was one of the outcomes of this kind of transformation. Many quite real things had to be reorganized to make the world appear to separate cleanly along its new divide" (Mitchell 2002:93). The goal of their projects is to obviate the logical coherence of "the economy" and instead inquire into its constitution and performation, and at the same time to give weight to the materialities pressing back on their enlistment and reconstitution for diverse human projects. It also brings to the surface the noncapitalist formations operating "within" capitalism in the creation of new markets and calculabilities, "not," Mitchell writes in another context, "for making any general points about the impact of market reforms [on such noncapitalist relations] but to argue against general points" (p. 261).

I defer the problem of historical location until later, as the next chapter, in considering the truth or falsity of alternative currency, invokes "past" alternatives, and more directly engages the temporalities of the financial and monetary forms with which this book is concerned. If "economy" emerges as the reality-effect of a regime of representation, however, where are contemporary "alternatives" to be situated? Mitchell's attention to noncapitalist relations "inside" capitalism serves to unseat the latter's solidity and uniformity, complexly involuting its forms and boundaries, and ultimately questioning whether capitalism has "some universal social form" at all (Mitchell 2002: 269). James Ferguson, too, in his examination of twentieth-century development discourse, seeks to capture a sense of the "messy spreads . . . [and] dense 'bushes' of multitudinous and coexisting variations, continually modified in complex and nonlinear ways" (Ferguson 1999:42). This is offered as a means of capturing "changing realities" (p. 42) and complexities without falling into teleological histories, neat narratives of progress, foreordained outcomes, and predictable futures. The "alternative" in both accounts seems to reside in the coexistence of forms presumed by capitalist historiography to have been superseded or left behind.

Both Mitchell and Ferguson echo the work of Julie Graham and Katherine Gibson (Gibson-Graham 1996), which seeks another set of representational practices to query capitalism's supposed dominance, both in the world and in theory. Gibson and Graham want to uncover noncapitalist relations within capitalism and lying alongside or cooccurring with what has generally been understood as "the economy," in order to generate a theory of "economic difference" and to "liberate a heterospace of both capitalist and noncapitalist economic existence" (Gibson-Graham 1996:5).[23] They thus question the teleological ladder of economic development that sees capitalism as a stage of a history understood as a sequential ordering of human existence, and replace it with Stephen J. Gould's vision of the other "branches and pathways" captured better by the image of a multiply branching bush than a straight or linear tree (p. 115). The bush of economic variation ultimately casts doubt on whether it makes sense to call the economy "capitalist" at all (p. 262).

Interestingly, however, this line of analysis tends to leave untroubled the category of the economic that Mitchell would have us rethink, and to leave intact the practice of representation itself in the guise of analysis. Mitchell dislodges this practice (and thus undercuts his own use of it). By pointing to the interlinked representational and reality effects that call forth the economy as a separate domain, Mitchell unseats the quest for new representational strategies that he sets out for himself, as well as those indicated by Ferguson and Gibson and Graham. The problem is representation, and the presumed adequation of a representation to its realities. I am not taking issue with the dilation of discursive possibilities each author, and especially Gibson and Graham, affords. Without such an opening, a lot of the language of contemporary critical examinations of capitalism and the economy would be unutterable. Yet each author's project sits within a critique of *representation* and as such leaves closed the black box of *adequatio intellectus et res* as the access to truth, not to mention the notion of truth itself as an outcome or desire of a social inquiry turned toward a social reality.

Ferguson has a telling footnote. In it, he clarifies that his own use of Gould's bush metaphor is not meant to imply any identity or similarity between the change over time of "human societies" and "biological species." "It is not the actual processes of biological and social change that I am claiming to be analogous," he writes, "but the linear, typological sequences through which both are so often misrepresented and misunderstood" (1999:274 n. 3). This very move, however, depends on the separation of representation from reality, a separation that institutes those "actual process" as actual, and as able to be brought under the scope of human inquiry in its most Cartesian form, privileging knower over known but grounding the knowing in a preexistent reality that exceeds its representation. Ferguson effects a sharp division between epistemological forms (the linear, typological sequences humans use to understand or misunderstand) and ontological ones (the actual process of change over time). It is also telling that those actual processes stand in the text, as coexisting variations, through the material metaphor of the bush. It is a double-entry analytic: it leaves unanswered the question of how the ostensibly real (or counterfeit) relation between "fact" and "argument" is itself conjured up and subsequently canceled out, reconciled, to produce a profitable account that generates intellectual interest.[24]

The analytical work of specifying alternatives very quickly leads to a descriptive enterprise that does little to reshape the work of inquiry, even as the categories of inquiry are themselves complexly intertwined with the realities being described. The emphasis is on existence, being, ontologies in the world whose complexity has not heretofore been captured by an adequate representation, and on "bad" representations, deceptive, indeed counterfeit, which blind observers to other worlds and close off conversation. Improper representations, however, are often bound rather tightly to certain objects, which move in the world just as much because of those improper representations as they do because of their representations' adequacy or their own ontological veracity. Money, whether genuine or counterfeit, has efficacy as representation and reality in the same instance; its status as genuine or counterfeit only comes into being when its circulation is halted and its veracity, not exchangeability, is brought into question.

Deleuze has said of Michel Foucault that he "should not be seen as a historian," making new representations of an archive or seeking truths through descriptive adequacy. Rather, Foucault is "a new kind of map-maker—maps made for use not to mirror the terrain" (Dreyfus and Rabinow 1982:128). Dreyfus and Rabinow introduce Deleuze's comment after a discussion of the methodological failure of Foucault's archaeology of knowledge, a failure on the order of the one I am sketching here. Foucault's archaeology seemed to reinstitute description as the primary modality of inquiry, placing the archaeologist as a "split spectator, both sharing and denying the serious meaning that motivates the production of the plethora of discourse he studies" (pp. 90–91). As Dreyfus and Rabinow summarize, "Any enterprise which hopes to explain modern thought will itself have to avoid introducing yet another discourse that posits the world as picture and itself as not involved in what it posits" (p. 99). Hence, Foucault's shift from archaeology to genealogy, a method that seeks to diagnose phenomena from within (p. 103).

I would simply supplement Deleuze's comment on Foucault by emphasizing that the map provided here, from within and inseparable from the intermeshed time-space of description and object, explanation and explanadum, is not necessarily "for use" in any direct sense. It is more on the order of what the Situationists called a *dérive* (Debord 1958), a noninstrumental wandering, a becoming, carried along by the alternative currents of Islamic banking and local moneys. The goal of descriptive adequacy is unattainable but continually haunts the endeavor, lying alongside, but in another time, and speaking back, like the immaterial ghosts of prophecy, or the value of a currency.