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Publication Date

2005

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Mutual Life, Limited: Insurance, Moral Value, and Bureaucratic Form

Salarino: . . . I know Antonio
Is sad to think upon his merchandise.
Antonio: Believe me, no. I thank my fortune for it,
My ventures are not to one bottom trusted,
Nor to one place; nor is my whole estate
Upon the fortune of this present year:
Therefore my merchandise makes me not sad.
—William Shakespeare, *Merchant of Venice*, I.i

IN THE WAKE OF the U.S. stock market crash of 1929, economist Frank Knight's *Risk, Uncertainty, and Profit* (1933) spelled out a distinction between objectifiable risk and subjective uncertainty that was to remain intrinsic to twentieth-century market logic and gain a foothold in the new techniques of governance based on actuarial practices. Such techniques of governance emerged from the social statistics of the nineteenth century, and are generally held to decompose the subjects of liberal democracy into disaggregated individual biologies and histories, only to reaggregate them again into populations and risk profiles (Simon 1988; Hacking 1990; Foucault 1991; O'Malley 2000; Rose 1996). Uncertainty, Knight asserted, was a subjective condition resting on belief, and concerned those features of the universe not amenable to rational calculation. Risk, on the other hand, represented the mastery of uncertainty—and with it, the future—through probabilistic measurement of alternative outcomes over time.

Imaginations of risk as the rational calculation of future possibilities have been central to insurance (Defert 1991; Ewald 1991; Knights and Vurdubakis 1993). Antonio's speech quoted above attests to the rise of certain insurance practices with the expansion of European transatlantic trade in the Renaissance and early modern periods. As Kindleberger and Braudel note, before the advent of marine insurance, it was common practice in Renaissance Venice to transport goods in "little ships to divide the risk" (Kindleberger 1984:179; see Braudel [1949] 1995:306). Antonio's strategy of spreading his investments among various ship bottoms rather than trusting them to a single hold represents just one of many practices of marine

insurance (Kindleberger 1984:179). This form of security interests in ships and cargoes facilitated financial insurance against losses, and even permitted a trade in security interests and insurance shares, contributing to the rise of such institutions as Lloyd's Coffee House of London. Life insurance followed, to protect a lender's capital in the event of a borrower's early death (Kindleberger 1984:180), and, in effect, to turn the lender's risk that the borrower might die into a kind of capital in itself (Ewald 1991). "In the eighteenth century, too, insurance was taken on the lives of public figures as a wager with long odds," Kindleberger writes, and "[b]y the middle of the century actuarial tables had been produced and premiums for life insurance based on age came into existence" (Kindleberger 1984: 179).

As wagers on public officials' lives made apparent, early-modern insurance and actuarial practice contained a troubling similarity to gambling.¹ Insurance, and the conception of risk it depended upon and simultaneously empowered, only gradually became distinct from gambling, as the result of ideological and material practices that transformed the epistemological weight and ontological status of chance and mathematical means of representing it. Gambling had been morally troubling because the "erratic and fluctuating character of the gamblers' passion eroded self-control, eclipsing past commitments and future duties" (Knights and Vurdubakis 1993:739). Insurance only became distinct from gambling with the "social, moral and knowledge practices" that made risk calculation a practice of rationalization and normalization (p. 738). The interests had to overcome the passions, and a new vision of number and probability that animated statistical and rational calculations of risk allowed them, in theory at least, to do so (Daston 1988; Hacking 1990). In England, the 1774 Life Assurance Act effected this dominance of interests over passions by forbidding insurers to cover "people or events where the insurer could not prove an 'interest' in the person or event insured against" (Knights and Vurdubakis, 1993:739). Thus, economic "interest" became the legal and moral "principle of differentiation between the risks of insurance and the risks of gambling" (p. 739). Risk was thereby redefined as a "quantifiable state of uncertainty which was morally tenable" (Leyshon and Thrift 1997:17). Nonetheless, the troublesome link between insurance and gambling, as well as the rejection of the apparent profanation of human life through its commodification in life insurance, preoccupied social theorists, social reformers, and nascent consumers throughout nineteenth-century Europe and the United States (Zelizer 1978, 1979).

In the wake of the Asian financial crisis of 1998, contemporary Muslim Indonesians have been exposed to life and other forms of insurance for the first time, although not necessarily as a casual outsider (or itinerant anthropologist) might have at first predicted. In the Muslim world in general, and in the academic discipline and institutional practice of Islamic

banking and finance, ongoing intellectual and popular debate continues over the distinction between insurance and gambling (Siddiqi 1985; Muslehuiddin 1995; Hasan 1996; Husein 1997; Lupiyoadi 1997; Antonio 1997), since gambling is prohibited in Islam.² As an index of this broad debate, Browne and Kim's (1993) survey of factors influencing international consumer demand for life insurance products found a determining factor to be whether a country has a majority Muslim population. In Indonesia, the world's largest Muslim state, however, that concern is less important than other motives people have for exploring insurance, motives that are both more materialistic, and more pious, than gambling or its avoidance.

During my fieldwork in Indonesia, the issue of gambling came up only in conversations with professionals in the banking, insurance, and investing business, and never with people without such expert knowledge. One insurance salesman casually dismissed the gambling debate by stating that it is a simple "difference of opinion" (*perbedaan pendapat*) and reduced the problem to one of personal opinions cum market preferences: Some people say insurance is gambling, others say it is not. "For instance, I fly Garuda; you fly Merpati" (two Indonesian airlines).³ However, he stressed that he made sure his clients had a good understanding of the insurance product before they signed on the dotted line, in accordance with the widely held doctrine in Islamic banking that a risk entered into with eyes open as to its possible benefits and costs is permissible in Islam. The only financial services professional I met who immediately and without prompting raised the issue of gambling was a representative of the Makassar branch of the Jakarta Stock Exchange, who began our interview by stating that Indonesians are afraid (*takut*) of the stock market because they fear it is a form of gambling (*main judi*). Her mission, as she sees it, is to educate people, to make them more brave (*berani*), and thus "socialize" (*bersosialisasi*) the concept of stock market investing in Indonesia. This was a tall order in the wake of the financial crisis, and became more so after the bombing of the Jakarta Stock Exchange building itself just a few weeks later.

Despite the lack of awareness of the possible connection between insurance and gambling, except among financial professionals, Muslims in Indonesia have access to an Islamic alternative to conventional insurance, *takaful*, a scheme originally devised by international IBF professionals to serve Muslims' insurance needs without violating the letter or the spirit of Islamic law. To most Indonesians insurance of any kind is a foreign concept. Several told me they were confused (*binung*) by it or failed to see the point or the use (*guna*) of it, some even seeing it as similar to tax: paying money for something of an obscure payoff. But for others *takaful*, used as a savings account more than a life insurance policy, fulfils a very important metaphysical and mundane desire: the desire to make the pilgrimage to Mecca, the *hajj*, and thereby to establish a closer relationship with God by demon-

strating one's fealty and to increase one's standing in the local community. It is these desires, and the manner in which they are arrived at, that originally motivated this chapter. In attending to them, however, I became less interested in the way life insurance might function to insure the soul or one's standing in the community, and more interested in the moral valences of the insurance technologies themselves, their bureaucratic instantiation, and the implications they held for anthropology's disciplinary claims to knowledge.

Takaful in Indonesia fits into a network of credit alternatives, some of which date from the colonial period and most of which have their origins in colonial or national state planning. These bureaucratic inventions attempted to "fix" Indonesians and the Indonesian economy within a particular frame and toward specific productive ends. Bureaucratic means of visually representing "the economy" rendered it a whole, total system and placed Indonesians in confined boxes on the diagram in the name of economic development and in accordance with nationalist concepts of mutuality and togetherness. At the same time that *takaful* taps into those same representations and nationalist concepts, it opens them up, renders them incomplete and prevents their closure, leaving them vulnerable to risks. That vulnerability is not, however, a negative value.

This chapter ultimately is concerned with risk as a mode of governance, an ethical code, and a characteristic of anthropological analysis. It emphasizes the status of the technical and the moral in Islamic insurance practices as well as anthropological knowledge production. The bureaucratic forms of Islamic insurance and the analytical forms of anthropology, I argue, have a lot in common. This is for a variety of reasons. For one thing, transnational Islamic banking and finance knowledge practices link up with the academic social sciences in which anthropology is often located. Both Indonesian and IBF academic and professional trajectories, either jet trails or citation trails, often pass through or point toward the Western academy. In this chapter, however, I focus on a shared past of the representational techniques of modern, bureaucratic state planning, and a shared present of trucking in trust and in risk.

TAKAFUL, THE *HAʿ*, AND ECONOMIC AND EPISTEMOLOGICAL CRISIS

For regions of the country like South Sulawesi province that are dependent on export commodity production, the *krismon*, or monetary and economic crisis of 1998, was a blessing in disguise. When the value of the rupiah fell by 600 percent against the U.S. dollar in a period of six months, South Sulawesi experienced a mini-economic boom as its shrimp, squid, chocolate, and coffee became bargains on the world market, and hard currency

in the form of the U.S. dollar and Japanese yen flowed into the province. Makassar, the capital city, witnessed construction of several upscale shopping malls, complete with McDonald's and Hugo Boss. And the number of pilgrims leaving Makassar for Mecca doubled, from a steady flow of around 16,000 individuals per year from 1995 to 1999 to 30,475 in 2000. Disaggregated data at the district (*kabupaten*) level indicate that between 60 and 74 percent of the pilgrims in 2000 were women (RI Departemen Agama 2000).

The miniboom in South Sulawesi led the banks that had not failed during the crisis to develop various financial products to help Muslims save money for the *haj*. These *tabungan haj*, or "pilgrimage savings accounts," often do not accrue interest (although some do) and can be seen as a cleaner or more pure method of saving than an interest-bearing account.⁴ The real marketing gimmick and attraction, however, is that they also were linked into the national computer network through which the Department of Religion organizes and controls Indonesia's religious pilgrims. This computer network, SISKOHAT, or *Sistem Komputer Haji Terpadu* (Integrated Pilgrim Computer System) is a centralized network that connects the Department of Religion with all the banks that offer *haj* savings accounts as well as with Garuda Indonesia, the national airline. When a potential pilgrim opens an account, the Department of Religion and Garuda know immediately that she is intending to go on the *haj*. Garuda does not handle all the flights due to their limited capacity (especially after the *krismon*, when Garuda had to return several long-haul aircraft leased from Airbus in European currencies), but, through SISKOHAT, it can reserve seats with British Airways and other airlines. Without a *haj* account, and an entry in SISKOHAT's database of potential pilgrims, one could find oneself with the money but not the seat for the voyage. Bank managers informed me that most customers seeking *haj* accounts would have already saved enough money for the journey before they opened the account; their real motivation in opening one is acquiring a guaranteed reservation on an airplane.

People saving for the pilgrimage do so in all manner of ways. Some use conventional savings accounts. Some use the new *haj* accounts. As discussed in the previous chapter, the national Indonesian pawnbroker, Pegadaian, even began minting small gold coins of various weights and promoting them as a safe, stable, and Islamically pure method of saving for the pilgrimage, complete with graphs and charts demonstrating the relative stability of the price of gold compared to the wild fluctuations of the rupiah. Islamic life insurance, *takaful*, entered this scene as another popular means of financing one's pilgrimage.

Being relatively unfamiliar with life insurance and its marketing before beginning research into global Islamic banking and finance, I admit that I felt a good deal of confusion after an employee of one of Makassar's Islamic life insurance companies presented me with scores of marketing brochures

and photocopied handouts explaining the *takaful* system. This confusion was not merely due to linguistic barriers; some of the material was in English. But most of it just seemed not to parse, even with the aid of a dictionary, a fluent speaker, and many native speakers of Indonesian whose introduction to *takaful* came through my brochures and questions. In advance of my subsequent meetings with employees of this life insurance company I began writing questions on self-adhesive notepaper and attaching them directly to the brochures.

A brochure titled *Takaful Asuransi Syariah* contains information on three types of insurance: *Takaful dana siswa*, *Takaful dana haji*, and *Takaful dana investasi*. These translate to *takaful* student fund, pilgrim fund and investment fund, respectively. Helpful charts demonstrate how Ali, age thirty, can pay his premium of Rp. 1 million a year for seventeen years and fund his children's education; how Umar, also age 30, can pay his premium for ten years and fund his pilgrimage; and how Usman, 30, can after twenty years double his money and accumulate nearly Rp. 42 million. Off to one side, for each example, the brochure notes what would happen should Ali, Umar, or Usman die five years after taking out their insurance policies; in each case, their beneficiaries would receive between Rp. 10 million and Rp. 20 million. But these explanations are marginal. The text heading "Manfaat 1" (Use or Benefit 1) for each policy, explaining how the policy works to fund education, pilgrimage, or investment, is in bold-faced type. An unbolded and unlabeled "2" notes, "If Ali dies during the term of the policy (say in the fifth year)," and proceeds to note the benefit to spouses and children.

The self-adhesive note I attached to this brochure, written just hours after I had received it, asks, "Are these more like investment accts? I don't understand . . ." It seemed to me at the time that the life insurance aspect of these policies was beside the point. They were investment funds. Upon e-mailing a colleague in the United States whose father had been a door-to-door insurance salesman, I learned that her father's most effective marketing ploy had been to sell life insurance policies as a form of savings account, and not as a means of providing for the comfort and well-being of widows and children after a male breadwinner's demise (or speculating on a hated spouse's untimely and arranged passing, as Barbara Stanwyck's character does in *Double Indemnity*!).⁵

This was the draw of *takaful* for middle-class Muslim women in Makassar. The use and explicit promotion of life insurance as a savings mechanism was, then, essentially the same as for some people in the United States, and a feature of bureaucratic rationality and capitalist modernity that goes without saying for everyone (except me, apparently) because so self-evidently obvious. Anthropologists drawn to the study of bureaucratic forms and structures point out the apparent failure of knowledge that occurs when the "other's" bureaucracy looks like so much indigenous sociol-

ogy or anthropology, indistinguishable from our knowledge practices and commonsense (Riles 2000; Strathern 1999; see also Shore and Wright 1999; Herzfeld 1992). There seems to be nothing to say, no hidden meaning to discover, since bureaucratic practice and its auto-documentation is so transparent, rational, and familiar. Anthropology, faced with the mundane, is left in an epistemological quandary: what is there left for it to do (Riles 2000)?

MUNDANE CREDIT AND SAVINGS ASSOCIATIONS

In a sense, *takaful* as a means of saving for the *hajj*, although probably relatively unfamiliar to most and only recently on the scene in South Sulawesi, can be mundane for Indonesians, as well. It fits into the large palette of formal and informal credit and savings options at people's disposal reviewed in chapter 5. At one end are bank accounts, credit cards, and life insurance policies, even stock market portfolios. At the other end are informal mutual assistance organizations and rotating credit associations, including supposedly traditional associations such as *arisan* and labor-sharing *gotong royong*. Somewhere in between are organized, bureaucratized cooperatives (*koperasi*), an explicit element of Indonesian development policy instituted at the founding of the Republic by the Constitution of 1945, and less organized, more informal *koperasi*. There are about eight hundred official cooperatives in South Sulawesi province.

Rudi was a thirty-two-year-old man from Makassar who worked for a government-supported cooperative. At the beginning of June 2000 with a small group of friends (initially, four) and an initial pooled investment of Rp. 3 million, he started an informal *koperasi* to provide small loans and generate revenue for a performance group he and some other members of the *koperasi* are involved with, as well as for the *koperasi* members themselves. Charging 10 percent interest for friends and 15 for others who joined the *koperasi* during the month of June, the *koperasi's* capital stood at Rp. 3.76 million in just one month.⁶

In addition to his own *koperasi*, Rudi is a member of the cooperative that employs him and an *arisan* made up of a circle of friends who also work at that cooperative. During the same month in which he established his informal *koperasi*, Rudi pawned his motorcycle for cash to help his parents in the countryside make repairs to their house. He did so with the knowledge that he was next in line to receive a payment from his *arisan* and that, given the health of his informal *koperasi*, he would be able to make up the difference with a small loan to himself and repurchase his motorcycle within the month. All of these credit and savings alternatives articulate and work together, and, thanks to the pawnshop, work together with whatever relatively valuable items a person might have at his disposal to convert

into ready cash. For those who have them, *takaful*, bank accounts, bank loans, credit cards, and the like can operate as other such credit and savings alternatives.⁷

There is a crucial difference, however, between *takaful*, Islamic banks and credit associations like cooperatives and *arisan*, on the one hand, and conventional banking and credit, on the other. Indonesians I spoke with objectified the former in the same manner, using the same terms and even the same or very similar diagrams to explain them to me. They did not do so for the latter. They also objectified the former in terms that occupy an important place in nationalist discourse, and, in particular, Old Order, Sukarno-era discourse. As I discuss further below, this objectification is a kind of indigenous economics (after Riles's [2000] indigenous sociology) that turns the knowledge practices of social science to ends that are perfectly legible within its terms but unanticipated by them.

Thinking to further develop his *koperasi* to provide more funding for his performance group, Rudi decided to write a grant proposal to an international nongovernmental organization interested in microcredit. He showed me a draft, which included a list of goals (*tujuan*) for the cooperative. These included "freeing the target group from usurers," "developing the economy of Indonesia," and "creating a field of employment."⁸ To me, these seemed rather grand goals for a cooperative that, at the time, had fewer than twenty members (when in reality they are no grander than any act of social-scientific analysis). When I asked him to explain how a cooperative would further those goals, Rudi stated that it would strengthen cooperative spirit, mutual help, and togetherness. The terms he used were *semangat berkoperasi*, *tolong-menolong*, and *bersama-sama*.

After my very first visit to the Islamic life insurance company, I asked an Indonesian friend, who had been my most patient language instructor, to explain to me why life insurance was *asuransi jiwa* (lit., soul or spirit insurance) and not something like *asuransi pribadi* (personal or individual insurance). The very idea of there being an *asuransi pribadi* puzzled him. In trying to explain *jiwa*, he used his right hand to gesture toward his heart or liver (the same place on the torso that people gesture toward or touch after shaking hands with someone) and waved his hand up and down, fingers pointing inward to that spot on the torso. He said "everybody has it," and "it's like *semangat*" (*seperti semangat*). *Pribadi*, in contrast, is not something shared by everyone, but refers rather to a specific characteristic of someone.

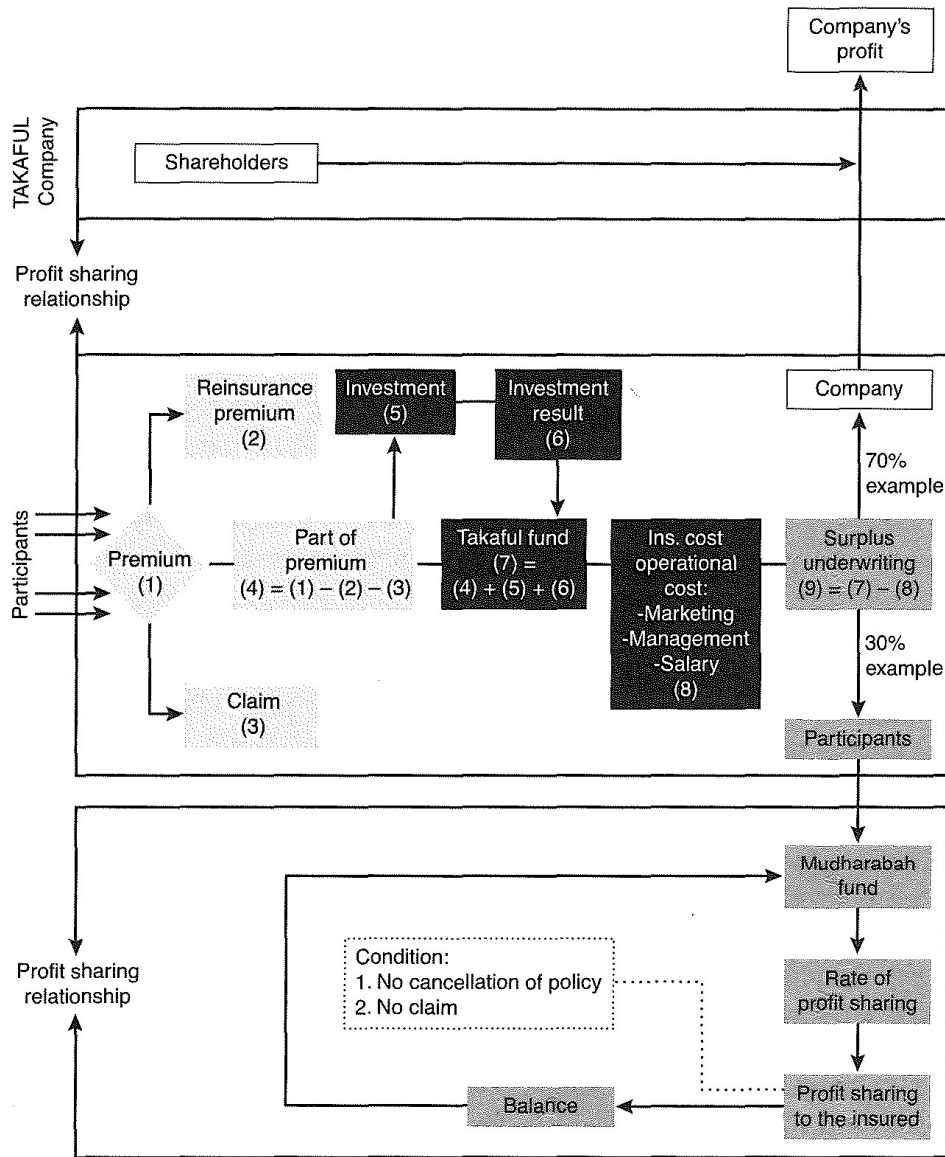
Given his definitions, and in a fit of frustration with the language and apologia for the insurance industry, I came away grumbling that *pribadi* should be the best term after all, since life insurance *needs* to be overwhelmingly concerned with highly specific characteristics of an individual in order for it to be profitable in the long run. Persons *need* to be disaggregated into characteristics and behaviors so that risk profiles, actuarial ta-

bles, and the law of large numbers can enable the insurer to set premiums, manage risks, and make a profit. *Jiwa*, to me, resonated more with concepts like *bersama-sama* or *tolong menolong* (togetherness and mutual assistance) than profiling or actuarial practice. And yet the whole point of *asuransi jiwa* is to deal with risk. Yet, again, maybe not: after all, the real motive behind people's choice of *takaful* over other forms of insurance is in fact the promise of a rate of return, because *takaful* is an investment fund: people earn a return from their life insurance account, and do not actually see their money disappear into never-never land "like a tax," as some said was the case with conventional life insurance.

The actual mechanics of *takaful*, the way it generates a return for its clients, do suggest that it serves the purpose of togetherness and mutual assistance more than it does individualizing, profiling, or the disaggregation of the person into constituent risks, and that the term *jiwa* is appropriate after all. *Takaful* functions through a particular kind of contract popular internationally in Islamic banking and finance called *mudarabah*.

A *mudarabah* contract is a profit-and-loss sharing equity partnership agreement that provides a means for financing business activity without the use of interest-bearing loans. Investors provide funds to a business enterprise and receive a predetermined proportion of the profits of that enterprise together with the return, over time, of their initial investment. They also absorb a predetermined share of any losses. *Mudarabah* thus spreads the risk of business among investors and enterprises and is deemed a just and fair financing mechanism for this reason. The Indonesian term for profit sharing of this kind is *bagi hasil*, and the term is ubiquitous in discussions of Islamic finance (and one that hides the fact that *mudarabah* is also loss sharing). Most people I interviewed, when asked if they knew anything at all about Islamic banking and insurance, replied, "Oh yeah, *bagi hasil*!"

A diagram in the Islamic life insurance company's packet of information renders visible the profit-sharing mechanism at work (fig. 6.1).⁹ Clients' premiums are invested with businesses and banks in a profit-and-loss-sharing system. Returns on the investments are added into the general fund. The operating costs of the insurance company are deducted from the fund. Of the surplus, 70 percent becomes company profit. Thirty percent is placed into another *mudarabah* fund, managed by the insurance company and financing business enterprises. The profits by the clients are based on their contributions in the form of their premiums, and recirculated into the *mudarabah* fund. The recirculation is interrupted only if a client withdraws from the system or files a claim. As the diagram makes clear, there is thus a profit-sharing relationship between the clients and the shareholders in the insurance company, and among the clients themselves. The net result: the spirit of mutual assistance.

Figure 6.1 The *Takaful* Mechanism

NATIONAL ECONOMIC KNOWLEDGE AND FIXED OPEN-ENDED CONCEPTS

Indonesian terms like *koperasi*, *gotong royong*, and *tolong-menolong* became central to state power and state reorganization of the rural countryside during the postindependence period (Bowen 1986).¹⁰ Their use in political and nationalist rhetoric and economic planning can be traced to the speeches of Mohammad Hatta, the first vice president of Indonesia. Indeed, my first exposure to the terms was during language study, when I

turned the page of my textbook and found myself reading a short passage by Hatta himself. During the Japanese occupation, Hatta's speeches invoked *tolong-menolong*, mutual assistance, a term I found much more widespread than *gotong royong*. The latter term came to prominence in his postindependence lectures on creating "indigenous democracy" based on traditional "uncorrupted" village lifeways (see p. 549), and achieved national significance in Sukarno's "Birth of Pancasila" speech delivered on June 1, 1945: "The Indonesian State that we erect must be a *gotong royong* State! How splendid! A *Gotong Royong* State!" (quoted on p. 551). As Bowen summarizes, for Sukarno-style nationalism, *gotong royong* would "bring together Christians and Muslims, rich and poor, and native Indonesians and naturalized citizens in a mutually tolerant struggle against the enemy" (p. 551). Bowen charts subsequent shifts in the term's fortunes, as the 1965 attempted coup led to the rise of Suharto and the recently dissolved New Order. There, *gotong royong* came to stand for "state intervention in village life" rather than "the horizontal interaction between functional groups that make up the nation" (p. 552). And its new versions led to fresh and sometimes resistant responses (p. 555). Ultimately a misrecognition of forms of reciprocity, it became a polyvalent vehicle for national aspirations and national consolidation throughout the twentieth century (p. 555).¹¹

Thus, the mundane credit and savings associations and mutual assistance schemes in which many Indonesians are involved were either actually instituted and promoted by, or, minimally, touch on, the state apparatus and state economic planning, as noted in chapter 5. J. S. Furnivall's classic texts on Netherlands India's "plural economy" demonstrate that the same was true in the colonial era. Furnivall documents Dutch efforts to link village cooperatives into banks and larger credit organizations, as well as to create state pawn shops and agricultural credit banks (1939:357; see Furnivall 1934a and 1934b). De Wolff's visions were implemented by the colonial government, and garnered considerable profit (Furnivall 1939:359). Furnivall noted certain structural weaknesses in the system, however, due, he thought, to their limited reach—they mainly served civil servants—and the "non-cooperation movement," which had "stimulated the foundation of numerous 'wild' co-operative societies, free of Government control" (about which "little information is available," he wrote; 1939:359–60). As previously noted, Furnivall worried that the existence of these "wild" societies indicated that "past neglect of co-operative credit by the State may lead to the growth of a co-operative movement among the people with a greater vitality than a movement depending on the support of the Government" (p. 361).

Subsequent nationalist political economic planning ironically warranted Furnivall's prediction, and in two senses. First, Sukarno and Hatta's anticolonial vision of mutual assistance and cooperation signaled in terms like *gotong royong* was just such a cooperative movement from among "the people" (read: non-Dutch) with incredible—stifling, even!—vitality. That it would succeed in achieving the tight centralization of the state that both Old Order and New Order Indonesia are famous for is testament to that success. Second, at the same time and running parallel to Old and New Order attempts to enforce cooperation, all the mundane credit and savings associations people use for their everyday needs trundled along, with a popular vitality that exceeded their putative state control and organization. There are still, after all, "wild" cooperatives like Rudi's. Using state forms and guidelines for how cooperatives should work, and using standardized double-entry accounting ledgers to record credits and debits (fig. 6.2), they do not touch on the state in any other way (except through the use of the national currency) but reach instead toward international NGOs for funding and legitimacy.

Furthermore, there are Islamic systems of savings and credit that also escape the state, even though they have been partially instantiated by it. As Robert Hefner has documented, Islamic banking in Indonesia grew from efforts of Muslim intellectuals to benefit the country's poor Muslims against perceived economic domination by ethnic Chinese, to carve a place for themselves in Indonesia's New Order power structure, and to create a client base of their own for political purposes (Hefner 1996, 1998). Indonesia's national Islamic bank, Bank Muamalat Indonesia, was established with the assistance of ICMI (Ikatan Cendekiawan Muslim se-Indonesia), the government-sponsored Muslim intellectual organization established in 1993, as were numerous Islamic credit cooperatives (Bitul Maal wa Tamwil, or BMT, which function like cooperative societies but use *mudharabah*). In my interviews and informal conversations with people, even professionals and academics interested in Islamic banking and finance, I found that many believed ICMI-sponsored activities to be an effort to create patronage relationships with the poor and to create, in the words of one, "a new economic dependency" (and he used English for this phrase). Some saw ICMI's efforts as a crass attempt to maintain relevance in a post-Suharto Indonesia by focusing less on political power and more on economic power. For many, however, the ICMI-inspired architecture of Islamic banking in Indonesia was simply *tidak jelas*, unclear or confusing. What was clear, and did make sense, was the principle of *bagi hasil* and the spirit of cooperation and mutual assistance they thought Islamic banking facilitated—principles taken from the toolkit of Sukarno-era economic planning but set in motion for new tasks.

TGL.	NO TR	KETERANGAN		DEBIT	KREDIT	SALDO
6 JUN 00	01	Mada Aya	Rp	1.300.000		Rp. 1.300.000
6 JUN 00	02	Kreditur sdr Andi P	Rp	600.000	Rp 500.000	Rp 800.000
8 JUN 00	02	Kreditur sdr ERNI	Rp	300.000	Rp 300.000	Rp 500.000
8 JUN 00	02	Kreditur sdr Hj. ATI	Rp		Rp 500.000	-
9 JUN 00	03	Angsuran Hj. ATI	Rp	19.000		19.000,-
9 JUN 00	01	Tambahan modal dir. KZ	Rp	1.700.000		1.719.000
11 JUN 00	02	Kreditur Oldy			50.000,-	1.669.000,-
10 JUN 00	02	Kreditur NOSTA			100.000	1.569.000
10 JUN 00	02	Kreditur Alam			60.000	1.509.000
12 JUN 00	03	Angsuran Kred ERNI	Rp	30.000		1.539.000
12 JUN 00	02	Kreditur ANI			600.000	939.000
12 JUN 00	03	Angsuran Kred Hj. ATI		28.000 ✓		977.000
12 JUN 00	03	Angsuran Kred NOSTA		4.000		981.000
13 JUN 00	03	Angsuran Kred Hj. ATI	Rp	19.000		1.000.000
13 JUN 00	03	Angsuran Kred ERNI		20.000		1.020.000
	03	Angsuran Kred ANI		40.000		1.060.000
	03	Angsuran Kred NOSTA		4.000		1.064.000
14/6/00	03	Angsuran Kred NOSTA		4.000		1.068.000
15/6/00	03	Angsuran Kred ANI		40.000		1.108.000
	03	Angsuran Kred ERNI		20.000		1.128.000
16/6/00	03	Angsuran Kred NOSTA		4.000		1.132.000
16/6/00	03	Angsuran Kred Hj. ATI		36.000		1.170.000
JUMLAH :						⇒

Figure 6.2 A page from the *koperasi* ledger

Let me spell this out further. On the one hand, nearly everyone I talked to identified Islamic banking as *bagi hasil* and as a good thing. At the same time, almost all also commented that Islamic banking was *tidak jelas*, unclear, generally spoken to indicate a negative value. Similarly, in this post-Suharto moment of freer speech and exciting and dangerous possibilities, and in the wake of the economic crisis (which for Makassar was a mini-boom), while many expressed dissatisfaction with all things having to do with the central state apparatus, all agreed that they trusted state banks more than private banks. A volunteer worker for ICMI itself said he found

Islamic banking not merely unclear but boring (*bosan*). He complained that not only was it identical (*sama*) with conventional banking, but it was also insincere (*tidak ikhlas*), possessing the name and nuance of Islam only (*hanya nama Islam dan nuansa Islam saja*).

The apparently paradoxical nature of people's relation to the state and state institutions, discourses, and vocabularies is a clue to the apparent paradox in their embrace of Islamic banking as *bagi hasil* and simultaneous assessment of it as *tidak jelas*. Just as in Furnivall's day of the "wild" cooperatives flourishing alongside colonial cooperative institutions, the subjects of state planning exceed their emplotment or enframing in bureaucratic forms. As they do so, they take along the tools of the trade—double-entry books, the principles of *tolong-menolong* and *bagi hasil*, and the organizational forms that enable and instantiate them. So, although Islamic financial products like insurance may be considered unclear or confusing, as *bagi hasil* they articulate neatly to the mundane credit and savings associations of Indonesian nationalist thought and its hegemonic transformations in popular life. *Bagi hasil* conjoins Islamic insurance and cooperative credit the way *koperasi* (an ambiguous cognate) suggests both corporate and cooperate.¹²

Returning to life insurance, what is striking about it is that it insures the *jiwa*, the life-force, and participates in the spirit of cooperation or *semangat berkoperasi* that characterizes other credit and savings systems. Unlike conventional insurance, which is like a "tax," *takaful* carries a promise of return through *bagi hasil*, the same *bagi hasil* that mutually reinforces *jiwa* and *semangat*. Conventional insurance is closed; one gets a return only when the policyholder dies. *Takaful* is open; one continuously gets a return, even as that return is cycled back into mutual investments in nested profit-and-loss sharing contracts. Note that the only dotted lines on the diagram (fig. 6.1) indicate the possibility of that closure. Even the closure of death is represented as a tentative potentiality, not a certainty.

Consider Susan Buck-Morss's (1995) discussion of the manner in which the economy has been made visible in European and American world-orderings. Since the economy is "not found as an empirical object" it must, "in order to be 'seen' by the human perceptual apparatus . . . undergo a process . . . of representational mapping. . . . The map shifts the point of view so that viewers can see the whole as if from the outside, in a way that allows them, from the inside, to find their bearings" (Buck-Morss 1995:144; see also Castree 1999; Bloomfield and Vurdubakis 1997; Mitchell 1998). She contrasts messier representations of the economy with the minimalist visual displays of neoclassical economics like the classic supply-demand curve that fixed economics as a science, a science that measured observable facts and postulated universal laws. Economics' minimalist envisionings of the economy represent for Buck-Morss the impoverishing of

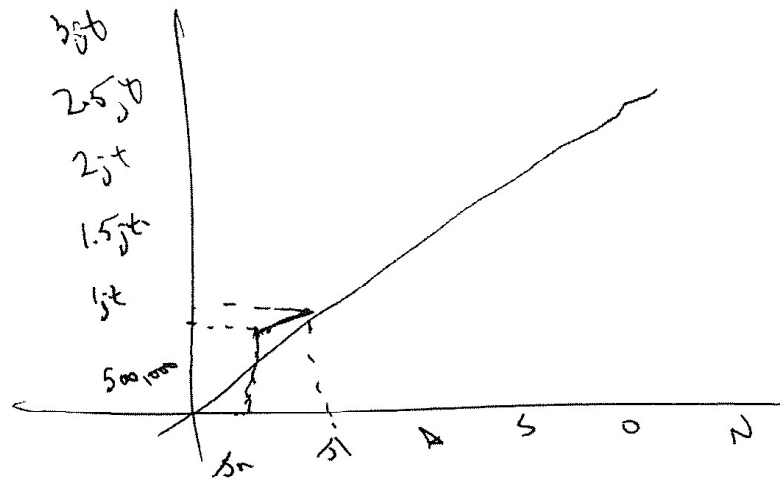


Figure 6.3 Rudi's sketch of the projected yield (*hasil*) of his *koperasi*

political economy's philosophy to the point where "it appears to make no metaphysical claims" at all (1995:465)—the point where it simply reflects the real at the end of ideology and analysis.

Even more minimalist, however, is Rudi's drawing of the *hasil* of his new *koperasi* (fig. 6.3). Looking for all the world like an econometric graph, the line itself is not identical to the lines of similar, more familiar projections of profit. This *hasil*, after all, this yield of investment and inventiveness (for the term *hasil* refers to products of the mind as well as products of the field) will be *dibagi-bagikan*, divided, shared, separated into parts. The line is not contained within itself for it already bundles together intrinsic parts (like the sections of an orange, or corns on a cob, or the word *dibagi-bagikan*), themselves effects that enable him to discern the *semangat berkoperasi*, the corporate/cooperative spirit. It is not a line with an origin point and a destination. One might name it a line of continual becoming (Deleuze and Guattari 1987:293); but doing so might undo its lateralizations with other forms by forcing it under one universal cover of law.

Now, consider Shelly Errington's discussion of *semangat* (or *sumange*) in South Sulawesi: "intangible, . . . it cannot be seen, heard, touched, tasted or smelled. The fact that it cannot be perceived by the senses means that its presence can be discerned only by its effects" (Errington 1983:555). *Semangat* also both unites and divides, she writes (p. 568), and resonates with Geertz's Javanese "conception of the cosmos being suffused by a formless, constantly creative energy" (Geertz 1972:7). Errington's *semangat* also strangely prefigures Moise Postone's (1993) riff on Marx's "abstract labor," which is also made visible only through its effects, like the commodity form, money, and capitalist time. Here, perhaps, *semangat* is made visible through

takaful and *haj* savings accounts, gold coins from Pegadaian, and the cosmological and national time of Islam and Indonesia.

Finally, consider again the *takaful* diagram (fig. 6.1). Similarly minimalist, it only exhausts itself for *our* analytical metaphysics; it is not self-identical to those metaphysics but, like the concepts of the state when they appear in mundane credit and savings associations, a tool that becomes a means to another end. Only this end is open, not final. Bureaucratic representations of the *takaful* system represent this openness in the two spaces of *bagi hasil*, labeled “Profit Sharing Relationship” on figure 6.1. The flow chart only dead-ends if the policyholder dies or cancels his or her policy. Otherwise, the system remains open-ended, a continuous means, as it were, and not a means to an end.¹³ It remains unstable, too, because that relationship is also a loss-sharing relationship. But that is the nature of the risks of trust and insurance, the instability of fixed yet open concepts.

MUTUAL ANTHROPOLOGICAL LIFE INSURANCE, LIMITED

Sociologists and others influenced by the literature on governmentality (Foucault 1991; Ewald 1991; Defert 1991; Simon 1988) and Ulrich Beck’s (1992) conception of “risk society” describe insurance’s rationalizing effects and speculate on its consequences for democratic personhood and community. This position has been criticized for unwittingly accepting the “actuarial standpoint” of its object of study (Baker 2000:559; O’Malley 1999). Tom Baker’s (2000) excavation of the moral discourses of insurance suggests that actuarial practices do not merely disaggregate the person into measurable, quantifiable risk factors but morally evaluate the person—does she have bad habits?—and morally entrusts the person, as well: will he stage an accident to make a claim, or will he be killed by his wife for the insurance money? The measure of the man taken by the actuary is always-already both statistical and moral (and gendered), as the dramatic conclusion to the classic film noir *Double Indemnity* made clear. Baker demonstrates how insurance also involves moral assessments of institutional arrangements and bureaucratic systems (“efficiency,” “social welfare”; see also Bennett 1999, 2000). The case of Islamic insurance makes this even more apparent. Self-consciously positioned as a moral and ethical alternative to conventional insurance, it employs the same actuarial tables and statistical conventions while serving the perceived needs of the faithful, whether those needs be to provide for family after death or save money for the holy pilgrimage. Indeed, Islamic insurance merely makes explicit what was implicit in the actuarial technique of insurance, and what critical analysis of insurance needed to bring out into the open to fulfil its own critical

desires—that it is a form of moral or ethical evaluation, that its facts are always-already values.

Viviana Zelizer argued, for instance, that nineteenth-century Americans viewed life insurance as dangerously commensurating incommensurables: a human life (or death) and economic, monetary value (Zelizer 1978, 1979; see also Espeland and Stevens 1998). Ritualizing life insurance as an ethical responsibility toward one's kin and a means of remembrance of the departed solved this moral problem. The ritualization reconciled "human values" with "market values" (Zelizer 1978:591, 1979; see also Beito 1999; Whaples and Buffum 1991; Jureidini and White 2000). No such ritualization is needed for Islamic insurance: the life insurance product, explicitly figured through Islam, is already a moral technology: purchasing Islamic life insurance over conventional life insurance is by definition the ethical choice. Islamic insurance, by its very nature, recognizes the inseparability of the moral from the technical. And if insurance poses any moral problem at all, it is not commensuration. Rather, at least for IBF professionals and intellectuals, if not for actual clients, moral and mortal dangers lie in conventional life insurance products that seem to verge on gambling or speculation, or that touch other financial products or relationships involving interest-bearing debt.

If some analyses of insurance have unwittingly reproduced the calculative, rationalizing actuarial standpoint, does it matter when other analyses of insurance adopt its *moral* standpoints? Can either form of theoretical reflection help but to do what it does, especially when the people one studies move simultaneously within various technical discourses of calculability, rationality, and actuary as well as moral discourses of character, social welfare, and even faith?¹⁴ This is not just an issue for explicitly religious financial forms (or their "secular" counterpart, socially responsible ones). With the dominance of neoliberal formulations of governance and free markets, sold not only as the only possibility for being-in-the-world but also the only morally correct one—where government intervention in the private domains of the economy or the person is not only inefficient, but morally suspect if not evil—it should come as no surprise to find moral and technical articulated together in a seemingly indissoluble relationship. And this lack of surprise is strangely comforting and familiar to an anthropology that puts its faith in a holism content to relate parts to other parts in complex wholes in which elements from one cultural domain inform and intertwine with elements from others, or in which hybrid or blurry objects demand perspective-shifting, blurred, and hybrid analysis (Strathern 1992a, 1999).

Where does that actually leave analysis? In other words, what are the implications for anthropological knowledge when the theoretical form of analysis (anthropological holism, showing how the moral is technical and

the technical is moral), the bureaucratic form of the object (Islamic insurance, always-already a moral-technical whole, a hybrid), and the cultural form of people's social interactions and beliefs (using insurance for one's metaphysical and mundane desires and hybridizing state and popular forms of credit and savings) all seem uncannily to converge (Riles 2000)?

It is not at all clear, however, that the bureaucratic form of the object in this case stitches together the kind of *complex* or *hybrid* wholes anthropologists like to see and social practice seems always to entail. If anything it is straightforwardly minimalist, especially in its visual representations. If in this chapter I have emphasized the way bureaucratic practice envisions its activities and its objects, it is with the aim of devising anthropology from its commitment to seeing things through others' eyes and thereby distancing our knowledges from theirs. This might be taken as an abandonment of the discipline's relativist stance, its own grounding as not merely an academic discipline but a moral mission. It could also be taken as an abandonment of analysis altogether. Like Shakespeare's Antonio, however, I mean it rather as an exhortation not to entrust our ventures to one bottom or place, to the comforts of anthropological holism, or to the fortunes of the past or present. The strategy is open-ended, but limited—in other words, a spirit of mutuality, and a form of insurance.

CHAPTER 6

MUTUAL LIFE, LIMITED: INSURANCE, MORAL VALUE, AND BUREAUCRATIC FORM

1. This important point is brushed aside in Kindleberger's encyclopedic and authoritative *Financial History of Western Europe*. His blanket statement that "financial institutions were needed to cope with risk efficiently and . . . they developed, at different times in different societies . . . largely in spurts, and in parallel with other financial institutions" (Kindleberger 1984: 182) neglects the moral and cul-

tural embeddedness of insurance practices in ideas about the disruptive “passions” (Hirschman 1977; see also Baker 2000).

2. I do not wish to linger over questions of doctrine here. For the purposes of this chapter, the basic proposition is that we live in a universe of risk and uncertainty (*gharar*). Taking risks with the hope of a gain has a positive value, although one must enter into such risks with as much knowledge about the possible gain and loss as possible and must also be responsible for the losses and not off-load them onto someone else. Loaning money with interest (*riba*) shields the lender from the risks borne by the borrower, since one is guaranteed a rate of return regardless, and should the borrower default, the lender has claim on the borrower’s property. Courting risks for the sheer fun of it, as in gambling, and courting risks by choice that would not otherwise impact one’s life and work, is also forbidden. Siddiqi 1985, published by the Islamic Foundation in Leicester, United Kingdom, is the most commonly encountered source on Islamic insurance within IBF circles. The other sources on insurance listed are in Indonesian; of them, Lupiyoadi cites Siddiqi. Siddiqi was translated into Indonesian in 1987. In my credentializing course in Islamic banking and finance, the section on life insurance spent considerable time on the distinction between insurance and gambling.

3. Given the abolition of Indonesia’s national lottery in recent memory, at the insistence of Muslim intellectuals and leaders, the casual equivocation around the topic of gambling is somewhat striking, though perhaps not surprising given the sorts of critical casuistry that characterize Islamic banking, as discussed in chapters 1 and 2.

4. The Indonesian case is particularly interesting in that Mohammad Hatta, the first vice president of Indonesia after independence, and an architect of many of the country’s cooperative credit and finance systems, made a distinction between prohibited interest (*rente konsumtif*) on loans for consumptive purposes and necessary, less onerous (to him) interest (*rente produktif*) on loans for productive purposes. The latter constituted a form of capital and the productive *rente* was a share of the profits earned by the borrower with the lent capital. Even with productive *rente* Hatta believed the rate of interest should be reasonable—he decried a bank’s charging 40 percent interest on productive loans. The effect of Hatta’s drawing of distinctions between different forms of interest is that Indonesians, even devout Muslims, do not always agree on what exactly constitutes *riba* and what does not. See Rahardjo 1988 for a discussion of Hatta’s writings on interest.

5. Did the film promote, or simply reflect, the gendered associations of life insurance in the West?

6. Readers have been surprised by this figure. People borrowed and rapidly paid back small loans (usually within a week of borrowing); the interest was levied at 10 or 15 percent for each loan (i.e., the interest is not calculated per annum, but per transaction!). And, other members joined during the month, adding their capital to the shared pool.

7. The pattern of using pawn shops as one of a set of credit organizations rather than as a last resort in dire need seems long-standing. Laanen (1990:263) notes that during the colonial period the use of government-created pawnshops supplemented

other forms of savings and credit and “facilitated the monetisation of the indigenous community.”

8. “Melepaskan kelompok sasaran dari lintah darat; membangun perekonomian Indonesia; menciptakan lapangan kerja.”

9. Virtually identical representations of *takaful* appear in two separate chapters of a book published by the University of Indonesia titled “Concepts of Islam and Economics” (Antonio 1997, fig. 5; and Husein 1997, figs. 4a and 4b).

10. Bowen notes that although many Indonesians imagine the term *gotong royong* to be Javanese, in fact it seems to be of Indonesian (i.e., national state) provenance (1986: 546).

11. That several education textbooks contain guidelines on how to instill the spirit of *gotong royong* (e.g., Lie 1999) suggests that this particular nationalist project still has some pull for Indonesians as it is reimagined in the post-Suharto era.

12. Much as in Boellstorff’s (2003) analysis of mass media, where a dubbed television program creates a nonoriginary performance that is never self-contained. The word *corporation* would generally be translated *perusahaan*, after *usaha* (“effort”). It might also be translated *badan hukum* (in the sense of the body corporate at law). In some situations, however, the word *koperasi* might stand in for “corporation,” especially when collective enterprise or investment (as in a joint stock corporation) is being emphasized. It is unclear to me whether this would be considered a metaphorization (a joint stock corporation is like a *koperasi*) or a strict translation. On language ideologies in Indonesia and the linguistic transformation of nationalist discourse, see Boellstorff 2004.

13. I am indebted to Annelise Riles for conversations on means and ends.

14. The contingent effects of the intertwining of the sacred and the secular on the *hajj* itself has received anthropological attention; see Bernal 1994; Delaney 1990; and O’Brian 1999.

Mutual Life, Limited

ISLAMIC BANKING,
ALTERNATIVE CURRENCIES,
LATERAL REASON

Bill Maurer

PRINCETON UNIVERSITY PRESS
PRINCETON AND OXFORD

Copyright © 2005 by Princeton University Press
Published by Princeton University Press,
41 William Street, Princeton, New Jersey, 08540
In the United Kingdom: Princeton University Press,
3 Market Place, Woodstock, Oxfordshire OX20 1SY
All Rights Reserved

Library of Congress Cataloging-in-Publication Data
Maurer, Bill, 1968–
Mutual life, limited : Islamic banking, alternative currencies,
lateral reason / Bill Maurer.
p. cm.
Includes bibliographical references and index.

ISBN 0-691-12196-6 (alk. paper) — ISBN 0-691-12197-4 (alk. paper)
1. Banks and banking—Religious aspects—Islam. 2. Banks and banking—
Islamic countries. 3. Finance—Religious aspects—Islam. 4. Finance—
Islamic countries. 5. Money. 6. Currency question. I. Title.

HG3368.A6M378 2005 LL
332.1'0917'67—dc22 2004019757

British Library Cataloging-in-Publication Data is available

This book has been composed in Janson
Printed on acid-free paper. ∞
pup.princeton.edu
Printed in the United States of America
10 9 8 7 6 5 4 3 2 1

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