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<https://escholarship.org/uc/item/5fx4j54k>

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Publication Date

2012-12-01

DOI

10.4324/9780203356920

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3 Re-formatting the economy

Islamic banking and finance in world politics

Bill Maurer¹

Origins

There are twenty invocations of *riba* – literally ‘increase’, often translated as usury or interest – in the Qur’an. Five verses in particular stand out:²

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 mended his ways may keep his previous gains; God will be his judge. Those that turn back [turn again to *riba*] 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 [*yurbi*, root: RaBa]. 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. If you repent, you may retain your principal, suffering no loss and causing loss to none.

2:278–279

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 especially intriguing, for it brings together *riba* and *zakat* (alms; also, literally, 'increase') like two sides of a ledger that cancel each other out.

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 includes all 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 US 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,³ also encouraged the development of a loosely knit interconnected network of Muslim international businessmen, 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 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. Reputable Islamic finance scholars or professionals in Pakistan and the Middle East owe much of their prominence to their diasporic connections, or the international authority they have acquired through their travels West.⁴

There are two kinds of origin stories about IBF. The first centers on the meaning of Qur'anic verse, and is a scriptural origin story. One variant of this kind of origin story proposes that Muhammad, a merchant by trade, incorporated fair and just economic principles into his teachings and in his daily life. 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 its cue from interpretations of Islamic law that emphasize social justice and redistribution.⁵ 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.⁶ The second variant 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.⁷

The other kind of origin story is socio-political. It essentially brackets the question of the 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.⁸ Decolonization and independence movements, coupled with Islamic revivalism, fostered the re-discovery or re-invention of classical contractual forms and doctrines.⁹ 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 than 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.¹⁰ 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.¹¹ 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,¹² and the tension between modernist and neo-revivalist interpretations of scripture.¹³ One variant of the

socio-political origin story tends to see IBF as providing 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.

It is tempting to attempt to locate the first kind of origin story, the scriptural story, solely within IBF worlds, and the second, the socio-political, 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 is incumbent on the faithful. The second kind clearly comes from social scientific modes of inquiry into social, historical and political origins, causes and consequences of human activity, whether or not those humans ascribe their actions to divine guidance or divine plan. Yet what is striking is the extent to which these stories and their variants intertwine with one another, sometimes in apparently contradictory ways, sometimes not, and are 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 IBF. This observation is the starting point for this chapter.

Formats and distinctions

The distinction between Islamic and conventional finance (which is 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. What is surprising, however, is the extent to which questions of faith or belief take a back seat 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 chapter will not challenge, and ultimately supports. Indeed, IBF practice holds a mirror to conventional practice and reveals its non-modern 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.¹⁴

Islamic banking and finance provides a perfect example of what economic sociologist Michel Callon describes as the 'performance' of the economy, the processes through which explicitly articulated economic theories serve 'as a frame of reference to institute each element of the market'.¹⁵ Islamic economics configures and formats the new object called 'the Islamic economy' or 'the

Islamic financial system', but where Callon delineates 'the essential contribution of economics in the performing of the economy',¹⁶ I would like to draw attention to the essential contribution of Islamic economics in the performing of the Islamic economy represented by IBF, and 'the economy' itself, Islamic or otherwise. For the mutual intertwining and interconnection 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 performance (Callon's neologism for performative constitution) of the Islamic economy is simultaneously the performance of 'the' economy, particularly its supposedly rational and secular character. 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',¹⁷ where the phrase 'Islamic finance' indexes both a scholarly or disciplinary activity, and an on-the-ground reality. It is this absent distance between the research and the reality it represents that points up the dense network of connections that obviates any neat compartmentalization of Islam, Islamic finance, conventional finance, and the secular.

This is why IBF is frequently, if not almost exclusively, given over to discussions of technique, apparatus, engineering, instrument, and rationality. The instruments of Islamic finance – contractual forms like *murabaha*, *musharaka*, *ijara*, and *mudaraba* (loosely, deferred sale with markup (cost-plus), joint venture, lease-to-purchase, and profit-and-loss sharing, respectively) – occupy center stage in nearly all accounts of IBF. (Even this chapter, 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'.) What is so surprising, as Islamic economist Mahmoud El-Gamal cogently remarks, is 'that Arabic terms ... [such as these] are very common in Islamic banking, despite the fact that good translations of those terms are readily available'.¹⁸ '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.'¹⁹ The notable exception is the occasional use of the expression *lariba* to refer to Islamic banking, as in the name of one of the oldest Islamic finance houses in the United States, the American Finance House – Lariba. Again, the term infrequently appears, and in this case '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. 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 'fictitiousness' 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 *mudaraba* or leasing contracts like *ijara*. Still, the growth of conventional finance cannot be understood separately from the development of Islamic finance, and vice versa. The political economy of decolonization, the oil price rise of 1973, and the creation of new kinds of objects of property like 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'.²⁰ This would obviate such questions as 'what is the place of Islamic banking in the world economy or world politics?', which imagine a place for a specific entity within a larger, more encompassing entity. An anthropology of entanglement simply holds that the logic of encompassment as deployed in such questions misapprehends entanglement as embeddedness, or takes recombinations for relationality. It necessarily queries other modes of analysis, like economics, that unproblematically accept the slippage between finance as an activity in the world and finance as an intellectual project.

Three examples will serve to demonstrate the entanglement of IBF and conventional finance, both as objects and forms of inquiry. First, consider the fortunes of Pakistan's 'economic Islamization' project. In 1999, the Supreme Court of Pakistan ordered the government to 'Islamize' the country's economy. In June 2002, just a few days before the deadline to do so, it suspended that judgment. The earlier decision had sought the elimination of all forms of *riba*, which the court had ruled was forbidden under Islamic law. The Pakistan court decided that no 'Islamic' reform of the country's economy would be possible until after 'thorough and elaborate research and comparative study of the financial systems which are prevalent in the contemporary Muslim countries of the world'.²¹ In short, it called for empirically based comparison and synthesis, a conceptual exercise of the social scientific kind. While temporarily reversing its earlier judgment, the court's 2002 decision left open the possibility of economic reforms in the future. It had to, for the apparent impracticality of creating a financial system that does not rely on interest-bearing debt produces a crisis in knowledge: the Qur'an is unequivocal in its outlawing of *riba*. To accept that interest has practical necessity is thus to deny the Qur'an its status as universal knowledge. Hence, more and better data are necessary to determine how best to craft an Islamic economic 'alternative'. The moral form of empirical facts made by techniques like social scientific comparison and Islamic banking (as object and as study) here testifies to the uneasy unity that obviates any clean distinction between fact and value.

Second, consider the discourse on *hawala* (an informal money transfer system) that emerged as a response to 11 September.²² After 11 September, IBF came under scrutiny from the US Federal Bureau of Investigation,

Department of Treasury and other US government agencies that sought to track and interdict any financial transactions that might be linked to global terrorism. The news media quickly generated reports about Islamic charities potentially posing as front organizations for money laundering or terrorist fundraising, and traditional informal credit associations like *hawala*.²³ Where just months earlier the mainstream media promoted the virtues of IBF in a series of newspaper reports and television spots about new interest-free mortgage alternatives for Muslims,²⁴ suddenly the reports focused on the shady and illicit. Islamic financial alternatives were reported as having less to do with religious injunctions against interest than with clandestine and possibly criminal financial activities.

Reports of *hawala* as 'a banking system built for terrorism'²⁵ relied on the neat separation of 'clean' and 'dirty' financial worlds, and of 'Islam' from 'the West', and led to suspicion and investigation of all IBF activities. Yet *hawala* is an informal money transfer system, not a banking or credit system, not part of the history of IBF as outlined above, and not 'Islamic' in any meaningful way. Its origins more properly belong in informal business and trading networks of long standing that in the years since European imperial expansion have taken on new importance for those without access to the banking, credit and money transfer systems established by 'conventional' finance.²⁶ *Hawala* is also complexly interlinked with – and defined by – those conventional systems of money transfer and finance. It is not a separate 'world' but a recombinant hybrid network dispersed in many of the same nodes (and the same discourses, of trust, reliability, personal fidelity, etc.) as 'conventional' money transfer systems. Ultimately, of course, Al-Qaeda's money trail led to 'mainstream' financial institutions like Crédit Lyonnais in France, Commerzbank in Germany, the Standard Bank of South Africa, the Saudi Holland Bank (minority-owned by ABN Amro of the Netherlands),²⁷ and Western Union Financial Services.²⁸

Third, consider the changing fortunes of IBF in the United States since 11 September. While Pakistan's effort to create an interest-free economy had been put in abeyance, movements to craft Islamic financial alternatives continued apace in the sites of production of hegemonic financial knowledge, the United States and Europe, especially after 11 September. Initiatives from the 1990s to establish international standards for Islamic financial institutions (such as that of the Bahrain-based Accounting and Auditing Organization for Islamic Financial Institutions, or AAOIFI) generated considerable interest in the US after 11 September, and were critical in the US Department of Treasury's decision to host a forum on Islamic finance.²⁹ After returning from a trip to Bahrain where he met with the head of the AAOIFI, then-Secretary of the Treasury Paul O'Neill directed his undersecretary for international affairs, John B. Taylor, to issue a call to the IBF community to create such a forum. Held on 26 April, 2002, in Washington, DC, 'Islamic Finance 101' was an outreach effort to the American Muslim community and also an educational seminar for those charged with tracking financial crime and money

linked to terrorist activities. It attracted over one hundred participants from various government agencies (the Departments of Treasury and State, congressional offices, and others) who spent the day being taught the fundamentals of Islamic finance by some of the field's leading specialists. The charge of the seminar, as Taylor put it, was to 'demystify Islamic banking for our colleagues in Washington who may not have had exposure to this topic'.³⁰ In spite of being considered a 'very positive experience' by those who attended, however, others viewed the Treasury's effort as a weak response, at best, to the freezing of assets of charities and a perceived lack of transparency and accountability regarding the US government's own actions in counter-terrorism since 11 September.³¹

Also at the same time, throughout 2002, the US Federal Home Loan Mortgage Corporation ('Freddie Mac') expanded its underwriting of interest-free mortgage alternatives. Freddie Mac is a government-sponsored enterprise charged with promoting the liquidity, stability, and scalability of the mortgage market. It purchases and underwrites mortgages and bundles them into securities for sale on the secondary market. The American Finance House – Lariba wrote the first 'Islamic mortgage' in 1987 for the purchase of a home in Madison, Wisconsin.³² The mortgage contract was on a cost-plus model (*murabaha*) according to which the finance house purchased the house and the client paid the cost of the house plus a pre-set and unchanging mark-up over a period of time. It is the pre-set and unchanging amount of the mark-up that distinguishes this contract from a conventional interest-based mortgage, from the point of view of Islamic finance.³³ Later mortgage products developed by the American Finance House – Lariba used lease-to-purchase agreements based on *ijara* or lease contracts. In March 2001, Freddie Mac signaled its support for American Finance House – Lariba's Islamic mortgages by investing \$1 million in existing American Finance House – Lariba contracts. It has since invested a total of \$45 million. Before 11 September, Freddie Mac had begun to expand its purchase of Islamic mortgage alternatives. In August 2001, it invested \$10 million to purchase lease contracts from the Standard Federal Bank and United Mortgage of America in Detroit.³⁴ It is significant that the only new entrant into the field of IBF in the US since 11 September, 2001, Guidance Financial Group, is a home financing company, which has already entered into an agreement with Freddie Mac for an initial commitment of \$200 million.³⁵

The entanglements here include the interpretive work necessary to incorporate the provision of Islamic mortgage alternatives as part of a bank's or other institution's mortgaging powers. The regulatory changes at issue are at the level of the Office of the Comptroller of the Currency (OCC), which administers national banks. Banks and other lenders can ask for a regulatory ruling (called an 'interpretive letter') on a specific matter of concern. The interpretive letter then becomes the form through which new products are authorized. And, indeed, it is the formal qualities of the interpretive practice that are of

interest here. In its Interpretive Letter #867, the OCC scripts a *murabaha* contract into its existing understanding of the National Bank Act's sections 24 and 29. What is significant is not the incorporation of an 'Islamic' contractual form into 'conventional' regulations, nor the encompassment or containment of the 'Islamic' form by the 'conventional', but rather their entanglements. Each can imagine its autonomy only through these entanglements. From the IBF perspective, the interpretive letter is a manifestation of *ijtihad* and thus divine inspiration working through the minds of human beings seeking routes to the one truth of God. From the regulatory perspective, *murabaha* is just another kind of contract, and can be added to the laundry list of contractual forms and techniques that set in motion the proprietary procedures of a desacralized modernity. Yet neither can proceed without the other: IBF, in a sense, needs the interpretive letter to warrant its own *ijtihad* just as the OCC needs *murabaha* to warrant the universality of bureaucratic practice. Each provides the formatting for the other, without which the other cannot be imagined and cannot function as an apparatus making things happen in the world, or a technique making things in the world visible to analysis. The entanglement is reminiscent of the unthinkable, yet revealed, imbrication of *riba* and *zakat* indexed in Surah 30 of the Qur'an.

Purifications

This chapter has made central the work of entanglement that configures IBF and conventional finance. Latour and Callon write of the work of purification, those processes and practices whereby the necessarily hybrid and entangled world comes to appear as a set of neatly parceled categories and ontologies, even as the hybrids proliferate. Purification is also the term given to a particular technique in IBF that has to do with the application of the concept of *zakat*, with which I will conclude. As numerous financial corporations attempt to capture market share by 'halalising' their products, they have run into the practical contingencies of the entanglements I have outlined in this chapter. Even as IBF (and conventional finance) hinges on the distinction between the sacred and the secular, the religious and the rational, it becomes impossible in practice to delineate the two in any meaningful sense. The problem is particularly acute for those interested in creating Islamically acceptable or 'shari'a compliant' mutual funds.

Many companies have been offering Islamic investment vehicles such as mutual funds since the late 1980s. Because Islam prohibits certain kinds of business activities (those that deal with pork, alcohol, gambling, pornography, and, according to the interpretations of some people who sit on shari'a supervisory boards, arms production and tobacco, among others) an Islamic mutual fund manager seeking to create a portfolio must first screen out companies that engage in religiously forbidden activities. Because Islam prohibits *riba*, financial service companies (which must use interest at some stage in their operations) are also screened out of the investable universe. Modern

multinationals engage in a wide range of activities not linked to their primary business (hotels serve alcohol; General Motors offers credit cards), and they are screened out as well. Due to the prohibition of *riba*, Islamic portfolio managers have also developed screens based on the financial standing and financial activities of companies that offer stock. The first excludes companies whose debt to market capitalization ratio is greater than or equal to 33 percent. The second excludes companies whose accounts receivables to total assets ratio is greater than or equal to 45 percent. The third excludes companies whose interest income is greater than one-third of their market capitalization.³⁶

Such screening, however, poses a problem for Islamic investing, a problem that may seem esoteric to the outside observer but becomes crucially important for the maintenance of Islamic funds' 'Islamic-ness'. Since all modern corporations maintain financial accounts and have debts, how should a 'shari'a compliant' fund deal with that proportion of a corporation's stock value or dividends that ultimately derives from the percentage of a corporation's activity that is based on or otherwise 'touches' interest or interest-bearing debt? Financial ratio screens do not eliminate these earnings entirely but keep them within certain limits. To solve this problem, Islamic investing has devised 'purification' techniques that catch the proportion of earnings ultimately derived from interest and debt and that filter them out of the fund's total earnings. Once the amount of 'tainted' revenue is calculated (itself a complicated process), it is deducted from the fund's dividends and given to charity in the form of a gift. That gift has been a point of controversy within IBF. It is *zakat*, or not? At the time of this writing (2003) most would hold that it is not. Three years earlier, however, most held that it was, or could be. Regardless, Islamic investment companies purify their funds by donating 'tainted' revenue primarily to various Islamic charities. After 11 September, this practice came under scrutiny. As one professional put it, after 11 September 'new revelations were coming up every day and I guess for whatever reason these charities make ideal fronts, but, I mean, who'd a thunk it?' 'Guilt by association' also figured in the regulatory and investigative efforts to trace terrorist money after 11 September, and 'a lot of fingers were being pointed'. That which had made Islamic investing unique, and uniquely Islamic, suddenly became suspect.

Yet in a sense it was always suspect, from the moment of the entanglement of *riba* and *zakat* in the Qur'an itself, to the unexpected connections and overflowings that web Islamic and conventional finance, religion and rationality, reality and representation, to one another in an ever-impossible hybrid. Acknowledging that play of recombination and reconfiguration demands that we acknowledge the manner in which the analytical impulse to specify and thereby purify Islamic and conventional finance is itself the work of framing, equipping, and formatting the space of 'Islamic banking and finance in world politics'. Islamic banking's problems are thereby revealed to be homologous to those of the endeavor to create the field, as well as the analytical impulse to study it.

Notes

- 1 Research has been supported by grants from the National Science Foundation (US) (#9818258) and the Russell Sage Foundation. The opinions expressed here are those of the author and do not represent the National Science Foundation or Russell Sage Foundation. I would like to thank these sources of support, as well as Tom Boellstorff, Susan Coutin, Cecelia Lynch, Hirokazu Miyazaki, Annelise Riles, an audience at Cornell University, and the editors of this volume for comments on earlier drafts of this chapter. All errors are my responsibility alone.
- 2 All quotations from the Qur'an are taken from the Dawood translation: *The Koran: With Parallel Arabic Text* (2000).
- 3 See, e.g. Warde (2000), pp. 92–93; Wilson, (1990).
- 4 E.g., Kurshid Ahmad, M. Netajullah Siddiqi, M.U. Chapra, among others. See Ahmad (1986); Siddiqi (1983).
- 5 E.g., Chapra (1992).
- 6 See Vogel and Hayes III (1998); Gambling and Karim, (1991); Mills and Presley, (1999).
- 7 El-Gamal (1999), pp. 29–40; El-Gamal (2000), pp. 145–150.
- 8 Vogel and Hayes (1998), p. 4.
- 9 Saeed (1999).
- 10 Kuran (1997), pp. 301–337.
- 11 E.g., Maududi (1975); Qureshi (1946).
- 12 E.g. Saeed (1999), p. 9.
- 13 The modernists emphasizing social justice, and the neo-revivalists emphasizing the legal form of the prohibition of *riba*; Saeed, (1999), pp. 41ff.
- 14 After Latour (1992); Asad (1993).
- 15 Callon (1998), p. 22; see also Mitchell (2002).
- 16 Callon (1998), p. 23.
- 17 Obaidullah (2000), pp. 131–133.
- 18 El-Gamal (2000), pp. 145–150.
- 19 Ibid. pp. 146–147.
- 20 Callon (1998), p. 40.
- 21 Pakistan Supreme Court, Civil Shariat Review Petition No. 1 of 2001 18.
- 22 I am indebted to Marieke de Goede, 'Hawala discourses and the war on terrorist finance' (2003), pp. 513–532.
- 23 E.g. 'Age-Old Way of Moving Cash Leaves Little Trail', *Los Angeles Times*, 26 September, 2001.
- 24 E.g. 'Pursuing an American Dream while Following the Koran', *New York Times*, 5 July, 2001.
- 25 Ganguly (2001).
- 26 See De Goede (2003).
- 27 Willman (2001).
- 28 'Western Union: where the money is – in small bills', *Business Week*, 26 November, 2001, pp. 40–41.
- 29 On the creation of the AAOIFI, see Lewis (2001), pp. 103–127; Maurer (2002), pp. 645–667; Pomeranz (1997), pp. 123–130.
- 30 Dept of Treasury, Office of Public Affairs, Introductory remarks by John B. Taylor, Under Secretary for International Affairs, 26 April, 2002, PO-3068. Available at www.treas.gov/press/releases/po3068.htm.
- 31 Another important event after 11 September, mentioned by almost all those I interviewed in the summer of 2002, was the publication of a lengthy and sympathetic article on Islamic banking in *Fortune* magazine (Useem 2002).
- 32 See, generally, Abdul-Rahman and Abdelaaty (2000); Abdul-Rahman and Abdullah (1999). Ebrahim and Hasan (1993), pp. 72–87.
- 33 Two Middle Eastern financial companies attempted to offer Islamic financial services in the US as well, but with limited success, as did a small financial services company based in

Houston, Texas. The Saudi firm Dallah al-Baraka opened a subsidiary in California in 1988, only to move to Chicago shortly thereafter and to shift its emphasis from consumer finance to real estate and industrial investment. The United Bank of Kuwait (UBK) opened a mortgage company, al-Manzil, in 1998, but closed shop in 2000. MSI, an outgrowth of the Islamic Circle of North America, offered various loan products to consumers based on lease-to-purchase and co-ownership models in the Houston area, but never achieved the visibility or scale of the American Finance House. Unlike MSI and the American Finance House, however, UBK and al-Baraka lacked a constituency in the communities in which they attempted to operate, and, as a result, could not mobilize the networks that the other two companies had tapped into through community connections, mosques, and political and social organizations. Significantly, UBK's entry into Islamic home finance in the US did spark an interpretive ruling from the Office of the Comptroller of the Currency (OCC) that has had enduring significance for the field. It is discussed further below.

- 34 Freddie Mac Press Release, 10 August, 2001, 'Freddie Mac, Standard Federal Bank Announce New Islamic Home Financing Initiative for Michigan Families', available at www.freddiemac.com/news/archives2001/sohinitiative0810.htm. See also 'Freddie Mac provides lease-purchase mortgages for Muslims,' *International Real Estate Digest*, 4 September, 2001
- 35 See 'Islamic home financing starting the nation's capital', *The Minaret*, July/August 2002, pp. 19–20.
- 36 These are the screens that guide the Dow Jones Islamic Market Indices, and are generally recognized as the industry standard. See Dow Jones (1999).

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Islam in World Politics

Edited by Nelly Lahoud and Anthony H. Johns

First published 2005
by Routledge
2 Park Square, Milton Park,
Abingdon, Oxon OX14 4RN

Simultaneously published in the USA and Canada
by Routledge
270 Madison Ave, New York, NY 10016

Routledge is an imprint of the Taylor & Francis Group

© 2005 Editorial Matter and selection, Nelly Lahoud and Anthony H. Johns;
individual chapters, the contributors

Typeset in Garamond by
GreenGate Publishing Services, Tonbridge, Kent
Printed and bound in Great Britain by
TJ International Ltd, Padstow, Cornwall

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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloging in Publication Data

A catalog record for this book has been requested

ISBN 0-415-32411-4 (hbk)

ISBN 0-415-36267-9 (pbk)

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