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On vampire squid and pie in the sky - Reflections on greed, altruism, global capitalism, Muslim and other ethics

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Abstract

This article points to some of the ethical short-comings of global capitalism in historical and contemporary contexts. Comparison of late eighteenth/early nineteenth century capitalist enterprises including the British and Dutch East India Companies and contemporary investment banking houses including Goldman Sachs indicates that ethical problems inherent in global capitalism have not changed significantly over the centuries. The analysis presented here builds on explicit critiques of capitalism by the eighteenth-century economist Adam Smith and contemporary critiques by linguist and social critic Noam Chomsky and implicit ones Reggae star Jimmy Cliff. Islamic finance is often described as an alternative to capitalisms that avoid greed based ethnical problems. This is not necessarily the case if Islamic finance is merely fiqh compliant. The fact that Goldman Sachs and other Western banks have entered the Islamic finance business buttresses this position. The economic ethics of the eleventh/twelfth century Muslim theologian and philosopher Hamid al-Ghazali and the contempory Muslim legal scholar Khaled Abou el Fadl offer possible correctives. If, however, Evolutionary biologist Lynn Margulis is correct and greed is a basic component of human nature, the full realization of any ethical economics is unlikely.

Keywords: capitalism, Islam, ethics

Introduction

I am not an economist and I have no formal training in Islamic or any other type of ethics. By training I am a cultural anthropologist. Because anthropology, of all the social sciences, is most strongly focused on the local I tend to view global political and economic systems through the lens of locality and to view ethical questions, at least those concerned with economics, from a collectivist perspective. I am concerned, and often outraged not only by the unethical character of capitalist economic practice per se but even more so by its long-term consequences for local communities.

I am also a child of the village – or in Bahasa Indonesia "*anak desa*." I grew up on a family farm in the American Midwest in the 1950s and 60s when agribusiness was replacing peasant farming. Small towns were dwindling away because they no longer offered opportunities for young people. The names of giant corporations, Monsanto, Cargill and others, were becoming household words and the fish in the rivers and the birds in the fields were dying from the same toxic chemicals (24D and 245T aka "Agent Orange") that were being sprayed on forests and villages in Vietnam and Cambodia. The companies that sold them told us they were perfectly safe so we used them without wearing protective clothing. Decades later death rates from cancer and obscure neurologic diseases spiked dramatically. The loans on which we depended to tide us over from planting to harvest became harder to get and harder to repay as small town banks merged with mammoth financial institutions. Farmers who could not pay on time in bad years were not allowed to rollover debt and repay it in good ones, as local custom dictated. They were driven from the land by foreclosure. We were astounded to discover that foreign investors from as far away as Japan purchased farms that had been "in the family" for generations from banks at greatly inflated prices. The new owners turned the farms over to management companies started by the very same banks. The bankers and investors did not care very much about profits from crops. They profited from land speculation. The farmers were often left with nothing. When I left the farm for college in 1970 an elderly neighbor I always knew as Uncle Adlai advised me to "Get an education and make something of yourself. There is no future in farming. It's all big business now." Uncle Adlai was right.

It should come as no surprise that I have never been a fan of global capitalism.

In this essay, I reflect on the structures of domination implicit in modern and historical forms of capitalism and strategies for resisting its advance or, perhaps more realistically ameliorating its consequences. These concerns lead to more general discussions of capitalism and globalization, the nature of greed and altruism and the moral economic thinking of old and new "peasants" who are the productive base on which global capitalism is built, but receive only enough of the wealth it produces to lull the majority into a state of denial that leads them to be partners in their own exploitation. Most, if not all, religions condemn greed and in reflecting on it, lay the foundations for critiques of global capitalism.

In these reflections I build on the insights of two legendary critics of global capitalism from very different backgrounds, Noam Chomsky and Jimmy Cliff, both of whom are cultural icons, on James Scott's analysis of moral economies and on Muslim and other religious critiques of greed.

Noam Chomsky was born in Philadelphia in the United States in 1928. His career at the Massachusetts Institute of Technology has spanned more than five decades. He is the most talented linguist of our times, and among the most insightful academic critics of modern capitalism. His thinking is rooted in profound knowledge of the structural features of language and of the capitalist world system. He writes:

> A basic principle of modern state capitalism is that cost and risks are socialized to the extent possible while profit is privatized.[1]

Jimmy Cliff was born in Jamaica in 1948. He is a generation younger than Chomsky. He is one of the most talented musicians of our times, what Gramsci called an "organic intellectual," and among the most insightful artistic critics of modern capitalism.[2] His thinking is rooted in profound knowledge of the expressive features of language and the daily experience of people oppressed by the capitalist world system. He sings:

> Well, they tell me of a pie up in the sky
> Waiting for me when I die
>
> But between the day you're born and when you die, you know, they never seem to hear even your cry.
>
> I work day and night to find my daily needs but freedom is suppressed by another one's greed.[3]

Chomsky's critique is secular, analytic thinking. Cliff's is religious, emotional thinking. Both offer important insights into the systems of domination that shape patterns of production and consumption nearly everywhere. In different ways both point to greed, and not to economic structures, as the root of the problem with global capitalism.

Greed and Altruism

Greed is universal. It can be found in all countries and cultures and among people of all religions at all times. The psychological need to acquire ever more simply for the sake acquiring it and without regard for its effects on others is what great religious teachers mean when they speak of greed. Roman Catholic moral philosophy defines greed as a "mortal sin," Theravada Buddhism defines clinging to and craving for worldly things as the root cause of suffering, while the Prophet Muhammad described greed as a basic element of the human condition: "If the son of Adam had a valley full of gold, he would like to have two…" [4]

Altruism is the opposite of greed. It can be found in all countries and cultures and among people of all religions at all times. Altruism is sharing valued goods with others, without expectation of return or what sociologist Herbert Mauss describes as the "pure gift."[5] Almost all religions consider altruism to be virtuous. Jesus told his followers: "when you give a banquet, invite the poor, the crippled, the lame, the blind, and you will be blessed. Although they cannot repay you, you will be repaid at the resurrection of the righteous,"[6] Theravada Buddhism teaches that selfless giving is the antidote for clinging and craving and one of the moral perfections cultivated by the Buddha, while the Prophet Muhammad taught that: "all creatures are dependents of Allah and the most beloved of them to Allah are those who are most beneficial to His dependents."

Evolutionary biologist Lynn Margulis describes greed and altruism as contradictory elements of human nature. She observes that while the accumulation of surpluses (greed) contributes to individual survival, sharing surpluses (altruism) contributes of the survival of communities.[7] While phrased very differently her observation mirrors traditional Javanese Muslim wisdom according to which life is an unending struggle between passion (*nafsu*) and faith (*iman*) the outcome of which is fraught with uncertainty. Javanese Islam also accords greater value to cooperation than to self-interest, though of course greed is as common and altruism as rare in Java as elsewhere. If greed and altruism are biologically programed, capitalist acquisitiveness and philanthropy are modern instantiations of instincts that have shaped the development of our species. Religion has been used to justify both modes of economic action.

On Capitalism

In an abstract sense capitalism is morally neutral. It is simply one way of organizing the production of material goods and provision of services. In principle, it combines the resources of individuals in ways that make enterprises beyond the means of a single individual, household or community possible and distributes or socializes the opportunity for gain and the risk of loss. In his classic, An Inquiry into the Nature and Causes of the Wealth of Nations, first published in 1776, Adam Smith foretold both the economic growth and ethical problems that would accompany the establishment of capitalism as the basis for the world economic order. [8] He mentions the manipulation and distortion of markets to serve the interests of individuals and classes as being among the dangers posed by capitalism. This is another way of talking about greed. He also pointed to the need for governments to regulate markets and to provide for social needs. This is another way of talking about altruism. Chomsky observes that Smith, who many describe as the "father of capitalism" would be appalled at what it has become.

Smith described the capitalist economy as what Max Weber would later call an "ideal type" in isolation from the cultural, moral and ethical contexts in which it is located.[9] He was more of an economic and social philosopher than an economist in the modern sense of the term. His ideal type of capitalism is an economic system based on the unrestricted exchange of goods and services in which all players competed on a level playing field with the same knowledge of market conditions. Smith's capitalism is a utopian ideal. He believed that it would benefit people across the social and economic hierarchies. His theory is untestable because like other utopian visions, including Karl Marx's Communism and Islamic Economics, it has never been established as social reality. Unrestrained by moral strictures, the collectivist features of capitalism facilitate greed driven machinations that enable a few -- now known as the one per cent -- to amass unimaginable wealth at the expense of those who produce it. The globalization of capitalist enterprise does not alter the nature of these machinations; it only expands the geographic and social spaces in which they operate.

Marxist economists distinguish between use value and exchange value.[10] The amounts of money now concentrated in the clutches of the one per cent are so enormous that they cannot be used or exchanged for anything. One per cent is a symbolic figure; the actual number may be larger or smaller. It makes no difference. A vastly disproportionate percentage of the wealth of the world is at the disposal of a tiny fraction of the population. Many have personal fortunes so large that gains or losses sufficient to sustain entire communities of old or new peasants for decades, perhaps centuries, have no impact on their level of consumption. On July 17, 2012 Bill Gates, whose estimated net worth at the time was 61.6 billion USD, lost an estimated 93.9 million. Carlos Helu, whose estimated net worth was 75.5 billion, made an estimated 971.1 million.[11] Neither will have to think about how daily gains and losses might influence what and how much he eats for breakfast. Hundreds of millions of others are less fortunate and do not know if they will eat anything for breakfast.

Capitalist principles of open markets and competition have been distorted in ways that allow some, though in fairness not all, of the one per cent to seek ever greater wealth for its own sake in ways that can only be described as greed. In terms of use or exchange value, they have nothing to gain or loose. Their paper gains and losses make sense only when we think of money in the way in which Anthony Giddens describes it – symbolic tokens with no intrinsic value.[12] Money has no use value. In absence of exchange value it has only symbolic value. The act of making or losing a million dollars when you already have a billion or sixty billion has only symbolic meaning. Greed can be the only motivation for seeking more when you already have so much. At the same time capitalism has enabled some people who do not suffer from this moral disease to become enormously wealthy. As Marulis's theory predicts, some of the one percent, Bill and Melinda Gates among them, push altruism to new levels.

On Capitalism and Globalization

We tend to think of global capitalism as a contemporary phenomena and to associate it with advances in information technology that enable the operation of a multi-centered global financial system. There is, in fact, nothing new about the combination of globalization and capitalism. Technological developments have led to ever increasing amounts of goods, services and information circulating globally but those concepts are anything but new.

Globalization predates capitalism. The silk routes stretching from China to the Mediterranean by land through Central Asia and by sea through Southeast Asia date to the second century BCE. The origins of today's globalization can be traced to what Europeans call the 15th – 16th century "Age of Discoveries" and the incorporation of the Americas into what Immanuel Wallerstein calls the European World-System. [13] Innovations in shipbuilding and artillery, together with enormous influxes of gold and silver from the Americas made it possible for Europe to dominate most of the rest of the world militarily and to establish its major financial centers as the cores of a world economic system that persist to this day. In the twentieth century this system became geographically multi-centered as first the United States and Japan, and subsequently Brazil, China, India, Singapore, South Korea and other non-European states emerged as financial hubs. The financial elite is even more geographically dispersed. The Forbes billionaires list now includes 2,775 people and families from 65 countries. Poverty, and near poverty remain equally global. Even in the wealthiest nations there are many who cannot afford breakfast and scrounge for scraps in trashcans. Many more struggle to find the resources necessary to provide for the basic needs for themselves, their children, aging parents and grandparents.

Capitalist economic structures, in something approaching their contemporary forms including publically traded corporations, emerged to distribute the risks inherent in long distance trade in the 17th century. Simply put, the owners of one ship ran the risk of bankruptcy if it sank or was taken by pirates – maritime perils that were common at the time. Distribution of ownership, risk and opportunity among a pool of stockholders substantially reduced the level of risk for individuals. Two of the first of these firms, the Dutch and British East India Companies, were granted monopolies on the Asian trade by the governments of the Netherlands and Great Britain. Founded at the beginning of the 17th century, they were to become dominant economic and political powers in South and Southeast Asia for two centuries. They generated enormous profits for their investors. Asian elites also profited handsomely. It goes without saying that the farmers and workers who produced the spices and textiles that were the companies stock in trade did not. In one sense these corporations were more powerful than modern ones because they ruled vast territories with millions of subjects and maintained armies and navies larger than those of many European states. But in another sense, today's corporations are more powerful than the East India companies of old because they do not *need* territory or armed forces to generate enormous profits. They do not *need* to resort to force because their interests are so closely intertwined with those governments that can deploy it more effectively and convince citizens that corporate interests are their own and to pay the cost of supporting them in both blood and treasure.

There is also nothing new about the combination of capitalist economic structures and state power facilitating greed driven acquisitiveness. In the eighteenth century the British and Dutch East India Companies were plagued by corruption scandals on a scale equal to those (at least in terms of constant dollars) engineered by Enron and Goldman Sachs in the twenty-first. William Cohan's *Money and Power. How Goldman Sachs Came to Rule the World* and Nicholas Dirks' *The Scandal of Empire. India and the Creation of Imperial Britain* chronicle corruption and greed at different times and in very different empires: the 18th century British Indian Empire and the 21st century American Empire, both of which were/are global capitalist enterprises.[14]

Dirks describes the ways in which British "servants" of the East India Company used their positions to engage in private trade circumventing the company's monopoly and to extract presents from Indian rulers. Among those presents were tax farms that enabled them to pocket "excess" revenues extracted from peasants. They also made use of complex financial instruments, making high interest loans to Indian *rajas*, knowing that they would be unable to repay them, which obligated the Company to foot the bill. Servants of the "Honorable Company" as it was known, made vast fortunes, returned home as a new aristocracy called *nabobs*, bought aristocratic titles and seats in Parliament and were often employed as agents or lobbyists for the very same *rajas*. Governor General Warren Hastings was impeached for involvement in these scandals. His trial before the House of Lords commenced in1787 and dragged on until he was finally acquitted of all charges in 1789. At the beginning of the trial prosecutor Edmund Burke proclaimed:

> Mr. Hastings' government was one whole system of oppression, of robbery of individuals, of spoliation of the public, and of supersession of the whole system of the English government, in order to vest in the worst of the natives all the power that could possibly exist in any government; in order to defeat the ends which all governments ought, in common, to have in view.

Those who give and those who receive arbitrary power are alike criminal; and there is no man but is bound to resist it to the best of his power, wherever it shall show its face to the world.

Burke also referred to the immorality of East India Company policy and stated that he would have been glad if Hastings had been tried under Muslim law because it would require stiffer penalties than those possible in England.[15] Like song writer, Jimmy Cliff's, Burke's was an emotion based critique of capitalism.

Adam Smith was also a persistent critic of East India Company capitalism. *An Inquiry into the Nature and Causes of the Wealth of Nations* can be understood as the first systematic critique of capitalism as actually practiced and a call for economic and political reform. He described monopolistic economic practices established by the East India Company this way:

> Such exclusive companies, therefore, are nuisances in every respect; always more or less inconvenient to the countries in which they are established, and destructive to those which have the misfortune to fall under their government.

He also noted the devastating consequences of monopoly capitalism for the Bengali people:

> The monopoly of …. Servants tends to shunt the natural growth of every part of the produce in which they choose to deal, of what is destined for home consumption, as well as what is destined for exportation; and consequently to degrade the cultivation of the whole country and to reduce the number of its inhabitants. It tends to reduce the quantity of every sort of produce, even that of the necessities of life. [16]

He also wrote about the callous greed of the nabobs describing their desire to make quick fortunes and return to England "perfectly indifferent though the whole country was swallowed up by an earthquake." Like Chomsky's, Smith's is a rational critique of capitalism. His remark about diminishing supplies of goods essential for survival was probably a reference to the Bengal Famine of 1770 that resulted at least in part from East India Company policies. Taxes and Company profits both increased during the famine. But nearly a third of Bengali people died. [17] Together Burke's and Smith's critiques of capitalism anticipate Scott's discussion of moral economies to which we will turn shortly by nearly two centuries.

Cohan's account of early twenty first century global capitalism is remarkably similar. He describes the ways in which collusion between investment bankers and government regulators enabled Goldman Sachs to create and market complex financial instruments they knew to be worthless while at the same time "shorting" them. Shorting is technical financial term that, in plain English, means agreeing to sell something on a future date gambling, correctly as it turned out, that the contract can be "covered" by buying it at a lower price, delivering it to the hapless buyer, collecting the agreed upon price and pocketing the difference. The company and its partners made vast fortunes. The real economy sank in to what politicians refuse to call a depression that reverberated around the globe.

In a July 2009 *Rolling Stone* article in which Matt Taibbii described Goldman Sachs as:

> A great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money...

To be sure, this is twenty first century language, but his critique of Goldman Sachs is basically the same as Burke's condemnation of the East India Company. Chief Executive Officer Lloyd Blankfein was not impressed. In April 2010, he said:

> Goldman Sachs had no moral or legal obligation to inform its clients it was betting against the products which they were buying...

On the way out the door, he described himself as "Just a banker doing God's work."[18] Even the East India Company nabobs were not so brazen as to describe themselves as God's earthly agents. Chomsky notes that Adam Smith would have been as disgusted with contemporary capitalists, no doubt including Goldman Sachs, as he was with the East India Company. [19] Cohan's critique of contemporary capitalism combines emotional and rational elements and a bitter sense of irony about just how greedy people can be. He mentions Josh Birnbaum, a thirty-five-year-old Goldman Sachs Vice-President who compared his 2007 compensation package, valued at approximately 10 million USD, with that of an industrial worker:

> I guess it depends on your perspective of what's fair … right? If you're a steelworker you probably think I got paid pretty well. If you're a hedge-fund manager, you probably don't.[20]

Birnbaum and his compatriots are nothing more, and nothing less, than twenty first century *nabobs*. They are not the only ones. Taibbii gives too much credit to Goldman Sachs. They did not invent global capitalism and are not the only vampire squid in the sea. One of the consequences of globalization is that these creatures can be found almost everywhere. Greed is blind to nationality, ethnicity and religion.

Peasant Moral Economies

Smith faulted 18th century British capitalism for driving millions of Bengali peasants below subsistence levels. Scott makes a similar point. I first read *The Moral Economy of the Peasant. Subsistence and Rebellion in Southeast Asia* when my life was divided between farming and graduate school.[21] It helped me to understand rationally what I felt was wrong with capitalism. Scott's basic point is that peasant farmers are willing to endure hardship, but only to point where their basic subsistence requirements are endangered. Conditions that threaten the sustainability of their communities, not absolute poverty or unequal distribution of wealth lead them to rebel.

Peasants often adjust there notions of sustainability to "make do" in difficult times. I can remember Uncle Adlai talking about the Great Depression of the 1930's and saying: "You know Mark, popcorn does not make bad breakfast cereal if you put cream on it. Sugar would have made it better and we couldn't afford any."

Peasant rebellions rarely succeed. They are acts of desperation and almost always doomed from the start. They do not seek to overthrow the existing order, but to moralize it, and to replace greedy elites with altruistic ones. There are at least two paradoxical propositions embedded in this vision of moral economy: The first is that people tolerate systems of domination that drive them to the margins of sustainability. The second is that most suffer from the condition Karl Marx called "false consciousness" believing that the powerful have their best interest at heart or at least that personalities and not systemic structures are oppressive. [22]

Peasant revolts are usually utopian and messianic. That is one of the reason they fail. Two cases illustrate their economic roots and religious expectations. One is from 18th century Russia, the other from 19th century Java. [23]

Between 1773 and 1775 Russian serfs flocked to the banner of Emelyan Pugachev, a disgruntled officer in the imperial army who claimed to be Czar Peter III and offered serfs land and freedom in exchange for loyalty. There was no Peter III. In 1888 peasants in Banten in West Java rose against Dutch colonialism and the indigenous elites who participated in it. They awaited the coming a *Ratu Adil* or Just King, who like the imaginary Czar Peter III would establish benevolent, ethical authoritarianism. In both cases, and in many others throughout the world, the rebellions were mercilessly crushed. In both cases, a utopian strand of religious discourse, in Russia that of Orthodox Christianity and in Java that of Islam, offered false hopes for worldly salvation. The strands of religious discourse promoted by ruling elites offered otherworldly salvation in return for this-worldly misery – Jimmy Cliff's "pie up in the sky."

Scott's observations apply with equal force to the "new peasants" of the global capitalist system. Only a small per centage work in agriculture because of the globalization of the industrial mode of production. The new peasants work in service industries, construction, factories, and offices and as domestic workers across the globe. Human trafficking and sex slavery have become structural components of global capitalism. Just as young people from my village moved to cities to find work, young people from Indonesian villages move to cities. Like those in traditional agrarian societies, new peasants rarely rebel or protest as long as their basic needs are met. They tolerate systems of domination that drive them to the margins of sustainability. They also suffer from false consciousness, now cast in terms of secular ideologies and "health and wealth" strands of Christian, Muslim, Buddhist and other religious discourse that preach that global capitalism is good for ordinary people and that if they only work and pray hard enough, they too can climb to the top of the corporate ladder. This is a this worldly version of Cliff's "pie up in the sky."

Global Capitalism and Muslim Economic Ethics

A Muslim critique of global capitalism must distinguish what has come to be known as Islamic Finance from Muslim Economic Ethics. Islamic finance does not automatically translate into ethical finance. In the remainder of this essay, I point out some of the differences between these two types of Muslim economic discourse and practice. I rely on discussions of wealth, poverty and greed in al-Ghazali's (1058-1111) classic 'Ihya' `Ulum al-Din' (The Revival of the Religious Sciences), Khaled Abou El Fadl's analysis of the difference between Shari'ah and Fiqh and the social-economic teachings common in Javanese pesantren (traditional Islamic Schools).[24]

Islamic Finance

Much of the contemporary rhetoric about "Islamic Finance" is concerned with the construction of what are called "Shari'ah compliant" financial institutions and instruments. Generally speaking Islamic financial institutions and instruments claim to avoid interest (*riba*), high risk and deceit (*gharar*) and unbridled speculation or gambling (*maysir*) and engaging in forbidden (*haram*) activities that include producing and marketing pork and liquor. What constitutes speculation and gambling is open to debate and always in the eye of the beholder. It is not difficult to write seemingly "*Shari'ah* Compliant" loan contracts that have financial terms and consequences almost identical to those written by conventional banks. You can learn how to do that at Harvard Business School and at Muslim Universities throughout the world. Some Muslims now turn to Islamic Banks for consumer loans and credit cards some of which are backed by complex gold based financing schemes Goldman Sachs would be proud of.

Actually, it is impossible to write genuinely "*Shari'ah* Compliant" loan contracts. "*Fiqh* Compliant" is a more accurate term for these financial instruments than "*Shari'ah* Compliant." *Fiqh* and *Shari'ah* are not the same thing. *Shari'ah* is divine law. It is of and with Allah and more closely resembles the Western concept of Natural Law than it does normative law. *Fiqh* is a human creation, that attempts to build concrete regulations on the basis of incompletely understood abstract principles of *Shari'ah*. As such, it is necessarily incomplete and imperfect. As Khaled Abou El Fadl reminds us:

> *Shari'ah* is the Divine Ideal, standing as if suspended in midair, unaffected and uncorrupted by life's vagaries. The *fiqh* is the human attempt to understand and apply the ideal. Therefore, *Shari'ah* is immutable, immaculate, and flawless—*fiqh* is not." [26]

Calling *fiqh* based financial regulations *Shari'ah* does little more than put a Muslim mask on capitalism. Throughout Muslim Southeast Asia there is growing interest in "getting rich the Islamic way." In Indonesia Islamic bookstores and fairs are flooded with paperbacks on investing, succeeding in business and wealth management. In July 2012, the Indonesian Islamist organization *Dewan Dakwah Islamiyah Indonesia* (Indonesian Council for the Propagation of Islam) hosted a daylong seminar on "spiritual investing." Any concern for the tens of millions of Indonesian living at near subsistence levels and subject to the logic of Scott's moral economy seems to have gotten lost in the rush for riches (greed). Malaysia boasts of its world class Islamic financial system but has done little to stem rampant greed, corruption and collusion between government and business, and is reminiscent of that between Goldman Sachs and the US Treasury Department during the administrations of the two George Bushes. All of these endeavors are long on fiqh technicalities including the prohibition of interest and Muslim symbols, but short on concern for ethics and justice. *Fiqh* Compliant finance does nothing to discourage greed or encourage altruism. Like capitalism, it is morally neutral. It is only as ethical as the people who employ and serve it. It is worth noting that Goldman Sachs entered the burgeoning Islamic capital market in January of 2012. [27] Unfortunately, it is reasonable to expect the same level of ethical conduct from the firm's new Islamic investment bankers as from their secular counterparts. The great vampire squid has a new green face. (I sincerely hope that my cynicism on this point is misplaced.)

At its best, *Fiqh* Compliant Finance is a step toward the regulation of capitalism in ways that Adam Smith suggested. The prohibition of interest, risk sharing and asset based transactions are among the basic principles of Islamic finance.[28] At worst, Islamic Finance fosters two kinds of false consciousness. First, it lulls people into believing that the financial system is "Islamic" simply because it prohibits socially recognized, symbolically salient evils, including interest. Emphasis on fiqh prohibitions provides a symbolic cover for the failure of Islamic finance to promote the good in systematic ways. The second is that it promotes the view that Islam has a simple checklist of "does and don'ts," providing simple solutions to complex ethical and moral problems. It is this worldly and otherworldly "pie up in the sky." This is one of the reasons why many Javanese *kyai* (Muslim scholars) explain that overemphasizing *Shari'ah*, by which they mean *fiqh*, is not a good idea. Their reasoning is that this inspires false confidence or consciousness and leads to the neglect of ethics and spirituality.*

Advocates of "Islamic Finance" often claim that the financial services and products they sell are the only ones acceptable to the Muslim community. This is not true. Many Muslims do not consider "Islamic Finance" to be obligatory and continue to rely on conventional banks. Were this not the case, deposits in Indonesia's conventional banks would evaporate. Statements of this sort are propaganda designed to promote the social acceptability of Islamic Finance and delegitimize others. They promote false consciousness by suggesting that *Fiqh* compliance and *Shari'ah* compliance are synonymous.

Al-Ghazali's Economic Ethics

Al-Ghazali's moral philosophy provides the basis for an economic ethos more closely approximating *Shari'ah* finance. He discusses economic ethics at some length in the section of '*Ihya*' `*Ulum al-Din*' devoted to diseases of the soul. As M. Ghazanfar and Abul Azim Islahi observe, al-Ghazali's economic thought was rooted in the concept of *maslaha*, which can be translated "social utility" or "common good."[29] His economic ethics is not, however, egalitarian or communitarian. He recognizes differences on wealth

* I am greatly over simplifying a complex discourse on the relationship between law and spirituality that is fundamental to Javanese and other Muslim theologies to make a basic point about the symbolic character of Fiqh Compliant Finance.

and status as natural elements of society that must be tempered with ethics and spirituality but cannot and indeed should not be eliminated. For al-Ghazali, neither wealth nor poverty are moral virtues or moral failings in the absolute sense. What is important for him is not how much you have, but what you do with what you have, and how having or not having material things motivates behavior and shapes consciousness. The acquisition of wealth can serve the common good, but only if it is understood as a tool and not as an end unto itself.

'Ihya' `Ulum al-Din' is one of the world's great classics on moral philosophy, not an Islamic Economics textbook. For precisely that reason it can be a source of guidance for the construction of *Shari'ah*, as opposed to *Fiqh* compliant finance. Al-Ghazali's writing is some times difficult to digest for two reasons. He relies heavily on extended quotations from the *Qur'an* and Hadith to suggest conclusions that he often does not state explicitly. He also wrote at a time and in a social location very different from our own. Understanding the significance of his work for modern problems, let alone applying it to their resolution poses hermeneutic difficulties. It requires us to move from one historically situated context to universal principles and to return to a very different, and also historically situated, context. I have neither the knowledge nor the analytic capacity to thoroughly explore the implications of al-Ghazali's thought for the construction of *Shari'ah* compliant economics. What follows are merely reflections on some of the principles on which such an undertaking might be based.

Al-Ghazali is more concerned with the individual and with salvation than with social and political issues. For him, concern for the wellbeing of others is a factor contributing to salvation. This is important because concern about salvation can be a major motivating factor for many people. He describes greed and love of wealth as a disease of the soul and altruism both as the remedy for these spiritual ailments and as a virtue in its own right. He quotes two Hadith to support this conclusion: "Love for wealth and greed for power breed hypocrisy as rain grows grass in the earth" and "Those who have got enormous riches are ruined, but those who spend them for the good of the people are happy." Both have the afterlife and salvation as reference points. The first points to the eschatological perils of greed and the second to the benefits of altruism. Al-Ghazali amplified this point with an additional quotation from the Hadith more explicitly focused on the ultimate consequences of economic ethics:

> The worldly man who spent his wealth in obedience to God, will be brought on the Resurrection Day with his wealth. When is swaying to and fro on the bridge, his wealth will tell him: "You may go as you

> have paid God's dues." Then the worldly man who did not spend wealth according to the injunction of God will be brought and his wealth will be placed around his neck. When he is hanging on the bridge, his wealth will say to him: "Woe to you. You did not pay God's dues. You will remain in such condition." His wealth will then lead him to destruction.**

Al-Ghazali was of the view that wealth and activities that produce it are morally neutral and can be used for both good and ill purposes. What is critical is not the amount that one possesses, above the minimum required for sustaining life, but the ethical character of economic action. He stated:

> Know, dear readers, that wealth is like snake in which there is both honey and poison. He who knows its honey and poison becomes careful of its harms and enjoys its benefits.

Al-Ghazali roots his moral evaluation of wealth to the intentionality with which it is used: "As is the intention, so is the condition of wealth. If the intention is good, wealth is also good. If it is bad, wealth is bad."

Wealth is good when it is expended for religious purposes including charity, prayer, pilgrimage and struggle is the path of righteousness and for establishing the conditions that make them possible. It is also good when used for worldly purposes including establishing and maintaining good relations with honorable people, paying wages and for providing for the public good by building mosques, rest houses, hospitals and by helping the poor. Extending this list to fit modern circumstances is not difficult. When wealth is used to cultivate piety, help those in need or to promote the common good, it is a blessing.

Al-Ghazali explains that wealth is bad when it distracts attention from things that are good and when it "supplies materials to people who follow their evil desires." Miserliness and the pursuit of wealth for its own sake, greed, lead to misery in this world for fear of loosing what one has gained, because they often lead to quarrels and disputes with authorities and peasants and for those who do not seek forgiveness, damnation in the next.

Pesantren and the Cultivation of Economic Ethics

Pesantren provide an example of attempts to put al-Ghazali's teachings into practice. *Pesantren* are traditional Javanese Muslim schools. Most teach a combination of classical Arabic, Quranic studies, including recitation (*tajwid*) and exegesis (*tafsir*), theology and law. Many are affiliated with Sufi orders. Most now offer a government approved secular curriculum as well. The cultivation of piety is an equally important element of pesantren education. This is accomplished through study of aspects of *Fiqh* concerned with required (*wajib*) and recommended (*sunnah*) kinds of ritual performance

** The bridge referred to is Sirat, the one that, according to traditional Muslim eschatology, passes over the top of Hell. Some people will pass over it as quickly as lightening, others will pass with difficulty and still others will fall into the flames.

and required personal and collective ritual performance.

Al-Ghazali's books are among those studied in many *pesantren*. Character development and the cultivation of ethics are also among the goals of *pesantren* education. These elements of *pesantren* education seek to apply his teaching to real life situations and can be thought of as vaccines against diseases of the soul. Training in etiquette and the cultivation of manners aids in the control of anger. The simple, almost austere, lifestyle required of students is intended to inoculate them against greed. In many *pesantren* students are provided with very simple often unappealing meals, required to wear simple clothing and often sleep on straw mats in crowed rooms.

Pesantren teachings about wealth do not, however, promote poverty as a virtue. Indeed, students are cautioned against it because the poor are not able to give alms or to practice the virtue of renouncing concern with material goods. *Pesantren* economic values are based on the assumption that wealth is not to be valued for its own sake and that those who possess it should be emotionally detached from it and use it in the ways that al-Ghazali suggests.

It goes without saying that efforts to cultivate these virtues do not always succeed. This is true of moral education in general. Across the world people of many faiths – Buddhism, Christianity, Judaism and others as well as Islam – attempt to inculcated similar values. If Margulis is correct and greed is biologically programed, it should come as no surprise that moral education does not always produce the intended results.

Suggestions for Small Steps Forward

Moral education alone will not alter the exploitative structures of global capitalism. Individuals can resist the juggernaut by engaging in the types of moral action al-Ghazali suggests. These are small but important steps that can touch the lives of some of the victims, but will not alter the structures of domination that lead to victimization. Collective action at local, national and inter-national levels is more effective because it aids more victims and can lead to the development of alternative institutions that help individuals and communities to sustain and even improve their economic lot. Still, collective action at the level necessary to fundamentally change the structural features of global capitalism seems unlikely.

History teaches us that rebellions and revolutions rarely succeed and that even when they do, as in Russia in 1917, China in 1949 and Cambodia in 1975, the cure for global capitalism is often worse than the disease. These revolutions did not serve the common good because they failed to improve the lot of the common people and because they replaced brutal systems of domination with even more brutal systems of domination. Ultimately they failed and new forms of capitalism reemerged triumphant. Marx was wrong when he predicted the demise of capitalism. It has been the dominant world system for more than two centuries and shows no signs of going away. Nevertheless, there is no choice other than to attempt to reform it or to sit idly waiting for the pie up in the sky as vampire squids have their way with the world. We owe it to our daughters and sons, nephews and nieces and their children yet unborn not to sit on our hands, but to take such steps as we can towards systemic reform.

Al-Ghazali offers solace and hope to the oppressed and downtrodden of the world in this discussion of theodicy – the type of religious discourse that attempt to answer the question of why good people suffer. In his discussion of this aspect of al-Ghazali's thought Eric Ormsby observes that the message to the poor and oppressed is that even though the world as it exists today is the best of all possible worlds because it is the one that God has chosen to create, this does not preclude the possibility that God will choose to create an even better world in the future, perhaps even tomorrow.[31] To this we must of course add the Quranic injunction: "Verily, Allah will never change the condition of a people until they change what is within themselves." [Ar-Ra'd, 13:11]. Hope can also be found in the fact that altruism blind to nationality, ethnicity and religion.

An unlikely combination of Smith's recommendations for restraining capitalist greed and El Fadl's justice centered understanding of Shari'ah points toward a possible reform agenda.

Smith realized that government has an essential role in regulating capitalism and that monopolist practices and oppression of people other than the capitalist elite follow naturally from the absence of regulation. Those who praise him as the father of capitalism most often remain silent about his social teachings and concern for the common good. History, including recent history, teaches us that capitalist elites resist regulation and promote false consciousness in attempts to prevent it. Among the most common forms of economic false consciousness are blaming the victims – the poor are poor because they are deficient in some way – and also fostering false hopes – you too can be rich, if only – thus convincing people to participate in their own exploitation. The United States provides clear examples of both of these discursive strategies.

Pointing to the ways in which it operates, as Chomsky and Cliff have done, can help dispel false consciousness. Religion has an important role to play in the formulation of reform agendas because it is the locus classicus of economic and other kinds of ethics. Most of the world's religions offer ethical alternatives. Most, like al-Ghazali's focus on the individual because their purpose is to aid in individual salvation. Too often however, religious ethics are based primarily on normative prescriptions and proscriptions – lists of dos and don't – that are easily circumvented or subjected to hair splitting casuistry that leads to a combination of feel good capitalism and pie in the sky teachings.

El Fadl's understanding of the nature of the relationship between *Shari'ah* and human agency combined with his thematic approach to interpreting the *Qur'an* provide an epistemological foundation for and the broad outlines of the shape of a reform agenda. El Fadl is primarily concerned with political issues, especially that of democracy, but his general approach to questions of the common good can also be applied to economic problems. This is especially important because in the absence of economic justice, procedural democracy is false consciousness. It can lull people into thinking that oppression is not what it is because they have chosen it.

El Fadl understands *Shari'ah* as an abstract set of concepts, among which justice (*adil*) is among the most important. Because these concepts are of and with Allah humans are incapable of comprehending them completely. *Shari'ah* is, for el Fadl, not normative law or a check list of dos and don'ts. Normative law is a human construct that, ideally, seeks to establish *Shari'ah* principles as social realities. He mentions justice as being a central feature of Quranic discourse and that it is inextricably tied to the injunction to command the good and forbid the evil. He summarizes his position as follows:

> The *Qur'an* does not define the constituent elements of justice, it emphasizes the ability to achieve justice as a unique human charge and necessity—an obligation that falls on all of us in our capacity as vicegerents. In essence the *Qur'an* requires a commitment to a moral imperative that is vague but recognizable through intuition, reason, and human experience. Justice plays a central role in the Qur'anic discourse: it is an obligation we owe to God, and also to one another.

He also argues that the normative law established by the state is by definition not "God's Law." Because normative laws and regulations are products of human agency they are inherently imperfect. They are also flexible, and can be changed as need arises and in accordance with local conditions. He states that:

> *Shari'ah* is not simply a collection of *ahkam* (a set of positive rules) but also a set of principles, a methodology, and a discursive process that searches for the divine ideals. As such, *Shari'ah* is a work in progress that is never complete.

Taking this argument a step further we reach the conclusion that as far as political and economic policy are concerned a fiqh based list of dos and don't can be used to engender false consciousness and subvert efforts to establish an approximation of *Shari'ah* based justice. For example, it is entirely possible to design financial instruments that are fiqh compliant in the sense that they are interest free, but that are just as extractive as conventional ones. This is probably what Goldman Sachs and other vampire squid had in mind when they entered the Islamic capital market. Any social system enabling some people to earn tens of millions of dollars per year, while others dig through trash bins for scraps of food, is by definition not just. Shari'ah consciousness, in the sense spoken of by al-Ghazali and el Fadl, puts the brake on the type of *fiqh* casuistry that would make it appear acceptable.

As vice-regents (*khalifah*) of God, people have not only the right, but the responsibility to establish justice and mercy as social norms and human rights. El Fadl puts it this way:

> The challenge for human vicegerents is to recognize that a right exists, to understand who is the possessor of such a right, and ultimately to ensure that the possessor enjoys the right. A society that fails in this task—no matter how many rules it applies—is neither merciful nor just.

In traditional Muslim societies, the *ulama* (religious scholars) have been charged with these responsibilities. This is no longer feasible because of the complexity of global social, political and economic systems. Today, defining justice and mercy, to say nothing of devising transformative strategies, requires input from a broad range of people: economists, artists, social scientists, poets, legal scholars, as well as religious scholars and mystics. It also requires collaboration across national, gender, ethnic, class and religious lines. It is foolish and indeed, arrogant to think that these are tasks that Muslims can or should accomplish by themselves. There are people of other faiths or with none, who share these goals and principles and struggle to make them realities. If justice is a core principle of *Shari'ah* all of us are *mujahidin*.[]

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