THE OXFORD HANDBOOK OF

THE SOCIOLOGY OF FINANCE

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thing, advanced our teamwork several steps further. Toward the end of this process, although we were several thousand miles apart, we could see that we had developed a common vision of what needs to be improved and where. Lengthy discussion was no longer necessary; we would come to meetings with similar drafts. It is good to see how joint work cements team thinking, professional cooperation, and friendship.

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CHAPTER 21

THE DISUNITY OF FINANCE: ALTERNATIVE PRACTICES TO WESTERN FINANCE

BILL MAURER

In the wake of the global financial crisis that began in the summer of 2008, many commentators, critics, and visionaries have looked anew at contemporary and historical alternatives to dominant financial paradigms. Alternatives, it is thought, might point a way out of the current predicament, provide options for those who wish on an individual or collective basis to stand outside of mainstream finance, or inspire new blueprints for the possible.

For an anthropologist, the quest to discover, adapt, or adopt such alternatives is familiar enough to give pause. Although it is a familiar call, it is one anthropologists are still happy to answer (Guyer 2009a). Non-Western practices that seem to align with Western, post-Enlightenment disciplines and professions, from medicine to law to business, have long been sought out and resourced to save those professions in times of crisis. A useful historical analog is the mid-1970s and 1980s growth industry in Alternative Dispute Resolution (ADR) in the field of law. Coming on the heels of the social movements of the 1960s and the resurgence of legal realism in the Anglophone world, lawyers, jurisprudence scholars, and advocates committed to social justice reassessed the failure of law to secure rights and promote fairness. The poor and disenfranchised, when before the law, often came out further behind in any potential settlement than they had been at the start of the proceedings. The law was seen to serve the interests of the powerful, in contradiction to its liberal foundations of equality. Alternative practices stepped into the breach. Advocates turned to the law-like practices of non-Western peoples—especially a few celebrated cases, like the moot of the Kpelle (Gibbs 1963). State governments did so, as well, in an effort to create more inclusive legal systems or to recognize the autonomy of indigenous legal traditions, usually with unintended consequences (Collier 1995; Richland 2008). As anthropologists were quick to point out, however, these forums were not neutral; powerful interests infused and often controlled them. Their application

to disputes in the industrialized West tended to promote "harmony"—disputants leaving the process feeling good at the expense of finding justice (Merry and Milner 1995; Nader 1991; Sarat 1988).

The ADR analogy is a good one and not just because of the enlisting of anthropology or "others" to find and fill the "savage slot" (Trouillot 2003) in the service of contemporary professional practice. It also shows that, regardless of the problems inherent in the search for alternative practices to serve, fix, or simply provide another option for the mainstream, alternatives can make business sense. ADR was and continues to be a major industry. Similarly, especially over the past ten years, alternative finance has become big business. From the harnessing of "traditional" rotating savings and credit associations (ROSCAs) for microfinance enterprises and the subsequent securitization of microfinance for Wall Street, to the rise of global Islamic banking and finance and the creation of online and virtual world currencies modeled on local currency schemes or barter networks, alternatives existing alongside and within mainstream finance have become significant industries in themselves. While, in many of these cases, the direct inspiration is not anthropological data, as it was in the early days of ADR, there is still the persistence of a certain ethnocartographic sensibility guiding these alternatives (see Boellstorff 2007). Things "over there" are different: "we" can put pins on the map locating those different practices, and appropriate them for our own alternatives. Or, "we" are the inheritors of a "different" way of doing things, and we can scale this difference up into a global market. The exercise becomes one of cataloguing. As Kath Weston argued about this kind of move, "the absence of theory becomes the submersion of theory" (Weston 1993: 344).

The history of the recursive relationship between scholarship and activism around alternative finance, and the development and deployment of such alternatives in the world, remains to be written (see Elyachar 2005). The relationship between the subfield of socioeconomics and "social economy" experiments is perhaps the most direct example of such recursion. Critical development scholarship, too, redounds into experimental community-oriented development projects that deploy tools like "social audits" or the assessment of "social assets" (Gibson-Graham 2005). E. F. Schumacher's "small is beautiful" alternative economic ethos lives on not only in the eponymously named Schumacher Society but in local and complementary currency systems around the world. One might respond that these are small, marginal, or insignificant phenomena, mere froth on the gigantic bubbling cauldron of contemporary economy and finance. If, in fact, there is such a gigantic pot of capitalist economy and finance: after all, it all depends on how you measure it (in terms of amount of money, or in terms of numbers of people actually caught up in it?). Yet these experiments with alternatives are feeding into multimillion-dollar enterprises. For example, QQ Coins, the online alternative currency in the Chinese firm Tencent's online virtual universe, has raised alarms at China's reserve bank over its effect on the national currency and the money supply (Wang and Mainwaring 2008). The scaling-up of ROSCAs into microfinance enterprises has raised profits on Wall Street and soul-searching among development analysts, who find it unseemly to profit off of the poor in such a direct (and lucrative) manner (Elyachar 2002).

What is it that distinguishes alternatives? Often alternatives are "the same" as the dominant, just different in scale, meaning, or institutional location or authority of the actors involved. Yet these differences themselves are constitutive of the alternative *as* alternative, and of the normative as normal. Postcolonial criticism usefully contributes analytical tools to help unbundle the alternative from the dominant, as well as to question that unbundling, that disentanglement. As Dipesh Chakrabarty and Ritu Birla have both argued for the understanding of "Indian capitalisms," the excavation of the "local" or indigenous economic practice tends to reinforce a functionalist divide between the economy and culture, as well as to defer the becomings of variously situated human practices—whether termed economic, cultural, or something else—into one telos of the rise and spread of "capitalism" (Birla 2009; Chakrabarty 2007). Chakrabarty writes that "[d]ifference . . . is not something external to capital. Nor is it something subsumed into capital. It lives in intimate and plural relationships to capital" (2007: 66). The same might be said for alternatives and finance. I have argued elsewhere (Maurer 2005) for a definition of alternatives that returns to the word's Latin root (*alternare*), implying oscillation, a movement back and forth between an "is" and an "as if" rather than a specification of an ontology. This definition also has the virtue of being close to people's practice, reflexive or otherwise. One of the most interesting things about alternative finance is participants' own oscillation between demarcating it so and simply living it. The very specification of a practice as "alternative" is a phenomenon worthy of further research.

In addition, the problem of the alternative calls into question the nature of the dominant itself. The English translation of Marx's term *Produktionsweise* contains a helpful if unintended statistical referent. The mode of production is simply that: a central tendency, the most frequently observed value in a distribution. This mode coexists as part of the same distribution with the tails on either side. Business and marketing specialists in the era of flexible accumulation and niche marketing have now recognized the value to be mined from these "long tails" (Anderson 2006). But there is a broader lesson here, too, for critics of contemporary capitalisms. As J. K. Gibson-Graham has long argued (Gibson-Graham 2006), there is much more to "economy" than the tip of the iceberg that we see at the mode: wage labor and surplus accumulation. There is also slavery, gifting, barter, nonmonetized labor, and so on. So, too, for finance. The point is not naïvely to celebrate this plurality or diversity in economy or finance. It is instead to ask how participants make alternatives and how those alternatives, once specified and rendered objects of reflexive knowledge, oscillate in and out of phase with the central tendency, and what aspects of them continue to produce dissonant vibrations even when in phase with that mode. People do not "do" one mode of finance or another mode of finance; they productively engage in and perform a plurality, thus blurring the line between alternative and dominant, formal and informal, embedded and disembedded, or any of the other familiar dichotomies that have animated so much critical scholarship on economy and finance.

The remainder of this chapter takes up several sets of financial practices commonly defined as alternative either by commentators or practitioners themselves. In each case, I also explore the real or potential harnessing of these alternatives into dominant

financial arrangements, demonstrating the cycling in as well as the cycling out of these practices into harmonization with the dominant. That harmonization raises questions about the distinction between the alternative and the dominant, revealing both to be simultaneously socially embedded and disembedded, and raising questions about the implications of the continual "discovery" of and hope for a more "social" finance.

Poor People's Finance

At its most basic, the question of alternatives to Western finance is a question of the formation and use of "capital" in ways other than through the "formal" institutions of what we have come to call the capitalist economy. Those institutions include banks, exchanges, corporations, and lending and investment companies. They also include organized thrift clubs, insurance schemes, cooperatives, and benevolent societies, themselves frequently heralded as "alternative" because putatively animated by "social" instead of strictly "economic" concerns (for a more nuanced perspective, see Fuller, Jonas, and Lee 2010).

Anthropologists had long noted the existence of "informal" mechanisms around the world to create capital. Clifford Geertz identified rotating credit associations around the world as a "middle rung" on the way from agrarian, peasant society to trade-based society (Geertz 1962). Shirley Ardener, in a classic article, challenged this explicit teleology and broadened the definition of rotating credit associations in order to distill several key variables to help understand "the manifold forms an essentially identical institution can take in different societies" (Ardener 1964: 222). Ardener's definition has stood the test of time: "An association formed upon a core of participants who agree to make regular contributions to a fund which is given, in whole or in part, to each contributor in rotation" (1964: 201). Sometimes, such associations are formed only for a set time period, to assist a group of people save toward a goal. Other times, they exist for specific expenses, such as those associated with funerals. In still other cases, they may endure and become semi-institutionalized, the manager of the fund acting more and more like a community banker as time goes on.

There is great institutional and pragmatic variation in ROSCAs, yet most can be described in term of a few simple variables. These include whether all members receive equal funds or not; whether all members pay identical contributions or not; and whether contributions remain at the same level throughout or whether they change (Ardener 1964: 214). Other variables include whether sums are paid out by bidding, or by drawing lots, or by settling upon an order in advance. There may also be a contribution of money called out explicitly as "interest," on top of the imputed interest effectively charged to those who get a payout early in the rotation but must continue to pay in. These variables in combination capture most of the ROSCAs Ardener identified in her wide survey of the literature, and they held up in subsequent reviews (e.g., Besson 1995).

Ardener's essay conveyed the remarkable geographic and historical distribution of such associations, from China and India to Europe, and every region of Africa and the Americas. Ardener also pointed out the more or less formalized aspects of such associations. Colonial governments frequently required state registration. The colonial government of Trinidad enacted legislation in the 1940s formally recognizing *susu* associations (Herskovits and Herskovits 1947). The postindependence government of Indonesia sought to harness *arisan* to foster a spirit of communalism (Bowen 1986). ROSCA-like organizations, in other words, are not simply informal savings clubs or burial societies, but often articulated to state and ideological projects. In the era of microfinance as a development strategy, this has become even more the case. The publication of Stuart Rutherford's (2001) *The Poor and Their Money* brought awareness of these savings schemes to development policy and planning, and led microfinance professionals to think about latching onto people's existing systems for providing savings and insurance.

Yet the identification and harnessing of ROSCAs for political or development projects has not proceeded seamlessly or without remainder. For one thing, the names given to such associations around the world—and the travels of those names, for example, from *esusu* among the Yoruba of Nigeria to *susu* in the contemporary Caribbean—index another culture of value in play. For another, the actual mechanics of some associations are far from straightforward.

Take the Caribbean *susu*. In the 1990s Jean Besson wrote that "their ethos [was]... guiding post-colonial agrarian indigenous development" (Besson 1995: 277) as small landholders fought the encroachment of tourism and corporate monocrop plantations by declaring lands held in common to be "*susu* land." The powerful invocation of cooperative savings associations, the implication that such associations were held together not just by mutual consent but by capital, and the self-conscious use of an African-derived term carried significant political weight. Rather than seeing *susu* as a cultural survival or holdover from a Yoruba past, Besson followed a long line of Caribbeanist scholarship that viewed the mobilization of symbols of an African past as part of creole institution-building and a complex, always-already compromised form of resistance (Price and Mintz 1992).

Over the past 20 or 30 years, however, with microfinance's continual rediscovery of such associations, the term ROSCA has taken precedence over all of the "local" terms, each institution being identified as a type of the larger category, and then measured against an imagined yardstick marked off in degrees of economic rationality. I have been at conferences during which economists and development practitioners have dismissed research into the complexities and politics of savings and credit associations by stating something like, "This is exactly like a chit fund" (an Indian term for such an association), thereby evacuating the political import of the case at hand.

Yet the complexity, like the naming of such associations, is something difficult to incorporate fully into any overarching microfinance or formal economic planning exercise. This complexity is often overlooked because the cases do not easily fit into academic or development practitioner understandings of ROSCAs, and because participants in ROSCAs do things like transfer or sell their rights to the funds they participate in to others who are outside of the initial savings circle. Thus Ardener included a footnote describing the following case:

> One member of an Ibo [Nigeria] association bought a bicycle, at a price somewhat higher than the current market value, by transferring his right to a fund to the seller. He thereupon sold the bicycle at the current price, and obtained cash. His loss on the transaction, as he had calculated in advance, was considerably less than the interest which he would have been changed had he borrowed the money at current rates. (Ardener 1964: 227, n.11)

Ardener challenged Geertz's prediction that ROSCAs would eventually be replaced by banks and "other economically more rational types of credit institution" (Geertz 1962: 263), noting that people the world over participate in ROSCAs and formal institutions at the same time, often shuttling funds between them, even borrowing from banks to pay their contribution to a ROSCA. It is not, however, that ROSCAs definitively confer other kinds of value—communal, social, prestige-driven, or what have you—because they also clearly function as one among several tools for people to make perfectly economically rational decisions about the allocation of their resources, as the case of the bicycle seller makes evident. Rather, it is that the wide array of organizations dubbed ROSCAs move back and forth in people's hands, as it were, like a shuttle weaving a complex tapestry wended with signs of value that are here "economic," there "prestige-oriented" or "solidary" or something else. The system is in constant motion, despite—or perhaps because of—efforts to fix it.

I draw attention to the classic essays on ROSCAs for three main reasons. First, ROSCAs demonstrate the difficulty of specifying alternative finance as such. Whether the alternative is held to be an ethnographic artifact, or an outside to dominant modes of finance, or an "informal" as opposed to "formal" arrangement for the procurement of capital, the alternation between mutualistic, prestige, and economically rational motivations underlying ROSCAs as well as the institutional congealing of diverse yet similar practices under the very name ROSCA highlights the need for another understanding of what alternative really means. ROSCAs both are, and are not, "embedded" forms of finance. ROSCAs both are, and are not, solidary and mutualistic. And they are, and are not, economically rational. Thus, they are rather like the normative forms of finance, after all, which scholars have repeatedly shown to be more social, less rational, more solidary, and less individualistic that many generally presume.

Second, I want to gesture toward the way that development planners and economists seek to sweep up the "long tail" of extant credit and savings associations worldwide into microfinance and thereby bring these associations into the mode—and into the capital markets. Reports of the happy marriage of credit default obligations and microfinance may have been premature (Bystrom 2008). Nevertheless, the financialization of microfinance and the use of structured finance vehicles to bring microfinance to what practitioners call "sustainable scale" (see von Pischke 2010; Aitken 2010) carries an important lesson. Of the heretofore exotic curiosities of financial ethnocartography—the long lists of foreign names of savings and credit associations, the colorful examples of their calculative logics and complexities, the discussion of their limitation to or exclusion of kin, the descriptions of the feasts or celebrations accompanying the paying in or cashing out—economists and others are now seeing new sources for the formation of capital in the world's financial centers as well as in the villages (see Elyachar 2010).

Finally, I would like tentatively to suggest that attention to the literature on ROSCAs, limited by its lingering functionalisms and evolutionary teleologies, might afford insight into the study of social relationships, prestige, and cultures of value in the financial markets themselves. Reading Geertz and Ardener on ROSCAs reminds me of nothing so much as reading recent social studies of finance on the markets' cultures, customs, and embodied calculative practices. We discover in ROSCAs a socially embedded finance, only to discover the same in, say, the derivative markets. The convergence between the analytical effort to provide a "social" account of finance and the identification of extant socially embedded forms of finance should direct our attention to the question of why so many critics, populists, and visionaries have heralded "the social" as alternative in the first place. This is, of course, inextricably linked to the long history of popular disaffection with finance in moments when it fails, its fictions are revealed, and scapegoats for its excesses, its rootlessness, are literally and figuratively pilloried.

Faith and Finance

As if faithfully following Durkheim, we can move in our quest for alternative forms of finance seamlessly from the social to the divine. A second set of alternative financial practices are those infused with or motivated by religious dogma and sentiment. A signal example is the burgeoning global industry of Islamic banking and finance, but other examples include the prosperity religions associated with some strands of Buddhism (Jackson 1999) and Pentecostal Christianity (Coleman 2000). Other, more staid examples include religiously motivated investment funds and screening mechanisms meant to safeguard or promote the expression of faith for believers participating in mainstream financial markets (e.g., Kurtz and diBartolomeo 2005; Mueller 1994).

As efforts to promote morality in the marketplace, such phenomena have moved beyond mere experimentation to become important markets in their own right. But this has not happened without considerable controversy. Islamic finance is instructive. As a self-conscious, politically articulated movement in opposition to mainstream, colonial-era banking and finance, Islamic finance has its modern-day roots in anticolonial assertion in the subcontinent prior to independence (see Maurer 2005). It proceeds from twentieth-century interpretations of the Qur'anic prohibition of *riba* and *gharar*, the definitions and translations of which remain—at least in professional Islamic finance contexts—unsettled. Although most simply rendered "interest" and "uncertainty," the terms' original referents are complicated by numerous stories from the life of the Prophet as well as a rich and often contradictory exegetical tradition. As I have argued elsewhere, in many ways, Islamic finance *is* the debate over these definitions and translations (Maurer 2005). Choosing one line or reasoning over another does not close off the market possibilities to be exploited from either, but, rather, proliferates the options for those interested in buying into the markets thereby formatted.

Most Islamic financial models pool investors' funds into investments in profit-making assets, a proportion of the profits serving as the return on the investment. Four of the most common vehicles are leases (*ijara*), *murabaha* (sale with markup), *musharaka* (partnership based on the mingling of capital contributions and proportionate profit and loss sharing), and *mudarabah* (profit- and loss-sharing partnership based on funds provision by one source and effort by another source). For many Islamic finance theorists, if not practitioners, *musharaka* is a sort of gold standard for religious purity. It represents an equitable and therefore just profit- and loss-sharing arrangement between the providers and managers of capital such that risks are evenly distributed among all participants; no increase in value occurs without all players being vulnerable to the same risks. Islamic finance professionals contrast this risk-sharing with the leveraging of deposits and the payment of a rate of return in the form of interest. For Islamic finance, money is not created from debt but rather from "real" productive activity. This aspect of Islamic finance became of interest to many outside commentators during the financial crisis, since, in theory, Islamic financial institutions were not highly leveraged, and so could withstand the crisis of liquidity. As a reporter wrote during the financial crisis, "Maybe it's time to get the muftis on the phone" (Schneider 2009).

In practice, however, some combination of *murabaha* and *ijara* contracts often dominates in both small-scale and large-scale structured finance vehicles that receive the "shari'a compliant" imprint. And *murabaha*, a "cost-plus" contract, often looks and feels very like a standard loan. By late November 2009, it became apparent that shari'a-compliant lending played a significant role in Dubai's sovereign debt crisis. The state-owned Dubai World conglomerate announced a moratorium on debt repayments and on its Nakheel *sukuk*, or Islamic bond issuance. By April 2010, it seemed that Nakheel bondholders would start to be paid on schedule (*The Economist* 2010). Nevertheless, this incident demonstrated that many Islamic bonds were not, in fact, asset-backed, but rather asset-"based." That is, they had been valued according to a flow of income from assets into a special purpose vehicle, rather than through a security interest in the asset itself. At one remove from the "real," then (Maurer 2010; see also El-Gamal 2006): not backed by an asset, but derived from the value of an asset (see Lepinay and Callon 2009).

Indeed, notions of the real figure rather significantly in self-described religious alternatives to contemporary finance. In doing so, the real occupies the place of the social in celebrations of ROSCAs or in sociologies of financial markets. These notions are meant to serve as a counter to finance's famous "fictions," fictions that historically connected it in a chain of associations to anti-Semitism and misogyny, finance being associated with "rootless" peoples, and both the guileful (Jews) and guileless (women). The ability to create money "out of nothing" indicated the handiwork of the dastardly, the deceitful, or the just plain duped (see Goede 2005; Ingrassia 1998). In a fabulous reversal, it is the hand of God that is supposed to stabilize a real value as a bulwark against these fictions. Often materialized as gold—a putatively divine substance, supposedly the vehicle for the very word of God in some monotheistic mythologies (Shell 1995)—this "true" value trumps the machinations of mere paper. Despite their differences, physiocrats and populists alike have attempted thus literally to ground finance in "real," productive land and labor, and there is a much longer and more nuanced history to the relationship among gold and God, land and labor, that bears directly on contemporary preoccupations with finance and its alternatives (see, e.g., Hont 2005).

The anthropological record famously records non-Western peoples' and peasants' literalization of these mythologies—or, better, theories—of finance as they ascribe the act of money creation through interest to the devil (Nash 1993; Taussig 1980). There is also fascinating ethnographic material on indebtedness and financial relationships with the dead, effecting a kind of resacralization of money and finance in the face of their otherwise profane and wicked ways (see Maurer 2006 for a review).

The import of this de- and resacralization of finance through various religiously inflected techniques, however, is not just the cycling-through of finance from social to divine, profane to sacred, fictitious to real, and so forth. The vibrations generated by this cycle also resonate and resolve into reformatted and expanded markets for new financial instruments. These range from the very large scale—sovereign wealth funds structured through *ijara* or *murabaha* contracts—to the very small-scale and downright peculiar—the "Money Is Love" movement of Barbara Wilder and other new age metaphysicians, whose popularity among educated laypeople in places like southern California is (to me) simply astounding (Wilder 1999). Briefly, according to Wilder, since money is energy, and since, according to "quantum physics," thought directs energy (1999: 14), all we need to do is reinfuse money with positive thoughts to reignite a new relationship with it and to recreate a better world. We can do this through a number of rituals she outlines for us: by gathering up 20 one-dollar bills and rolling around on them (she calls this "wallowing in money" (1999: 57)), by examining dollar bills mindfully, by writing "Money is Love" on credit card receipts, and by cleansing money:

> Close your eyes. Collect your thoughts, go into your upper room and turn on your White Star. Direct the white light energy down through your body, down your arms and into your hands. Open the palms of your hands and direct the white light into the dollar bill. As you do this, imagine the white light energy purifying the dollar bill. As this continues, begin to repeat, either silently or out loud, "Money is Love." Do this for a few minutes. The longer the better, but don't overdo it. (1999: 56).

On the one hand, this is patently ridiculous. On the other hand, it is not so different from the other manifestations and practices of infusing morality into money and finance. Indeed, there are many "folk" examples of such practices, from wedding dollar dances (where the bride and groom are festooned with paper currency during their first dance at their wedding celebration), to the practice of placing banknotes in the bridal bed (to ensure conception and wealth!). At the root is the age-old conundrum of reconciling the apparently abstract and deracinated, depersonalized character of money and finance with the always-present moral charge of their promissory character, the obligations (to society, to God, to one's sense of self) inherent in any system that would leverage people's assets so as to generate new value(s). "Money is the blood of the planet. Heal the money, and we can heal the world" (Wilder 1999: 82).

Philanthropy or the State? Modern Feudalism

Crazy as figures like Wilder seem to be, the sentiment and elements of the pragmatics of finance that they set in motion have a good deal in common with other contemporary movements to create alternatives. Many of these explicitly borrow from the anthropological canon, specifically the concept of the gift made famous by Marcel Mauss (2000), as well as from critique of the disembeddedness of modern money and finance advanced by figures ranging from Marx to Simmel to Polanyi. Here, the alternatives come not from some imagined "other" epistemology—as with Islamic finance—or from another cultural world—as with the harnessing of ROSCAs by microfinance—but rather from an imagined return to the "social" or solidary commitments of finance. Money as the blood of the planet, indeed.

Social entrepreneurship and "philanthrocapitalism" (see Bornstein and Davis 2010) are two such endeavors. The first seeks to advance "social" agendas through business practices that both do good and do well. The second seeks directly to move the market toward a philanthropic organization's own goals through direct investment of philanthropic capital into business enterprises. The idea is that solving the world's problems today requires more than just charity, volunteerism, or (heaven forefend) political agitation. The only way to take on the pressing challenges of poverty, inequality, environmental degradation, and whatnot is through business. The model is explicitly pragmatist in orientation—learning by doing generates an iterative process that works from the ground up (Bornstein and Davis 2010) infusing business models with social justice while creating a "sustainable"—read profitable—framework for the work to continue. It is also depoliticized. The market mechanism itself is, here, simply a fact of nature; morally neutral, it is capable of being infused with alternative morals and thus alternative outcomes. Take 20 one-dollar bills and...!

Social entrepreneurs can start up their enterprises with conventional financing and venture capital. But they also have another source of funding at their disposal. New philanthropic foundations have also bought into the social entrepreneurship mantra. Rather than operating as traditional not-for-profit enterprises, they instead seek to use their considerable wealth to spur innovation in the private sector in a way that aligns with their own strategic priorities, from education for girls in the developing world to malaria eradication. Philanthrocapitalism works both according to traditional grantmaking, and also through novel mechanisms like awards or prizes.

In what ways can philanthrocapitalism and social entrepreneurship be said to constitute alternatives to conventional finance? In some cases the sources and the techniques of capital formation are different. Outright gifts with minimal reporting requirements, transferred as charitable contributions to spur business development, will no doubt pose quandaries for state revenue collectors. Offering a cash incentive to companies to create new services for the poor or displaced, to do so at scale, and to do so in a "sustainable" manner, injects a new logic into capital (not to mention into traditional charitable giving). Venture philanthropy to date has taken on several distinct forms. In one, almost identical to an Islamic *mudarabah* contract, the philanthropist puts up the capital for an enterprise tasked with a social goal and the enterprise comes up with a profit-making business plan to achieve that goal. The initial infusion of cash is meant to function exactly like venture capital, the spark that ignites the business. The difference with conventional venture capital is that the investor, here the philanthropic foundation, does not have an ownership stake in the business. Is this, then, a pure gift? It is telling that the original subtitle of Bornstein and Davis's book, *Philanthrocapitalism: How the Rich Can Save the World*, was changed for the most recent edition to *How Giving Can Save the World*.

There are commonalities between venture philanthropy and the other alternatives discussed in this chapter. They each involve, explicitly or implicitly, the effort to "do" finance through social mediation, and thus to do "good" through finance. There is an imagination and an enactment of social solidarity, if in name only, in creating finance. As in ROSCAs and some of the religiously inspired financial forms, there is often the presence of a charismatic leader or manager. In addition, prestige and a contest for regard—a tournament for social value, one might say (Appadurai 1986)—seems to obtain in most of these cases. In possessing these features, of course, these alternatives are not so different from the mainstream financial worlds as they have been described in the social studies of finance literature. There, too, we find that finance is intimately social, and that even the most elegant and complex of financial models—*because* of their elegance or complexity—garner their creators far more than mere pecuniary gain. Markets are, after all, moral projects (Fourcade and Healy 2007). Prominent philanthropists' exhortations to their megarich compatriots to give more, seek to exonerate whatever past actions may have led to their hyperwealth and thus to cleanse it, while at the same time unabashedly strive to push the market in a new direction.

Often that direction is directly at odds with the state. I raise this, because I think the contemporary moment of seeking alternatives to finance and rolling them out in the world often contains another agenda besides that of remaking finance in a social register. That agenda is the challenge of the state monopoly over the means of exchange, the obligations inherent in money and contract, and regulation. For Islamic finance, finding another source of authority for the grounding of financial contracts sometimes proceeds together with the quest for another source of authority for the making of currency. Since the value of state currencies is linked to debt and banking reserve requirements, some Islamic finance proponents argue, it is illegitimately based on interest. Hence calls for a new Islamic gold standard. Proponents of other alternatives, from local currencies to cooperative savings and loans, often directly state their intention to create a financial system separate from the national currency and, indeed, separate from the national economy.

Proponents of philanthropic capitalism aim to step in where they imagine the state to have failed. For some, the state has failed in the domain of money and finance. In this

assessment, philanthropic capitalists echo those who have been calling for the privatization of currency. This would mean, among other things, removing the state from the domain of monetary policy. These actors range from fringe economists to professional consultants to even, in action if not explicitly in agenda, major private retail payment service corporations like VISA Inc. and PayPal. If the failure of banks to reach rural communities and the unbanked poor represents a failure of the state to provide for the welfare of its people, the solution might be to disintermediate the banks, create an alternative currency and money supply, and recreate the economy. During the summer of 2010, VISA ran advertisements in the United States promoting itself as "VISA digital currency," despite the fact that it is not a form of currency or even a form of credit but a payments network that facilitates other businesses' and institutions' extension of payment services and credit. Still, imagine a payments network that could directly receive repayment from individuals without the mediation of a bank or another financial institution. Imagine a decoupled debit card—decoupled from a financial institution, it permits payment directly through the private Automated Clearing House (ACH) network without the intermediation of the banking sector. Regulators are worried about such a possibility. After briefly invoking ROSCAs and the social trust they supposedly rest upon, David Birch, a digital money visionary and consultant, provides the following scenario:

> Suppose, for example, I lend...not Sterling or Euros but bandwith or entertainment? Could I match...supply and demand closely enough to make the business model work, like a barter system for futures and options?...I wonder whether we are at a technology-induced cusp, where the pervasiveness and maturity of mobile phones means that transacting in a subset of truly exotic currencies becomes viable? (Birch 2010: 100–1)

Similarly, at a forum at the Board of Governors of the US Federal Reserve, a consultant for the payments industry warned, "If you see a [mobile] carrier buy a payment network, then game on!" implying that the marriage of telecommunications with payment networks has the potential to sidestep the banking infrastructure altogether. Although it is far-fetched, nevertheless, it comes up at places like the Fed (and I have twice been handed a copy of Dave Birch's book at forums like this one).

Already, people around the world but especially in sub-Saharan Africa use mobile phone airtime as a kind of parallel currency, sending small amounts of airtime minutes to one another to transfer value or pay debts. The status of such value while it rests in a mobile account is another matter of regulatory concern: if it is "savings," should it receive a rate or return or be insured? Is it float, and, if so, what should the mobile network operator do with it while it sits there? Or, more to the point, what is the mobile network operator doing with it right now? Telecommunications companies and mobile device manufacturers have already successfully debuted a number of mobile phone-based money transfer services (Chipchase 2009; Donner 2008; Duncombe and Boateng 2009). At first, this took place outside of the view of central banks, which have only in the past two or three years stepped in to regulate this activity. Seeing its potential for

disintermediation, several states' central banks have attempted to slow down "mobile banking" or "mobile money" services. Meanwhile, philanthropic organizations are actively trying to accelerate the development of such systems, in at least one case through offering a prize to the first mobile network operator to launch a successful mobile money service in Haiti (Alexandre and Goss 2010). A skeptical regulator remarked to me, a "hurricane takes everything away—why don't we take their money away, too and give them a cellphone?!" To the extent that such activity further spurs disintermediation—or regulators' fears of it—it may herald a radical revision of how dominant financial actors think about their role in an increasingly mobile phone-saturated geography.

States, of course, have outsourced many of their core functions, including the regulatory function. Banking, finance, and telecommunications have all become increasingly self-regulated, the aftermath of the financial crisis notwithstanding. Along with this has come the reconfiguration of many of the state's historically proven methods of financing things like infrastructure development. Social studies of finance have tended to focus on the flashier realms of the financial markets and less on things like government bonds, fiscal policy, and state-financed enterprises. Yet as states increasingly rely on public–private partnerships, public goods get reconceptualized as for-profit enterprises, and flows of fees paid to states get securitized and collateralized (for example, state university tuition (Meister 2009)), such phenomena will deserve their own sociology (see Elyachar 2010; Likosky 2005).

Philanthropic capital is different from the modes of privatization that have become familiar since the 1980s. State modes of finance and fiscality organized economic life at least partially outside the calculus of the market—with fees determined through means other than the price mechanism, for example. Privatization of state functions puts profit maximization ahead of social welfare provision. This is straightforward. But the displacement of some of the state's roles by philanthropic actors may be different because of the nature, at least in some cases, of the gift. When venture philanthropy does not demand a stake in the resulting enterprises, has it reinvented a modern-day feudalism, the overlords' *noblesse oblige* (and magnificent wealth), obviating any desire they might have to profit from those enterprises?

In Plain Sight

Thus far, I have neglected an important domain of alternatives to finance: illicit and illegal finance. Bribery, extortion, criminal finance, and Ponzi schemes; the sequestering of illicit funds; the laundering of tainted money, and the layering of tiny transactions to conceal their origins or ultimate destination; transfer pricing and over-invoicing; offshore accounts: these phenomena often partake of the same general ethos and techniques. And these phenomena, added up, may generate much more money, and directly and indirectly involve many more people on the planet,

than conventional accounts of "the economy" or "finance capital" may allow, as Jane Guyer has recently been arguing. Some of these phenomena are dealt with in Chapter 19 of the present volume. Here, however, I simply want to highlight the routine aspects of the illicit.

One imagines large criminal syndicates or strong-armed thugs; dangerous, ungoverned borderlands or mountain-top hideaways; Caribbean tax havens and shady businessmen. But so much of the illicit is everyday and banal. Shopkeepers maintain two cash drawers, perhaps to keep money received from regular customers separate from money received from those who buy in bulk. Churches lend out money from the collection basket. Taxpayers fail to report large gifts or income earned through barter, claim deductions to which they are not entitled, or mark receipts for business expenses that were personal. Small business owners refuse to accept certain forms of legal tender (in the US, pennies or nickels, or $100 bills; until recent reforms made the practice illegal in the US, they could also informally, if illicitly, refuse credit cards when used for small value purchases). A father pays a babysitter and neither reports the income paid or earned. A worker borrows from the till or the tip-jar, fully intending to pay it back tomorrow... or some day.

I conclude with these sorts of practices because they are so commonplace and yet outside the dominant paradigms of finance and, also, of the sociology of finance. Yet the small acts of routine innovation with money and finance (Guyer 2004; Lave 1988), the everyday acts of fiscal disobedience (Björklund Larsen 2010; Roitman 2005) open onto worlds of calculation, value formation, and social prestige and rank just as the large and putatively momentous machinations of derivatives trading and hedge funds. They also carry within them the traces of people's social practices, opening up perhaps the need for another account of the sign in the sociology of finance (see Chapter 9). It is precisely the signs left by social practice that are at issue in alternatives to mainstream finance. These alternatives make visible those signs—which were there all along in mainstream financial practices, as well.

I see less a dialectic here than a continuous copresencing or phase shift between what analysts have called, following Polanyi, the embedded and the disembedded (cf., Gudeman 2009). Writing on price and not finance, Jane Guyer asks, "now that prices are popularly recognized and vigorously engaged with as fictional, fetishistic, and composite, what can and should analysis focus on, and about what is analysis revelatory?" (Guyer 2009b: 205; see also Roitman 2005). The same question could be put to finance after the sociology of finance discovers its embeddedness and after alternative finance reanimates that embeddedness. If the idea of "making payments" is indeed far more widespread today than "paying prices," as Guyer suggests (for service contracts, consumer debt, penalties and fees, transfer costs, etc. see Guyer 2009b: 219), do we need to reconceptualize the worlds of finance as feudal? That is, if finance is always-already understood as personalistic, reputational, social *cum* divine, is it always-already alternative—alternative to the imaginations we have inherited of capitalist finance's abstract fictions but not, perhaps, so different from an *ancien régime* after all?

Notes

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CHAPTER 22

ISLAMIC BANKING AND FINANCE: ALTERNATIVE OR FAÇADE?[1]

AARON Z. PITLUCK

ISLAMIC banking and finance (hereafter IBF) is a market in formation with factious voices claiming certain economic activity as "Shariah-compliant" or "Islamic" while other voices claim the same economic activity to be outside of, if not contrary to, Islam. Describing Islamic finance as a discordant chorus is a trivial ontological claim. After all, Islam is not a centrally organized hierarchical religion, and for 40 years Islamic scholars have engaged in print in intense debates regarding how to interpret contemporary financial practices (Siddiqi 2007). However, this is a useful epistemological claim, for in the presence of such factious voices making contradictory moral and theological claims, Abend (2008) counsels the sociologist to be metaphysically agnostic. By analyzing these competing conceptions of control (Fligstein 1996), we can empirically investigate the ambiguity and internal dissent regarding what constitutes IBF, and see that the future of finance—both "conventional" and "Islamic"—is subject to dispute and change (de Goede 2005).

Social scientists normatively invested in critiquing financialization (the distancing of credit or capital gains from real assets), usury (exploitative banking relationships), or the ontological presuppositions of conventional finance have investigated contemporary IBF as a potential alternative financial system. Many are disappointed by what they discover. This chapter argues that although isomorphic social mechanisms push IBF to resemble conventional finance in numerous complex and subtle ways, IBF remains a substantively distinctive and valuable intellectual project. For social scientists, the case of IBF demonstrates the possibilities and constraints facing activists in reducing financialization and exploitation in economic relationships.

Before making this argument, a few preliminary remarks are necessary. IBF originated in the early 1970s and postdates the conventional banking sector. The origins and diffusion of IBF are intertwined not with terrorism[2] but with the slow shifting of the