

Book Review:

ISLAM AND THE MORAL ECONOMY: THE CHALLENGE OF CAPITALISM

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BOOK CONTENT

Tripp (2006) presents a book titled: "Islam and the Moral Economy: the Challenge of Capitalism". This book revealed that the development of sharia economic grows rapidly, depicting an evidence of a rejection of conventional capitalism. However, the growth is still hampered by the argument in the form of economic development of world's capitalism that has rooted in the politic and economic structure. According to the contradictions, the author presents a framework of arguments to identify and investigate the actions of Islamic economic actors in order to anticipate, respond and act against the phenomenon. Furthermore, Tripp (2006) elaborates the Islamic economics' responses to the economy of capitalism as follows.

First, the capitalism is seen as a political act that serves as colonization of social and economic life. This viewpoint is then clearly referred as regime of capitalism based on individual property rights, which is functioned to generate profit through employment system. **Second**, capitalism itself has been focused primarily on the enterprise movement. This means that individual ownership becomes greater through the establishment of a production, finance, labor and other networks. The movement of this enterprise is referred as a fundamental trait of business process of capitalism. **Third**, the first and second concept creates capitalism as a system of economic life, the structures of the imaginative, the productive and the institutional. The imaginative means the economic role and human act in the orientation of rationality. The economic role and act always refer to higher economic profit, its cost. Concept related to the orientation of rationality is individual characteristic that refers to

the self-interest. The productive refers to the imaginative transformation of all the factors and the process of creating value added. The productive leads imaginative transformation to the high and satisfying economic growth. The entire system of social and economic life is referred to the high technology-based product's innovation to achieve the disparity of production costs and profits. The institutional creates the imaginative and the productive into the high market competition, financial institutions, legal and regulatory system and state area.

Tripp (2006) continues the arguments of the system of social and economic capitalism. Market is not only a place to exchange goods and services through the financial system, but also it becomes a supreme institution and a dominant metaphor of the entire social and economic transactions. The practical and system continue to the process of inhumanity. This is a phenomenon that exists and becomes an existential threat. Islamic economic responds the phenomenon to take a self-consciously moralizing position with the Islamic identity.

Islamic economic responds the experience fear and turmoil as capitalism has rooted in the social community. The latter is proved by the existence of social cohesion and capital expansion, the high pressure on labor union, and the urge on calculating social utility. This evidence also urges the necessity of Islam to compete against capitalism. The competing action is in the form of the establishment of Islamic financial institutions and the concerns to the ethical issues as well as the principles and practices of Islam. Those facts become arguments which prove that the good life of Islam is able to arise in the middle of modernity of world capitalism.

Tripp (2006) gives an opportunity to unite the Islamic economic and modern capitalism into a bowl of economy. Unity of Islamic and non-Islamic economic have been a step to ensure the progress of civilization of the world economy because of its inability to distinguish between right and wrong. Economic unity also shows both of them are able to complement each other to solve problems of future social and economic life.

COMMENTS AND CRITICS: FALLACY AND EQUIVOCAL ARGUMENTS

This subsection reveals the results of the study by the author. The study results are based on the denominators of the science that has been studied universally at the university. The results of the study are as follows.

First, Tripp (2006) argues capitalism and socialism are economic concepts adopted by states or social order to prosper the society. Capitalism is adopted by America and Europe. On the other hand, socialism leads to the concept of Islamic economic, Christian socialist and Utopian socialist adopted by the Islamic countries in the Middle East, South and Southeast of Asia. This concept has an odd or vague meaning. Furthermore, science has actually been formulated as an exact and unequivocal so that capitalism and socialism is a continuum point that should stand on the opposite side, and both of them should belong to each other or cannot be removed. State or social order has no ability to choose a point or adopt a concept definitively.

A sound concept and practice indicates that the state and social order are getting closer to choose a point. However, the chosen point is always unable to solve the social and economic problems. Consequently, the choice is indefinite, due to the state and social order that should shift to the opposite continuum point. It can be referred to capitalism adopted by the U.S., which requires companies to run a corporate social responsibility in order to distribute five percent of its profit to increase income and to build public facilities. The U.S. acknowledges that adopting capitalism might create individual income gap. In other words, the U.S. recognizes the market failure concept. In addition, the U.S.

still allocates a portion of their budgets to support the poor, homeless and so forth. Therefore, the U.S. with its capitalism takes part to shift the position of capitalism into socialism. This proves that between capitalism and socialism is not an option of paradigm or definitive concept as both of them are just continuum point.

Second, Tripp (2006) suggests that capitalism is rooted on individual behavior concept that is shaped on self-interest explicitly. However, he often defines and considers that capitalism is always rooted on selfish individual behavior implicitly. The result of the study presents that Tripp (2006) formulates an odd and equivocal definitions, this can be referred as a misnomer instead.

Reviewer noted that the philosophy of science, economic and business ethic theorized the individual behavior in the real world is graded on the state of altruism, self-interest and selfish. Likewise, individual acts inconsistently and not persistently in the paradigm for altruism, self-interest and selfish. In other word, individual changes the behavior based on the facts and context of the life he faces. Self-interest becomes a choice and an assumption on the economic concept, because individual is considered to act for the sake of his/her welfare with social welfare. In addition, economic dismisses altruism which assumes that individual is willing to sacrifice for the sake of other individuals, and is selfish, which assume that individual achieves his own welfare at the expense of others.

Tripp (2006) presumes that capitalism is always identical to the behavior of individual-selfish. Similarly, capitalism has framed imaginatively and practically that individual always does this. The point that becomes odd and vague is that individual who embraces capitalism, Islamic socialism, Utopian socialism and Christian socialism is more likely to act altruism, self-interest and selfish since every individual has a moral hazard. Individual action should be based on morality and ethics that have been rooted in every nation and all around the world. Reviewer dismisses the suggestions from Tripp (2006). Instead, the so-called conventional and modern capitalist nations have been helping many Asian and African nations that are being hit by drought, poverty and tsunami. In other words, the capitalist nations

are still running the concept of a fair and civilized humanity. It is also supported by the evidence that capitalist nations always spend their national budget in order to help the poor nations for the welfare of their people.

Reviewer concludes that capitalism do not merely create human to act selfish. Human's selfish actions always exist, more likely or less likely, on every imaginative and practice of capitalism and socialism. Furthermore, selfish actions are exacerbated by bad law, bad governance, poverty and poor education of religion or moral and ethical.

Third, Tripp (2006) suggests that capitalism becomes a center of idealism so that Islamic intellectualists attempt to challenge it. Islamic intellectuals propose a new economic and social concept based on Islamic identity to replace capitalism even for unification between capitalism and Islamic identity. This Tripp's arguments (2006) are still over-generalization. It can be shown that both capitalism and economic and social of Islamic identity are located on the concept of imaginative and practice, or on the individual behavior of businessmen.

Tripp (2006) should sharpen his argument, whether his concept would be replaced or be unified. If Islamic intellectuals replaced the concept, imaginative and practice of today's business, some questions would arise. In Islamic nations itself, recent business development are using the concept, imaginative and practice based on modern capitalism. It can be seen in Dubai, Emirates Arab; Doha, Qatar and so forth, that the whole business is designed and developed based on the concept, imaginative and practice of capitalism. Actual evidence shows that some companies are issuing long-term obligations, offering shares to the public, using payroll and compensation systems, and some other practices using concept, imaginative and practice of capitalism.

On the other hand, if the Islamic intellectuals are willing to replace or unify the individual behavior of businessmen, Tripp (2006) proposes a fallacy and equivocal arguments that have been stated previously. This is related to whether the capitalism actors are always in their position to act selfish. The answer is, human as homo-

economicus, always in the three forms of actions that altruism, self-interest and selfish are dependent on the probability of the condition and the fact that he/she faces. Likewise, it is possible if the self-interest adopted by capitalism is replaced by homo-islamicus according to the Islamic identity. However, the Muslims with their various compositions remain statistically distributed in altruism, self-interest and selfish. It was explained on the second comments and critics.

Fourth, Tripp (2006) theorizes that Islamic economic is faith-based community of ummah (human). He also suggests that the relationship principal and agent using the faith-based. On the contrary, reviewer doubts this faith-based as human behavior's pattern has rules of moral hazard. The agent can act bonding with the principal, conversely he can act shirking to the principal. In other word, the adverse selection acting agent should choose actions that will optimize the profit for the principal. However, in fact, the agent only considered the optimal profit for himself.

Reviewer agrees with Tripp (2006) that all the agents act bonding. However, can such behavior happen? Reasoning of business world should emerge the probability between yes and no. Reviewer formulates that the agent can act shirking with greatest probability. The visible evidences are budgetary slack, upper echelon theory, racket principle and golden parachute theory. All of the principles and theories state that the agent always optimizes the profit for himself and stops when it has been achieved.

Reviewer proposes a reasoning that can create a bad consequence for business practice. It can be shown by the use of assumptions or principles of faith-based community of ummah, so that it leads the business proposals with probability to incur losses to always be submitted to sharia banks. On the contrary, the business proposals with probability to gain profit are to be submitted to conventional banks. Thus, if the business suffers losses, businessmen and sharia banks share the loss equally. Conversely, if the business earns profit, they earn high profit in conventional banks. Is it true that business practice runs like that? This can be answered "maybe" since to date, the sharia banks, in the financial and economic

concept, still offer higher cost of lending than that of conventional banks.

Last, Tripp (2006) theorizes that interest is usury in Islamic economic concept. This theory can be deemed as the foundation of anti-capitalism. Sharia banks then pretend to not recognize the bank interest. Sharia banks undertake a concept called agreed-interest. This sort of manipulation of Islamic sharia accounting becomes very interesting to learn. Is it caused by the essence and the real substance? Furthermore, the reviewer presents an example to clarify this condition. A man bought a car worth 200 million at the automobile dealer. Unable to pay in cash, he and the car dealer then agreed to pay with third party intervention, which is sharia bank. Automobile dealer earned a cash payment from sharia bank amounted to 200 million, then the buyer and the sharia bank made a transaction agreement based on the principles and rules of Islamic economic. The deal was five years payment with a total amount of 300 million, consisting of 200 million car price and 100 million as the agreed interest for the next five years. The buyer should repay the debt totaled 5 million per month for the next 60 months.

Financing practice of sharia banks is rightly so. Reviewer interprets that in fact, the agreed profit equal to the interest for the next five years. Therefore, reviewer suggests that the practice of Islamic economic and finance has no different from the economic and finance of conventional banks. The difference lies only on the finance item. Academic assessment to the difference lies in the amount of the agreed profit according to sharia banks and the amount of the interest according to conventional banks. Reviewer concludes that when the agreed profit is higher than the conventional banks' interest, then the excess amount is more likely to be called usury. Then, who is earning usury?

CLOSING

Reviewer concludes that the book titled "Islam and the Moral Economy: the Challenge of

Capitalism" is full of fallacy and equivocation. Obviously, it is directed to challenge capitalism or anti-capitalism. This book is not appropriate enough when it is read by university students who do not have adequate knowledge of the entire cumulative comprehensive scientific or do not have a fundamental philosophies. The consequences could be worse that the emergence of the contemporary Islamic scientists only admit the truth of the paradigm itself or even the appearance of fascism.

Reviewer gives evidence or phenomena that occurs in today's business practice. Evidence and this phenomenon are gaining more attention. Sharia banks currently have a lot of customers, especially depositors who are non-Muslims. If they all put their money in the bank not based on the concept of socialism and Islamic law, they are supposed to use economic and financial concepts in real terms with the principle of utilitarianism, which means a higher profit than cost that were sacrificed. This suggests that the utilitarian principle remains to be excellent for all users of the bank. Thus, the economic concept of Islamic socialism that against the capitalism users are not yet matched with the concept of utilitarianism in the sense of modern capitalism.

On the other hand, this book is very interesting as a teaching material at a university on a master and doctorate level particularly for accounting theory and behavioral research in accounting. The reason is a form of contradiction to the entire accounting theories and theories of organizational behavior. Such contradictions should be the center of attention of the students in order to make them more mature in science. Lastly, that contradiction learning is to reduce the probability of the student who become contemporary scientist or have a fascism belief.

REFERENCE

Tripp, Charless (2006). *Islam and the Moral Economy: the Challenge of Capitalism*. Cambridge: Cambridge University Press.