Kasmoni: onderlinge fondsen onder creolen in Paramaribo en Amsterdam

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Summary

This is a comparative study of informal rotating saving and credit associations among Surinamese Creoles in Paramaribo and Amsterdam. Participants call these associations "kasmoni." In its most basic form kasmoni is an arrangement in which a group of 10 to 12 people set a fixed amount of money aside each month. The organizer who collects the contributions distributes the total sum every month to one of the participants whose turn is decided beforehand by lottery or mutual consultation. The distribution continues for 10 to 12 months, until each participant has a turn at the monthly receipts. Rotation determines when each participant will receive the monthly distribution: whoever has the earliest turn receives credit, while the participants with the last turn have been saving. The position of each participant depends on his or her turn in the cycle.

After every participant has had a turn, that kasmoni association is dissolved immediately, but a similar group (with the same or different participants) is usually reformed to continue its activities under similar conditions. Since the total sum is distributed monthly on a fixed date to one of the participants, everyone feels the pressure to contribute on time. Creoles generally use the money to maintain or improve their social position. They buy houses, vehicles, lottery tickets, or expensive jewelry. They also pay for education, celebrations, invest in small businesses, or purchase durable goods. Kasmoni arrangements exist among relatives, colleagues, and friends.

The key questions here are how does kasmoni work, and why do so many Creoles prefer this arrangement to banks or other savings institutions? To answer these questions, interviews were conducted with 120 participants in Paramaribo and Amsterdam between 1996 and 1999. Further data was obtained from observations and participation in significant networks.

One intriguing issue is the origin of kasmoni. Almost no historical material is available about its origins: although the earliest oral reports I was able to find indicate the system was in effect in 1920, it is very likely that kasmoni existed long before then. There are several hypotheses about its origin. The most plausible one traces kasmoni back to slavery. Although slaves were not paid for their work nor did they have access to formal savings or credit institutions, they found ways to collect some money, which was needed for funerals or manumissions. The fact that slaves already had informal financial networks such as burial societies and social clubs is well-documented. Thus, money, social networks, control, and trust - the necessary conditions to form financial associations - already existed and it is very likely that kasmoni existed as well.

The abolition of slavery in the Dutch colonies in 1863 made other financial options available to Creoles, even though a large majority of the population still suffered poverty, unemployment, and low wages. It was not until the thirties that Creoles were able to advance themselves on the economic and social ladder, and even then they were confronted with structural socio-economic instability. Significant events, such as Surinamese independence in 1975, military coups, internal unrest, and economic crises, resulted in insecurity for most of the population, causing Creoles to depend on informal rather than formal savings and credit arrangements - moneylenders, pawn brokers, lotteries, credit from Chinese shopkeepers, and of course, kasmoni. Although many do use banks and other formal financial institutions, they
have been grateful for, and continue to use kasmoni as an option to enhance their social position.

At the time of my fieldwork investigations Suriname still suffered from severe economic crisis, leading even more Creoles to participate in informal credit arrangements like kasmoni (which is the most popular of the informal arrangements). Kasmoni is quite widespread among the large ethnic Creole population of Surinam, although other Surinamese groups such as the Hindustani, Javanese, Maroons, and Chinese also use the arrangement. Most of the Creole kasmoni participants belong to the lower and middle classes: perhaps more than 30% participate in kasmoni networks, which is also true for Creoles who live in The Netherlands. Although 70% of the participants are female, many men are attracted to kasmoni as well, participating in groups that include women or in exclusively male groups. The strong representation of women in kasmoni has come about because, as managers of households, they face many different financial needs simultaneously. The matrifocality of Creole society leads these women to use kasmoni regularly. Besides the matrifocality, there is much distrust, disrespect, and hostility between the sexes, which is reflected in the ways men and women participate in kasmoni and spend the distributions. Most of the time partners who are part of the same household keep their participation hidden from one another in order to spend the money without their partner having any say in that.

There are, however, some Creoles that do not participate. Those who are well-to-do do not have the pressing financial need of the poorer classes, or regard the system as beneath them. Some very poor Creoles simply cannot save any money at all. Others simply reject kasmoni as a primitive, irrational system and prefer to put money aside individually or save at a bank. They ascribe a lack of discipline to kasmoni participants.

Nevertheless, many Creoles do choose to participate in kasmoni, and outsiders wonder why they continue to do so. Although it may seem irrational because participants do not receive any interest by saving in kasmoni - or worse, they are (morally) obliged to pay the organizer a fee for his services - the participants have good reasons to put money aside in kasmoni. Kasmoni has three social-economic functions: saving, obtaining credit, and insurance against emergencies. These coincide with the three main social functions the literature attributes to ROSCAs. The function of insurance is part of mutual assistance characteristic of traditional cultures. The second function centers on the structural inaccessibility of formal financial institutions for certain groups. There is also the advantage of shorter waits (more immediate gratification), enabling participants to obtain easy, inexpensive credit. A third function is the social constraint: participants voluntarily engage in mutual control to discipline their own thriftless consumption. This disciplined saving is part of the social mechanism of social constraint-self constraint.

To test these theoretical explanations, participants in kasmoni were asked to describe why they chose it. Based on Weber's typology I can distinguish four motives. A traditional motive is ascribed to the Creoles whose participation had become a habit. Economic motives can be ascribed to participants who have balanced both pros and the cons of kasmoni. A motive of constraint is present for those who see the system as a means to repress passion or immediate gratification (here, it is the impulse to squander money for immediate consumption). A nostalgic motive can be ascribed to wealthier participants who are less interested in the money than helping other, needy participants - or perhaps to maintain a specific Creole tradition. Most common were the economic and the constraint motives.

An analysis of the economic utility of kasmoni can be best explained by comparing its economic functions with the financial services of formal institutions. Its strongest economic advantage lies in extending credit. Credit from kasmoni is easier and less expensive than the credit extended by banks. By contrast, saving in kasmoni is economically less advantageous since it does not provide any interest. The only savings advantage is socio-psychological, i.e.,
the disciplined mechanism of forced monthly contributions. When a participant encounters an unexpected emergency, he can appeal for insurance. The money may then be distributed to that participant immediately so he can solve his problems. Compared to formal insurance, however, the participant will never receive more than the total sum in the kasmoni fund. In fact appeals for insurance are very unusual. One extraordinary advantage of the kasmoni in general is that all three functions are combined in a single institution. In practice these functions are often overlapping and interchangeable, according to the varying interests of the participants.

The element of constraint is a good thing because it forces participants to set money aside, a social obligation they fulfill voluntarily. No matter what their motives may be, all participants deal with the mechanism of constraint and self-constraint. This mechanism in analyzed through Elster’s theory of imperfect rationality, which states that because weakness of the will as well as awareness of that fact is inherent in all human beings, we resort to various strategies of precommitment. The strategy used in kasmoni is called “public side bets”: a participant irrevocably changes his reward structure by promising publicly that he is going to join a kasmoni. By doing so he puts himself under the social control of the other participants. Withdrawal will immediately lead to social condemnation and exclusion as sanctions for violating the financial interests of the other participants.

While kasmoni has strong economic and psychological benefits, its weakness lies in its informality. Any participant or the organizer can remain unpunished for embezzling the money because there is no effective legal device for sanctioning fraud. The kasmoni arrangement is merely based on trust. To meet this requirement, the organizer carefully selects only creditworthy candidates from among his relevant networks.

Preisendörfers' model offers a fruitful analysis on the issue of trust. He refers to it as an agency dilemma, constituting a problem of time that leads to a second problem of information. The first problem centers on how the organizer can be sure that a participant will keep his promise to pay his debt. The second problem centers the kind of information needed to determine whether participant and organizer are trustworthy.

In this paper particular attention has been paid to the exclusively male kasmoni, which are very similar to the nineteenth-century mutual societies in Western Europe, with their strong solidarity among participants. From these grew the trade union movement, which grew from their focus as sources of funds during strikes. Unlike European male mutual societies, Creole male networks did not become significant political institutions, mainly because the European mutual societies were focused on informal insurance, while kasmoni are predominantly concerned with saving.

Kasmoni is widespread not only among the Creoles in Surinam, but also among those in the Netherlands. In the decades of Creole immigration to The Netherlands (especially during the 70s and 80s), the immigrants brought kasmoni along with them. The Dutch variant of kasmoni can be most easily studied in the Bijlmer, a satellite area in the southeast of Amsterdam where many lower class Creoles have settled. Therefore, I took up residence in the Bijlmer and joined a kasmoni group. This enabled me to understand the system internally as well as gain insight in the patterns of consumption of the participants.

The practice of kasmoni in The Netherlands shows some interesting differences from that in Surinam. Compared to Surinam, which has the structural elements of a former plantation colony, The Netherlands is a modern, highly industrialized society. It is large-scale, anonymous, and individualistic. Creole immigrants had to conform to this new environment and to the western norms of rationality inherent in highly industrialized society. Nevertheless, they continued their kasmoni activities in many ways. The general character of kasmoni remained the same but changed living conditions required more appeals to fulfill the emergency function, as well a higher risk of fraud.
The financial situation of the immigrants from Suriname was far more complex than it had been in their place of origin. They were confronted with the problems of having to build a completely new life at the same time they were also obligated to support their relatives abroad financially. This put severe financial pressures on Creole migrants. Kasmoni was used to buffer the divergent expenses. Moreover, a number of Creoles had difficulties coping with the higher standard of living in The Netherlands. They were confronted with a multitude of financial obligations or structural debts. To meet these very urgent expenses, they usually requested immediate payment from the kasmoni, which meant more frequent use of the emergency function than in Surinam. This could cause problems for the system because in such cases the organizer had to change the order of distribution.

The risk of fraud has also increased. The large-scale, anonymous, individualistic character of Dutch society has weakened traditional social controls within the solid Creole community, affecting the indispensable basis of trust in the kasmoni networks. This has led to a more formal, rigid approach on the part of the organizer, who must now accurately register all participants' personal data, record the payments on paper, and use computer programs for the bookkeeping. All these adaptations have helped guard the kasmoni from failure. Consequently, kasmoni is still popular among many Creole migrants because it is perceived as useful in helping them to a better economic situation.

There are two competing theories about ROSCAs: Geertz' and Ardener's. Geertz believes ROSCAs can be seen as a "middle rung" in the transformation of agricultural societies to modern market economies. As soon as the transformation has been accomplished, ROSCAs will disappear because their role will have been taken over by commercial institutions. For Ardener and her contextualism, ROSCAs have a predominantly social meaning determined by the context of their cultural traditions. The evolutionary argument is negated by the fact that ROSCAs flourish in underdeveloped, semi-developed, and industrialized countries. The findings of this thesis, however, do not support the contextualistic view either. This research clearly shows that for kasmoni the economic utility predominates. Kasmoni can more easily be seen as better fitting the moderate evolutionist perspective of Bouman and De Swaan. Although there is no universal evolutionary pattern that covers all societies, it is possible to detect patterns in the way ROSCAs adapt to different socio-economic types of societies. Kasmoni continues to function in new social environments so long as it meets the socio-economic needs of the participants.