Juggling Money in Yogyakarta. Financial self-help organizations and the quest for security

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Chapter Three - The Usaha Kesejahteraan Keluarga:

Portrait of an accumulating savings and credit association

Four times per month, on the 3rd, the 7th, the 10th, and the 13th of each month, somewhere in Bujung a meeting of the Usaha Kesejahteraan Keluarga (UKK, Family Welfare Enterprise) is being held. Each time the house of another member is the location for the meeting. Long before the meeting starts, Pak Slamet comes to help the family with moving the furniture and placing straw mats on the floor. Slamet also brings refreshments, a small table, and a small sound-system on which he plays traditional Javanese music while waiting for the members to arrive.

As they arrive, the members of the board install themselves inside, as they sit cross-legged behind the small table. The ordinary members occupy the rest of the room until it is full, and those who are left sit outside, the women with the women, and the men with the men. The women chat animatedly, while the men are more silent. They play dominos, smoke kretek cigarettes and exchange jokes. Tea is served, and each participant receives a small cardboard box with snacks. There are a number of komisaris, who represent the other members. They have collected each member's booklet, in which loans and instalments are registered, and bring them to the team of treasurers, who fill in the books of the association. Most members are paying instalments and a number of people are applying for a new loan.

The secretary opens the meeting with a short prayer and explains the agenda of the evening. He gives the microphone to Pak Suryono, the chairman of UKK, who at every meeting gives a long speech. He will certainly talk about persatuan dan kesatuan (unity and conformity), which is the motto of UKK. Suryono is also likely to reiterate the importance of UKK as a social organisation, the importance of restraint when it comes to politics, the importance of being on time with repayments on loans, and the importance of being 'responsible'. Suryono may discuss kampung events, or national and international developments, in each case the message being that the members of UKK should stick to their kampung. After this, Suryono, gives the floor to the other members of the board, who report on the financial situation in the lending fund and the social fund, the amount of default, the number of people who have applied for a loan, and the amount
of money which is available. Occasionally one of these people also opens his speech with a short prayer. After this, the word is given to the members, if there is anyone who has something to say. Then the meeting is closed, again by Suryono. Everybody stands up, thanks the owner of the house, and returns home. Slamet can pack up his things again.

This chapter offers a detailed description of the *Usaha Kesejahteraan Keluarga*, a member-based organisation in which participants pool their savings. It highlights the various aspects and problems related to this particular financial self-help organisation and shows, among other things, that the character and development of a financial self-help organisation cannot be viewed separately from the context in which it is situated. The UKK is clearly a reflection of local history, socio-economic circumstances, and political processes at both the national and the local level. The chapter also shows that although the social security dimension of an organisation like UKK is limited, there are many ways in which individual members can make use of UKK in order to cope with their socio-economic insecurities. The usefulness of UKK is for a large part the result of decisions made by individual members, and their resulting style of participation.

### 3.1 How UKK Started

The establishment of UKK should be seen against the background of the events of 1965-66. The general image of the years that followed, as held by people in Bujung, is that of a disrupted community. The community institutions that had existed were swept away together with the local Communists. A PKI affiliate who survived the events of 1965-66, and who later became closely linked to the leading group of civil servants, remembers that after 1965 financial self-help organisations were very weak. "Within the *kampung* there were some *simpan pinjam* which were dissolved every year, and never had a continuous existence. Money disappeared, because it was taken by the leaders or not repaid by the members. Nobody really made a problem of it because the amounts were quite small." This, he says, was in stark contrast with the highly effective commodity cooperatives (*koperasi barang*) that were organised by the communists before 1965, which bought goods for a low price in bulk, and sold them to the people of the *kampung*.1

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1 Apparently the commodity co-operatives disappeared with the PKI-leaders who organised them. To this day, they do not exist in Bujung.
It was within this environment, where it seemed difficult to establish kampung organisations, that Suryono and his friends, as representatives of the newly arrived civil servants, tried to create some structure. To that end, they organised an arisan Rukun Kampung (RK) on the 10th of each month, to which the leaders of all fifteen RTs were invited. In this way they hoped to create more enthusiasm with regard to attending regular meetings, so that information and announcements from the sub-district and district level could trickle down to the inhabitants more quickly, and so that voluntary work projects would be more successful. Nevertheless, today one of the participants of that arisan RK does not remember the initial situation as being perfect: "It was not as well organised as nowadays. The meeting was little more than sitting around and discussing the problems while having a good time. It was only meant to improve communication in the kampung, and so they invited active people, apart from the leaders of all the RTs. Over the years there was growing discontent with regard to the arisan RK, because many of the members only came to pay their contributions, and then left again."

Eventually in 1983 people started talking about a proposal to establish a simpan pinjam. Suryono prides himself on being the one who introduced the idea. It appears, and so he claims, that Suryono foresaw the 1988 restructuring of administrative levels, under which the RK was split up in three separate Rukun Warga (RW). With the new simpan pinjam he tried to keep the kampung united as a community. However, other informants pointed to the key role played by the late Pak Ratman, who worked at the Bank Rakyat Indonesia\(^2\), and who also was among to the kampung leaders. Through his work he had already become closely acquainted with the concept of simpan pinjam, and this also applies to most of the prominent civil servants who already made use of the credit facilities offered by the office cooperative at their work.\(^3\)

In October 1984, a first meeting was held which twenty-five people attended, mainly leaders of RT and RK. It was agreed to have a meeting on the 13th of each month, and that at this meeting a simpan pinjam would be

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\(^2\) The Bank Rakyat Indonesia is a government bank, which derives directly from the Dutch colonial Popular Credit System, and the later General Popular Credit Bank. It has a long tradition of working with credit co-operatives (see Schmit, 1991; 1994).

\(^3\) There does not seem to be a clear reason why this innovation in the arisan RK emerged at this moment. It is remarkable, though, that the early 1980s also witnessed the start of a handful of other simpan pinjam in Bujung, all of them started by civil servants or others who had come into contact with this type of institution through their work.
held, while the *aris*an continued on the 10\textsuperscript{th} of each month. They asked from every member savings of Rp.60,000\textsuperscript{4}, to be paid in instalments of Rp.2,500 or Rp.5,000 per month depending on what the person could afford to pay. After one or two years they had thus built up a capital of 1.5 million rupiah, entirely on the basis of 'basic' or 'obligatory' savings. This fund was then used to lend money to the members. Only after a few months did the members decide to give their *simpan pinjam* the name *Usaha Kesejahteraan Keluarga*, or UKK. One informant said that the basic innovation was that Pak Ratman "introduced the idea of an association that grows, and of an association that is well organised in which every rupiah is accounted for, so that nobody will feel disadvantaged by others."

Various objectives are mentioned as reasons for starting this *simpan pinjam*. First of all, the leaders of the RK hoped that the participants would be more diligent in attending the meetings, and that in this way important information and announcements, for example from the *Kecamatan* or the *Kotamadya*, would flow through to the *kampung* more effectively. Pak Suryono also hoped that the UKK would help to keep the *kampung* together as a community, even after it had been subdivided into three separate RWs. Another objective was to provide some competition for the local moneylenders, to whom many inhabitants were indebted, and who charged high interest rates. One of my informants claimed that originally there was also a social objective. They would try to build up as large a fund as possible, so that they could use part of the fund to support social activities and to give loans to the poorer people in the *kampung*. For that latter plan, a small *kampung*-bank was to be established near the office of the RK. And to achieve this, in the beginning they had even invited some rich people, although they were not interested in *kampung*-life at all, such as the Chinese Susanto. However, when it came to the time when the fund was large enough, the leaders considered the loans to be too risky and the plan was abandoned.

According to Suryono, the community objective dictated that they should open the association to anybody who was interested. Although others claimed that in reality this first group of the UKK was only for the big shots (*wong gedhé*), it is a fact that membership grew quickly in these first years. As they grew to 50 members, UKK 13 (the groups are named after the date of their meetings) was becoming too large to find houses big enough to hold the meetings. It must have been sometime in 1985 that Suryono's wife together with some other local leaders of the PKK (Family Welfare

\textsuperscript{4} In 1983 the rupiah was Rp.900 for one US dollar (IMF).
Program) established a second UKK-group called UKK 7, which was for women only. Right from the start this group gained considerable popularity, and it still is the largest group. After this, a third group started in 1986 on the 3rd of each month (UKK 3), and a fourth group in 1987 on the 10th of each month (UKK 10). UKK 10 merged with the remains of the original *arisan* RK. UKK 3 and UKK 10 were again a mix of men and women, just like the original first group, UKK 13.

In 1989, a fifth group was added to UKK. In this year, the Social Department (DepSos) of the city of Yogyakarta had approached the UKK to start a project with the local youth. There was funding available, which apparently came from The Netherlands. The project was accepted and the leaders of UKK approached Karang Taruna, the youth organisation of Bujung, in which the most active youths participated. Karang Taruna organised social activities, co-ordinated services at weddings and other ceremonies, and they organised courses in welding and bamboo-working. They had about 50 members and financed their activities by such means as collecting electricity bills and paying them at the post office for a small fee. In 1989 things changed when Karang Taruna became involved in UKK. Some savings were collected among the members, but the largest part of the fund came from DepSos. There were monthly meetings and in fact a number of people did start small businesses with welding, batik painting, electronics, and trading. However, a considerable number of the members used their loans to gamble or lost the money in some other way. They did not return the money and the leaders were not able to recover a significant proportion of the funds. Furthermore, the chairman of Karang Taruna himself acknowledged that some of the leaders of the organisation also helped themselves to a large part of the available funds. This group of UKK finally collapsed in 1990.

The future of UKK is still undecided. Further growth of capital could be interesting. It would make the loans from the UKK more appropriate for business investments, or for building houses. However, when working with its own capital, the possibilities are limited. An option would be to start working with a bank, like Manunggal did. Suryono rejects that idea on ideological grounds: "The model of Manunggal is not good for us, because

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5 *Manunggal* is the name of another *simpan pinjam* in Bujung. It participates in a development program whereby financial self-help organisations are linked to banks. The self-help organisations are allowed to borrow money from the bank to increase their capital. In the case of *Manunggal*, this effort has resulted in a total failure, and the group has collapsed (see Chapter Four).
in that case the objective becomes business instead of unity. It is also too risky. When people borrow too much, there is a big chance that they cannot repay. If your organisation is not strong enough it is too dangerous." One of the members more or less shares his view:

"In principle the UKK could start working together with a bank, but it is not really necessary because it is already difficult to get the whole fund lent out. People often have to be persuaded to take out a loan. Maybe larger loans could be more useful in starting businesses but they are also risky. For sure, some members will fail with their business and then they cannot repay. You see that in Manunggal. The other members will be the victims of this. The problem is also that the members are very different. There are pedicab drivers and civil servants. They are not able to repay the same loans. It is of course our own responsibility to decide which size of loans we can afford. So, we do not need a loan from the bank. A loan on your wage, like my wife can get, is much safer. For the bank as well. A group loan to UKK will never be as safe for them."

Still, Suryono sees opportunities to expand: "If we are careful, the organisation can grow. We are like the embryo of a cooperative. We can benefit more from other activities. We could start buying rice. Suppose we buy a [certain amount] and the people buy from us. The profit could be very high. We could do that with oil and sugar as well. The money is there. We could put aside some capital for that activity. That is possible because we have a strong community. We could do that but we have not started it." But these ideas will never go as far as becoming a cooperative: "We do not have any plans to become a cooperative because there are too many problems connected to that. It means that we have to pay too many fees to the government. So, we are going to stay a private enterprise, because we are not ready for these changes yet." The treasurer is also not very enthusiastic about the idea of a cooperative:

"We are a semi-cooperative, which means that we are not a legal body. We do not want to be that, because it does not fit us. If you are a cooperative, you have to pay all kinds of taxes and contributions to the government. Too much money is pulled in, and there are too many rules. This reduces the profit. For example, I am also a member of RESMI, a credit cooperative at my work [an elementary school]. There the initial contribution is Rp.500,000, but the amount of dividend at the end of a year is only Rp.50,000, the same as in UKK. I am only a member because I am obliged to be. The RESMI has become a cooperative, because that is obligatory for organisations that are based in a government office. The members of the UKK want to
have a good annual dividend. That is why they do not want to have a cooperative, like RESMI."

3.2 Financial Development

Nowadays, the first four groups of UKK still exist and they have around 220 members. Total capital has grown from Rp.1,500,000 to more than Rp.45,000,000 in only 15 years. How is that possible in an association that, apart from the experiment with the youth organisation mentioned in the previous section, has derived all its capital from its members? A first reason lies in the fact that membership has increased over the years. Membership lists as such have not been kept in UKK, but in the bookkeeping system some information could be found. In 1984, they started with 25 members. Membership grew quickly in the following years and reached 184 in October 1988. After 1988 growth declined, and the members numbered 223 in October 1997.6

A second reason is that over the years, the growing group of members has, per person, contributed more savings to the funds of the UKK. In the beginning, all members were required to contribute obligatory savings of at least Rp.60,000 per person, and that amount has been raised over the years in small steps, eventually to Rp.100,000 per person. Most of the pressure to do this came from the women’s group (UKK 7), where many members used their loans to invest in trade or home production. In that sense, the increase

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6 Over the years, some of the earlier members left and new members arrived. 36.8% of the 1998 members were not yet a member in 1988, and 23.4% of the 1988 members were no longer a member in 1998. According to the treasurer of UKK, by far the most important reasons for leaving UKK were death and moving to another area. For the whole of Bujung the average combined annual percentages of people who die or move elsewhere is 1.83% (Data Monografi Bujung, 1994-1997). The UKK is only slightly above this percentage, but we should take into account that the age of UKK members is above average.

In the archive of UKK I also found eight notes from people who wanted to resign as a member. Three of them mention moving to another area as a reason, two notes are from people who consider UKK to be too heavy for their household, and one note mentions that the condition of the household is not so stable for the moment. Two other notes mention no reason. From the membership lists it is clear that in some cases the husband or wife of a deceased member has taken over the membership. It is not possible to see whether there are cases where membership has been taken over by children or other relatives.
in obligatory savings was, at least partially, inflation-driven. The other groups followed at a slower pace, but eventually the board of UKK decided that personal savings of Rp.100,000 should be obligatory for all groups. At the start of UKK, it was also possible for members to contribute extra voluntary savings, for which they received a moderate amount of interest. This opportunity to save quickly became popular and most members saved extra amounts, even up to Rp.200,000 in one case. However, this option also created some accounting problems for the treasurer, who had to calculate different dividends for every member. On the initiative of Pak Wibowo, who replaced Pak Ratman in this position after his death, all groups abandoned the option of voluntary savings in 1992 and 1993, and extra savings were returned to the savers. The growth in membership, and the increased obligatory savings resulted in a development of collective savings, as can be seen from the lower line in Figure 3.1. The amount of savings grew from the Rp.1,500,000 at the start to Rp.17,002,000 in 1988, and increased at a slower pace to Rp.22,600,000 in 1998.7

However, more members and increased savings per member do not explain all capital growth, as can be seen from the total amount of outstanding loans in Figure 3.1, which grew more quickly than the total savings. Of course, this is in the first place the result of the interest charged on loans from UKK, which is calculated at 2% per month. With this amount of interest it is possible to have a fixed amount of capital grow at a rate of more than 25% per year.8 This can only be achieved when at each meeting all available money is lent out to members, and this is most often the case in UKK. In a situation where there are not enough members who apply for a loan, other members are pressured to take out a loan even though they might not need it. If this is not enough, a final option is that people who are still indebted are allowed to take out a new loan, even though they have not yet fully repaid their previous one. Part of their new loan is then used to pay off this previous debt. The idea is that in this way no money lies idle, and the

7 In Figure 3.1, the outstanding loans are used as a proxy for the capital of UKK. Virtually all the money in the borrowing fund is constantly lent out; on a total capital of 45 million, there is usually around Rp.100,000 in the fund between meetings. Members who want to leave the organisation and reclaim their initial contributions will always have to wait for the next meeting before their money is available. All income from interest is immediately available for lending and therefore adds up to UKK's total capital.
8 Rutherford (2000) argues that high interest rates in ASCRAs are a method of avoiding risks. This means that within a short period of time only a small proportion of the fund is based on members' savings. If the organisation breaks down, everybody can at least receive their money back.
fund can grow as fast as possible. Apart from that, the capital growth is also stimulated by the fact that many members repay their loans faster than they are obliged to, thereby paying a higher real interest on their loan. In general this behaviour can be explained by the presence of excess cash in the household which people want to put in a safe place, in this case the UKK. The treasurer explained early repayment as reflecting the enormous eagerness to get a new loan, "so happy were the members with the new opportunities through UKK".

In spite of this, the figures do not show the exponential capital growth which could in theory be achieved. This is primarily the result of annual dividend payments (sisa hasil usaha) which were first distributed among the members in 1989 and 1990. Since those years, the profit of the group has been calculated every year in December. From this profit some small sums are deducted, namely a contribution for the fund for kampung development, the social fund, the fund for the festivities around the 17 August, refreshments, fees for the members of the board and the komisaris, and costs for material. From what is left, an estimate is made of what would be a reasonable amount to divide over the members. Over the past years, this
profit share has ranged from Rp.30,000 to Rp.57,000 per member, depending on the group, whereby UKK 7, the women's group always has the largest profit share. From Figure 3.2, one can see how the speedy growth before 1989 has slowed down because of the distribution of profit. In the last year the women of UKK have been rather optimistic and the total capital of this group has decreased. UKK 7 has grown quickest because most of the women who are members of this group use their loans for business purposes and therefore have a large and sometimes growing need for credit. UKK 3 and 10 are still growing because they are rather new, still attract new members, and are more careful in paying dividends.

![Fig. 3.2: Outstanding Loans per Group](image)

3.3 **UKK as a Financial Organisation**

3.3.1 **Organisational Set-up**

UKK has a board which consists of thirteen people (*pengurus*), and all of them are men. There are three chairmen, who are also the leaders of the three RW in Bujung. Although this is not official, from his role in the meetings it is very clear that Pak Suryono, the former leader of the RK, is the main
chairman. For that reason he is sometimes referred to as 'the Suharto of Bujung'. Furthermore, there is a team of three treasurers who are responsible for the bookkeeping, three secretaries, two auditors, a general assistant, and one person responsible for security. These thirteen people are in charge of the meetings of each group. They are good friends, and there are a number of family ties among them.

As mentioned before, UKK consists of four groups. UKK 7 is only for women, while the others are mixed. In UKK 3, 73.1% of the members are men, in UKK 10 this proportion is 91.2%, and in UKK 13 it is 76.3%. These groups are subdivided into smaller subgroups that do not have separate meetings. UKK 3 consists of four subgroups, UKK 7 has eight subgroups, UKK 10 has five, and finally UKK 13 has four sub-groups. One subgroup consists of eight to thirteen members. Each subgroup is represented by a man or woman called komisar, most of them being senior members. The komisar is responsible for the collection of monthly contributions to the social fund. He also collects the booklets of each member at the beginning of each meeting. The monthly instalments are entered in these booklets, as well as the application forms for new loans. This representation by komisar is done to make sure that the meetings take place in an orderly manner.

The komisar also represent the other members at the annual meeting with the members of the board. At this meeting, financial issues are discussed, such as the size of the annual dividend, and transfer of capital from one fund to another. This same group of people have a five-yearly meeting at which members of the board and komisar are elected, although it might be better to say re-elected. Serving UKK leaders have only been replaced in case of death or resignation. As Pak Suryono explains: "We do not have a lot of changes in the board. We always take the heads of RW as chairmen. The other positions may change. But the principle is that if someone is good at doing the job, he will stay. That is the way of the Indonesians. If something goes all right it stays. They are not chosen by the members, but appointed through acclamation. We look among the members. If they are good they stay, just like president Suharto. He has been president six times and he has done well, so he stays." New komisar are chosen in the same way. They are given a group of members who live in their close proximity.

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9 This statement was made a few months before May 1998, the month in which Suharto had to step down as president of Indonesia.
Fig. 3.3: Organisational Structure

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Board of UKK (13 people)

Ukk 3
Ukk 7
Ukk 10
Ukk 13
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21 sub-groups, with each one *komisaris*

Most members seem to accept the authoritative position of the UKK leaders, but every once in a while different opinions can be heard. At one of the January meetings of 1998, a younger but respected member asked for the opportunity to speak. He stated that if it was up to him, he would be neutral to the idea of appointing new leaders to the UKK. This was of course a very subtle way of saying that the existing board should step down (at this moment it was still some months before the Indonesian democratisation movement gained most of its momentum). Some sort of a reaction could be detected from the faces of some members of the board, who were irritated by the issue. They responded by stating that they had been chosen in a democratic way, and were simply fulfilling the wishes of the members. After the meeting, the young man received some support from other members, but in the months that followed the issue was never raised again. A few weeks later the young man explained himself in an interview:

"I am not happy with the way a new board is chosen. This happens in a closed session, which is secret to the rest of the members. I feel that we as members have the right to know how the board is chosen, and even better, that we have a vote ourselves. This is not very transparent. I do not know whether the people in the board want to continue forever. They probably have their own important reasons. (...) I join
many activities such as prayer groups, Muhammadiyah, and PPP\textsuperscript{10} as well. Maybe by joining these activities I can learn the responsible way of thinking of older men. Maybe I can also learn about how to participate in an organisation. But for that, an organisation needs to be sufficiently transparent, otherwise you do not learn anything."

Another member observed the situation in this way: "These people simply cling to their position because they like being public figures."

Officially, the UKK is now an activity of the PWB. PWB stands for *Paguyuban Warga Bujung* (Union of the People of Bujung), an organisation established by Suryono and friends after the administrative restructuring of 1988. Among other things, the PWB, the kampung's the social fund, which covers some basic costs at the funerals of kampung inhabitants, and manages a fund that supports social activities at kampung level. Part of their money comes from the revenues of UKK, and another part from contributions made by the various RT. In this way, and because UKK meetings are public events which emphasise his status as a local leader, the UKK serves as the backbone of Suryono's attempt to reinvent and reconstruct his old RK, single handedly.

### 3.3.2 Borrowing Procedures

All members are allowed to borrow money, although new members have to wait one month before they can get a loan. In practice, all members also have equal access to loans and there is no preferential treatment for the UKK leaders. To get a loan, the members have to fill in a form. On this form they have to fill in their name, the amount of the loan, the number of instalments in which they want to pay it back, and the purpose of the loan. The form has to be signed by the person who applies, the applicant's husband or wife, and the komisaris responsible. In practice, the purpose of the loan and the signature of the husband/wife are often missing. On the lower part of the form the amount of interest is calculated, plus some small administrative costs, and a provision for the members of the board. These three costs are deducted from the original sum. After this is done, the form is signed again, kept for the files, and the member receives the money.

\textsuperscript{10} The Muhammadiyah is a large Islamic social organisation, and the PPP is an Islamic political party (see Chapter One).
The maximum amount which people can borrow is Rp.500,000, and the minimum amount is Rp.50,000. People are also free to choose the number of instalments in which the loan will be repaid. The most popular is to repay in 10, 15, or 20 instalments, whereby one instalment corresponds with one month. The amount of interest depends on how many months one takes to repay a loan. For example, if you borrow Rp.500,000 and repay in 10 months, you have to pay Rp.600,000, in monthly instalments of Rp.60,000. If you repay in 20 months, you have to pay Rp.700,000, in monthly instalments of Rp.35,000. All borrowers are required to start repaying in the month after which the loan is given. Loans of Rp.500,000 are the most popular, but it is not always possible to get them. For example, in the situation where six people apply for a loan and there is only 1.5 million rupiah available, the money will be equally divided between them, and each will get Rp.250,000. Sometimes members try to get a higher loan by writing ‘urgent’ or ‘very important’ on their forms, but the treasurers do not in fact pay attention to this and treat all people equally.

In principle, members are allowed to have only one loan at a time. It has been mentioned before that when there is a low demand for loans it is possible to take out a new loan before the previous one is settled. Furthermore, quite a number of members have accounts with various groups of UKK, which allows them to take out more than one loan. And finally, another important way out is to take out a loan in the name of somebody else. Quite a few people only participate in UKK for social reasons, or because they are interested in the annual dividend, and they are often approached by friends who want to borrow in their names. According to the regulations this 'onlending' is not allowed, and Pak Suryono regularly reiterates that rule. However, many members do not seem to pay attention to it. This onlending happens most often within a UKK group, and the two people involved arrange the deal during the meeting. In other cases, members borrow money from the UKK in order to lend it to friends who are not members of UKK. In several cases the onlender asks extra interest which exceeds the interest asked by UKK.

The annual dividend is paid at the beginning of each year. At the meetings in January, none of the members is allowed to take out a new loan.

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11 The term 'onlending' has already been used by Crow (1994:281-2, 286) and Harriss-White (1994:326-7, 334-8) to refer to a practice of traders and moneylenders who onlend loans from banks to their own clients.
12 There is such a taboo on this topic that it is virtually impossible to get reliable information on the frequency with which this occurs.
These meetings are the busiest meetings of the year. Whereas normally only half of the participants show up, all of them arrive for these meetings. The on-going repayments are made to the treasurers who count out the money and fill envelopes for each member.

All the payments and transactions in UKK are well documented by the treasurers. They fill in several neat and conveniently arranged notebooks, facilitating a bookkeeping system in which different total amounts correspond with each other so that miscalculations can be detected at an early stage. The books make it possible to quickly check the financial situation of each participant and give a good overview of his recent performance. The system is both sophisticated and accessible and in a much more orderly state than the bookkeeping of all the other financial self-help organisations in Bujung.

3.3.3 Control mechanisms

As UKK is a private initiative without a legal status, the prevention of default is based primarily on social control. The first method of keeping everything under control is the regulation that states that every member should have a C-satu in Bujung. The C-satu is an official document on which is registered where one is domiciled. In Indonesia, it is fairly common for people to have a C-satu of a place other than where they really live. C-satu are seldom checked, and one only needs to register one's removal from one place to another if one wants to apply for some permit or other document. For this reason, although people have moved to some other place, they remain connected to the place where they used to live. Sooner or later a person will have to come back in order to change their C-satu, and that is why it is considered a strong control mechanism. For this change of C-satu people require a signature from the head of the RW, who also happens to be chairman of UKK. In theory, nobody can escape with a debt.

However, this is clearly a check of last resort, and it is also very important for confidence in UKK that the financial arrangements proceed in an orderly way, and that none of the members gets too far behind in payment. Therefore, there is an important role for the komisaris, who collects repayments, and who will go to the house of a debtor once he has not shown up at the meeting. In general, this visit, or rather the threat of this visit, works very well in preventing default. The komisaris is further supported by two regulations in UKK. First, if the repayment has not been made twice in a row, the debtor may get a fine of Rp.10,000 Secondly, if
default continues, the maximum amount he can borrow after this loan has finally been repaid, goes down from Rp.500,000 to Rp.200,000 and eventually to Rp.100,000. Furthermore, an announcement is made at the meeting that there is a member who is behind in payment, and that he is urged to resume paying as soon as possible. In order not to embarrass the debtor in public, no names are mentioned. However, if the members ask the board at the end of the meeting who the defaulter is, they will be given the name. Within half a day, almost all the members of UKK, plus a number of the other kampung inhabitants, will know who is defaulting. This situation is so embarrassing that almost everybody will do his utmost to prevent it.

That this system does not always work is evident from a case I came across when I was puzzled by a discussion among members of the board after the end of an UKK meeting. There was a certain problem. I could not really understand it and so I asked one of the chairmen, Pak Parman who was sitting next to me, what was going on. He said that they were discussing a request from one of the members to withdraw as a member. The person was already involved in many other social activities, and no longer had time for UKK. According to Parman, some members of the board felt that it was their fault, "... but members really are free to come and go". It did not really seem to be the whole story and so I asked one of my informants after the meeting whether what Pak Parman had told me was true. He said: "Well, what Pak Parman says is true, but the real problem is ... I do not think it is necessary to mention names ... the real problem is that this particular member has far too many debts [also outside UKK] and that right now he is unable to pay off his debts to the UKK. He often only pays half his instalment, or even less. Probably he feels ashamed to come to the meetings, because he knows that everybody knows he is in debt. It is a person who participates in UKK 7, UKK 10 and UKK 13." To me this description was clear enough to identify the person involved. Later I discussed the problem again with Pak Priyanto, one of the members of the board: "There is a small problem of repayment in UKK at the moment. Pak Asman has not paid for some time. He does not seem to have a sense of shame. He is just irresponsible and made a mistake in counting when he took the loan. Or he just takes out the loan without thinking about how to pay it back. As a member of the board, I often feel sorry for people who cannot repay. I am inclined to say that they do not need to repay. That is what I would do if I had lent them money as a private person. But in an organisation that isn't possible. It would damage UKK, and if UKK breaks down the leaders will be very ashamed. There is always a risk. You should repay to an organisation. It is the money of a lot of people."
While the various control mechanisms work relatively well for ordinary members, the situation is somewhat different for the members of the board because they actually have to control themselves. The problem is even bigger because they are such a close group of friends and relatives, so there is a threat of collusion. What does work as a prevention, however, is that they have much more of social status to lose if fraud comes into the open. Any member can check the bookkeeping so there is some restraint there, but abuse is less detectable in other parts of the organisation. Some members of the board occasionally take out interest free loans from the *kampung* social fund (PWB), but it seems that the leaders of UKK restrict themselves to this moderate 'creaming off', rather than committing large-scale fraud.

### 3.3.4 The Social Fund

In 1989 a social fund was introduced in UKK. According to the regulations, people are entitled to a disbursement from the social fund in the case of the death of a member, his or her husband or wife, parents, parents-in-law, children below the age of 25 who still live in the house and do not earn their own income, and other people living in the house, such as a housekeeper. The size of the disbursement has been increased in small steps from Rp.20,000 to Rp.60,000 per case. Rp.60,000 is nowhere near enough to cover all the costs involved in a funeral.\(^{13}\) According to Pak Suryono, larger disbursements would put too much financial pressure on the UKK. Furthermore, people also receive support from a variety of other sources, such as friends, relatives, and the social funds of other financial self-help organisations and PWB. Usually the members of UKK also collect voluntary contributions among themselves in the case of a death (usually Rp.500 per person), and this is also done in cases of illness. The members of UKK often have a large number of acquaintances in and outside the *kampung*, and when there is a funeral in their household they often break even or there is money left over.

The social fund is filled by contributions from all the members, who pay Rp.500 per month. Furthermore, at the end of the year, the equivalent of this

\(^{13}\) One informant estimated the average costs on the day of the funeral to be somewhere between Rp.400,000 and Rp.500,000. The greatest costs are for the food and drinks at the *selamatan* (ritual meal). An additional Rp.200,000 is needed for each following *selamatan*, on the 2\(^{nd}\) day, the 3\(^{rd}\) day, the 7\(^{th}\) day, the 40\(^{th}\) day, the 100\(^{th}\) day, after one year, and the 1000\(^{th}\) day.
Portraitt o f a n  Accumulatin g  Saving s  an d  Credit Associatio n

amount, Rp.500 per member per month, is deducted from the annual profit, for the benefit of the social fund. Pak Parman keeps the social fund at the bank, but has a safe amount at home in case it is needed. But he also does not keep too much: "I only keep a small part of it here because the temptation can be great to lend the money to someone, and then you are in trouble if you suddenly have to pay it back." The annual accounts of the social fund for 1997 show that in total there were 18 cases in which members or their relatives received Rp.60,000 after a death. The social fund also gives money to kampung festivities on the 17 August (Independence Day), and Sawalan (Islamic feast). Rp.500,000 had been given to the committee for the 17 August, and Rp.150,000 to the Sawalan committee. In 1997, all groups except for UKK 10 had also borrowed money from the social fund to increase their own working capital. These loans are taken out almost every year, when the demand for loans is high, and they are repaid at the end of the year.14

3.4 UKK as a social organisation

The UKK is an association the origins of which are closely connected with the former leaders of the RK. To this day UKK is still, in a sense, an association for the kampung elite. Hardly any of the people from Bujung's Ledok are members of UKK. Most members belong to the original families or to the families of the civil servants who moved into the area after 1965. In theory, membership is open to any married person who has a C-satu in Bujung, but in practice people only become a member when they are introduced by someone else. Most of the leaders of UKK have introduced their wives as members, and their children are also well represented in the association, just like close relatives, friends, and employees.

14 De Swaan (1996:11) argues that it is a crucial distinction whether a financial self-help organisation is based primarily on a solidarity principle, or on suum cuique. Are the funds redistributed on the basis of needs or on the basis of contribution? The social fund of UKK signifies that there is an element of the solidarity principle present. However, the size of the social fund is severely restricted, and a considerable part of the money is used for the collective needs of kampung festivities. Also in the loan fund, the emphasis is not only on giving the opportunity to borrow to all people who want to borrow. Because it is considered 'not right' that some people take their share of the profit when they never borrow, members who are not in need of a loan are forced to do take one. This proportionality principle is widespread in Bujung's simpan pinjam.
The close connection that exists between UKK 7, the women’s group, and the PKK also explains the presence of many wives of leaders. Becoming deeply involved with the PKK depends on one’s status as a woman. That status is in Bujung, as in many other parts of Indonesia, closely linked with the status of one’s husband. Men who either have tertiary education and a job as a civil servant, or belong to one of the established families in the kampung, also have a better chance of becoming an RW leader. That way, the chances of their wives becoming important in the PKK grows as well.

People who are not connected with this kampung elite easily feel that the UKK is not for people like them, but only for the big people (wong gedhé). Although UKK is one of the biggest and one of the best-known financial self-help organisations in Bujung, the people who live on the margins of the kampung know very little about it. Most of these people live in the Ledok. Many of them do not even know that UKK exists, while others assume that it is much bigger than it really is. Some people assumed that members could borrow up to 1 million Rp., while others even thought that the initial contribution was 500,000 Rp.

On the other hand, the participants in UKK themselves do not consider their association to be for the wong gedhé. According to them the wong gedhé are actually the few Chinese families who live at the entrance of the kampung, along the main road. These are the people who are not interested in kampung life at all, they say. They never show up at meetings. They never invite people from the kampung for festivities like marriages, and when there is a funeral they hire a professional undertaker instead of relying on the services of their neighbours. Many participants of UKK consider themselves to be members of the core of the kampung, which "tries to keep the spirit of the community alive". In this way, they feel that they represent the ordinary people in the kampung. One of them said: "The rich people do not want to join UKK. They are thinking: time is money. They are not interested in building up something, which requires attending many meetings. Fortunately, most people in Bujung are still interested in building up something."

Not all members of UKK are interested in the social aspect of the association. This can be read quite clearly from the fact that the attendance rate at the meetings is consistently around 50%, and this is always more or less the same group of people. An exception is the meeting in January, when the dividend is paid, and when most members attend. For the people who attend the meetings regularly, they clearly present a social event, and many of them mention this as a motive for participation. The women chat and
whisper with each other throughout the meeting, even when the leaders are giving their speeches. The men are often quieter. Some of them just sit in a corner silently, while others quietly exchange views with the person sitting next to them. For both men and women it is very clear that they do not feel they can behave freely because of the presence of the other sex. Meetings of other associations that are all-male or all-female are generally much noisier, and the difference is most striking with men. The people for whom the meetings of UKK are above all a social activity are the members of the board. The meetings give them an opportunity to demonstrate their prominent position in the community, and they like to give long speeches and make inside jokes to underline this. The fairly unnecessary use of a microphone also adds to this. Furthermore, the members of the board keep hanging around at the end of the meeting much longer than the other participants do.

Another social aspect is stressed by moving the meetings of the UKK from the house of one member to another. According to one member of the board, that practice was started to strengthen the social bonds between the different members. In the lower middle-class families, which are the backbone of UKK, it is not very common to invite neighbours and acquaintances into the house, unless they have some specific matter to discuss, in stark contrast with the behaviour of the lower class kampung residents. Most houses have a small bench in front of the house where people can sit with less important visitors and passers-by. To have entered someone’s house is generally felt as a sign that one has become closer to that person (lebih akrab), and that is also what the leaders of UKK wanted to achieve when they started having rotating meetings. However, for practical reasons not all members do receive the meetings at their house. Some people are a more popular choice for hosting a meeting than others, and the size of the guestroom is of crucial importance in this. The larger houses generally belong to the older families and the richer participants. In a sense, the meeting is for them also a way to show off their wealth. Unfortunately most of the furniture needs to be removed for the meetings, but usually they can leave the aquarium, the paintings, and the glass cabinet in which decorative objects are displayed. Most attenders do not fail to have a look around at the observable belongings of the host.

Another element of the social aspect of UKK is found in the collective outings. In 1995 for the first time a large recreational trip to West Java was organised, and on a Sunday in the early stages of my fieldwork I was able to join the second trip, this time to the area around Solo. All members were allowed to join the day-trip at a cost of Rp.10,500, which would be deducted
from their annual dividend. At 6.00 a.m. everybody came together at the entrance gate of the *kampung*. Many members had passed on the right to join the trip to relatives or friends. There were hardly any men present. Four shabby buses were standing in front of the entrance, and seats were distributed according to the different RTs. The trip was an exciting event for most people. We visited the lake of Wonogiri, the waterfall at Tawang Mangu, and the very popular grave of Ibu Tien, the wife of Suharto. The biggest attraction of the trip was the various little shops we came across, where people bought fruit and other souvenirs. The trip showed how seldom some of these people came very far out of the confines of their *kampung*. In particular the rice terraces near Solo made many people stand up from their seats and gaze through the windows. And even when we had already re-entered the city of Yogyakarta, the woman sitting next to me asked me, of all people, where we were. For many weeks people were still talking about this trip as a tremendous event.

Other smaller trips were also organised. Within the period of my fieldwork, it happened twice that a meeting was held at a place far from Bujung. Well-respected members of UKK are allowed to continue being a member even after they have moved somewhere else. Whenever it is decided that a meeting will be held at those places, a bus is hired to bring the whole group to the house of that far away member. These trips are fairly popular but they take more time, and often people cannot take time off to join the trip. Another occasion on which UKK goes out as a group is when occasionally one of the members is in hospital. In that case too a bus is hired to visit the sick person together.

### 3.5 The Members

The UKK has 223 members and they all have their own personal opinion regarding the association. That these members are not all the same is clearly demonstrated by Table 3.1, which shows the different purposes of the loans withdrawn from UKK. The information is derived from the UKK loan application forms. On these forms the applicants are asked to mention the purpose of the loan they want to take out. From the files of the UKK, I was able to check 746 forms over the period between 1988 and 1992. On 153 of the forms the question was not answered, but from the other forms there is a clear preference for the purposes of education, family, and business. What is striking is that the purpose of business is especially important in UKK 7, the group which has only female members, and which each year has the highest
dividend. The purpose of business is least important in UKK 10, the group with the lowest proportion of women. The business activities in which women are active are predominately small trade and home production, activities that often require financial investments well within the range of UKK loans.

### Table 3.1: UKK-loans 1988-1992

<table>
<thead>
<tr>
<th>Purpose</th>
<th>UKK 3</th>
<th>UKK 7</th>
<th>UKK 10</th>
<th>UKK 13</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>26 13.9%</td>
<td>70 25.5%</td>
<td>17 17.5%</td>
<td>48 25.7%</td>
<td>161 21.6%</td>
</tr>
<tr>
<td>Family</td>
<td>47 25.1%</td>
<td>42 15.3%</td>
<td>27 27.8%</td>
<td>34 18.2%</td>
<td>150 20.1%</td>
</tr>
<tr>
<td>Business</td>
<td>37 19.8%</td>
<td>82 29.8%</td>
<td>14 14.4%</td>
<td>37 19.8%</td>
<td>170 22.8%</td>
</tr>
<tr>
<td>House</td>
<td>4 2.1%</td>
<td>6 2.2%</td>
<td>6 6.2%</td>
<td>9 4.8%</td>
<td>25 3.4%</td>
</tr>
<tr>
<td>Medical treatment</td>
<td>5 2.7%</td>
<td>8 2.9%</td>
<td>4 4.1%</td>
<td>8 4.3%</td>
<td>25 3.4%</td>
</tr>
<tr>
<td>Other15</td>
<td>26 13.9%</td>
<td>15 5.5%</td>
<td>6 6.2%</td>
<td>15 8.0%</td>
<td>62 8.3%</td>
</tr>
<tr>
<td>no purpose mentioned</td>
<td>42 22.5%</td>
<td>52 18.9%</td>
<td>23 23.7%</td>
<td>36 19.3%</td>
<td>153 20.5%</td>
</tr>
<tr>
<td>Total</td>
<td>187 100.0%</td>
<td>275 100.0%</td>
<td>97 100.0%</td>
<td>187 100.0%</td>
<td>746 100.0%</td>
</tr>
</tbody>
</table>

The figures in Table 3.1 should be treated with extreme care. As one informant, and member of the board of UKK, told me: "The information on the loan requests does not always coincide with reality. 'Family' can really mean everything. Maybe people put it that way because they do not want to appear extravagant or a person who throws his money away. That is also a reason why some people do not answer the question at all. However, when people say that the loan is for 'school' or 'business', you can believe that they really use the money for that purpose." What is clear is that the three most frequent purposes are all socially desirable. They coincide with the advice given by the UKK leaders. Purposes which are not socially desirable, and therefore appear less frequent than in reality, are lending money to others, repaying debts, and buying luxury goods. Table 3.1 also does not give an adequate picture because people who often take out loans are over-represented as compared to people who never or rarely take out a loan.

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15 The category "other" refers to a variety of purposes. The following 'purposes' were mentioned on the application forms: marriage, 'important', 'land registration', rent, 'private importance', pedicab, child's need, 'a variety of things', bank repayment, travelling, opening instalment for a motorcycle, increasing needs, registration, clean uniforms for RT 44 and 43, perumahan (housing scheme), 'private', repayment, 'very important', Lebaran (Islamic holiday), celebration, sudden need, land, repairs, digging a well, 'something that cannot be postponed', and tent floor.
To show the way in which membership of UKK can have different meanings, serve different purposes, and make a different contribution to the household economy, it is useful to present the cases of a few members.

3.5.1 Marsudi: the electrician

Pak Marsudi, who belongs to one of the original families of Bujung, is well known throughout the kampung because he was very active in youth organisations when he was young. Nowadays, he works as an electrician. In that profession, Marsudi has only irregular jobs and he is always a bit embarrassed about the fact that his wife, who has an office job, earns a much higher income than he does. He uses a large part of the money he earns for the loans that he takes out from UKK. Marsudi does not wait with borrowing until there is a certain need. He always takes out a new loan immediately after he has repaid the previous loan.

His wife says that UKK is just a pastime, but Marsudi himself insists that the money is put to a useful purpose. "It can be given to brothers and sisters who are in need for money. If there is nobody who needs it, I can go shopping. What is left I use to buy building materials to improve the house behind this house. I own both houses. In the future I want to move into the back house and rent out the house in front. Every time I can take out a loan from UKK, I buy building material instead of saving in the bank, because otherwise I would be tempted to use it for something else. Although there is no interest it is better to save that way."

3.5.2 Didi: the shrimp cracker producer

Didi dropped out of university. He studied geology, but now he works in the small shrimp cracker factory of his father, which is also in Bujung. He and his wife participate in UKK on three days. His wife participates in UKK 7 and Didi in UKK 3 and 10. When he was still a student, Didi was very active in the youth scene of Bujung, and that way he came to attend many kampung meetings. Eventually he was asked to join the UKK, which he did because he wanted to mix with those people (ingin kumpul-kumpul).

"Wanting to mix with people is just a need that I feel myself. Everybody is different in that respect. I want to do something for the kampung so that other people can benefit from my work and capabilities. At the same time I hear a lot of information and that is
also important. If I have some sort of a problem there will be many people who come to help me. When you plant many fruit trees, you will have a lot of fruit. I do not want to be arrogant, but the time my brother died there were really a lot of people who went to Boyolali [in Central Java], five buses and several cars. When there is something like that in Godean or Wates [in Yogyakarta province], a lot of people will go as well, but Boyolali is very far. The fact that so many people showed up shows how much people care for me and my family. I am very active in the kampung and so are my father and my sister. All over the kampung people know us. Although my brother was not very active in kampung activities he was known to a lot of people, just from the street. That shows that you do not need the organisations to make friends. It is just one way."

Didi was also able to use the financial dimension of the UKK when he was still a student. Because he was an adult already, he did not dare to ask money from his parents. He always paid the repayments to the UKK with the pocket money he received from his parents for working in the factory. The only problem was that the repayment of the loan took ten months and a semester has only six months. On top of that he also needed money for the lab equipment for his research. So Didi was forced to ask money from his brother, and his parents. In the end this became too much of a burden and, also taking family into account, He decide to quit university.

Nowadays Didi hardly ever borrows from UKK. He only borrows because he feels obliged to if the whole fund is not taken. It even happened that he put the money in the bank account after taking out his loan. "This is not to look for profit, but because it is a safe place. Because of my religion I am not allowed to ask for high interest, and that is why I put it in a simple tabanas account [savings account with very low interest]." Sometimes Didi uses a loan for something else. "If I am broke, I sometimes borrow money from my sister, and then I repay it with a loan from UKK. Once or twice I also took a loan as working capital for the factory."

3.5.3  Yuli: the pedicab driver

Pak Yuli also belongs to one of the original families in Bujung. He is a pedicab driver, but earns some additional income as a parking guard. His wife sells snacks on Jalan Usaha. Since he became a member of the UKK he has used all his loans to buy second hand pedicabs. Yuli repaired them himself and rented them out to other pedicab drivers. "It is quite easy to rent them out because they are well cared for." For the purchase, he took loans
both in his own name, and in the names of others. Over the years he has managed to buy fifteen pedicabs. Now Yuli and his family live in a fine house, which they just built two years ago. To finance the construction of the house Yuli sold all the pedicabs he owned, but that was not enough to pay for everything. He also took loans from the UKK and got money from his brothers and his children. Yuli was badly in need of a house because his rent contract was due to finish. After he had sold his pedicabs, Yuli continued to work with rented pedicab. He participates in UKK twice and every time he was able to borrow he bought an extra pedicab.

Yuli is a person who wants to achieve things in life and that is why he works hard. He has an example in his best friend Pak Surono, who is also active in business and simpan pinjam. As a bad example he mentions Pak Bantoro, a retired food seller, "who has been lazy all his life". "He could have kept working for a much longer time, but he preferred to play chess and card-games. It is true that his sons are doing all right, but they could have done much better." Yuli himself says that he will work until he cannot work any more. "I would be ashamed to ask my children for food."

3.5.4 Bu Latif: the caterer

Bu Latif was born of a poor family. She married an orphan who was adopted by a civil servant from Bujung. Her husband has a low-paid job as a driver for a government department. Bu Latif herself occasionally has catering jobs. Other women in the kampung accuse her of having an inferiority complex. According to them she has arranged to become a komisaris in UKK in order to look more important. It is clear that she does not have a lot of friends.

Bu Latif very much wants her children to get a good education. Her first two children have only senior high school, but now Bu Latif has managed to give her third child tertiary education. "I only take part once because I do not want to have too many debts. (...) I generally borrow money twice a year to pay the school fee for my son Erwin. The school fee is Rp.450,000 per semester. It is very nice that at this moment we have only one who is going to college. We would not be able to pay for two." In fact, one child is already too many. For Bu Latif a semester is also too short a time to repay the loans and that is why she took a large 1 million Rp. loan with a local moneylender. Bu Latif is very much troubled by the question of how she can repay that loan, especially since her youngest child is already in the final year of senior high school.
3.5.5 *Santoso: the gymnastics teacher*

Pak Santoso is a gymnastics teacher at a technical school and is approaching retirement. He is known as an altruistic person, and he liked to discuss the social problems in the *kampung* with me. He calls himself a person with a social conscience. Pak Santoso has been the head of his RT for a couple of years, so that many people came to him for help. Furthermore, until a few years ago he was still unmarried and given the fact that he had a relatively good job, many people considered that he could afford to help others.

Santoso does respond to such requests. "If they are in need and I can trust them I borrow for them. I do that very often, because I am not really interested in borrowing myself." But he does it on his own conditions. Santoso only lends money if it is needed for education or medical costs, and not for consumption or business. "That is a wholly different field." He also never lends his own personal money, but only from *simpan pinjam* (in this case the UKK and the credit cooperative at his work). He hopes that this way people will feel more compelled to pay back on time, because it is not his money, but money from the *simpan pinjam*. This also makes it easier to ask for the money back. Even so, Santoso is bearing the risk. He does not charge extra interest, and he himself pays the instalments on time. So if one of the people whom he has lent money does not repay, Santoso loses.

How some people take advantage of Santoso's helpfulness is shown by the case of Nugroho, who has borrowed money to pay the school fees of his nephew. He told me that he does not consider Santoso a close friend because of that. "It is true that he has sometimes helped us out, but that is also because he is the head of the RT (...) He helps a lot of people here, not with his own money but with money from the cooperatives. He often comes to our house and we have an enjoyable evening together, but it is simply not as close as with others." Nugroho had not been able to repay the loan on a regular basis, but instead he had promised that he would repay the loan after he had received the *arisan* in which he was participating.

However, alongside his loan from Santoso, Nugroho had also borrowed an even larger amount from his younger brother, Mas Kuncoro, in order to build a new house. Even worse, Nugroho had also promised the *arisan* to Kuncoro as collateral for the loan. Inevitably this created an embarrassing situation on the day that Santoso wanted to collect his money, one day after the *arisan* had come. Santoso and I were welcomed into the house and right from the start the atmosphere was not relaxed. Nugroho seemed to be avoiding us; he was watching television, taking a bath, and visiting the neighbours; certainly not the way one should treat visitors in Java. For a long
time Santoso engaged in all kinds of small talk, until at the end of the evening Santoso finally dared to raise the subject of the loan. Nugroho called his wife and she paid some money to Santoso, though nowhere near enough. Nugroho told him that he could get the next Rp. 600,000 in May, when they would receive another arisan.  

Santoso knows that people are taking advantage of him.

"People who ask for loans are often labourers or pedicab drivers from the Ledok. They often have problems with their earnings. Sometimes it is just bad luck, but sometimes they are also lazy. They say: 'Oh I have such a pain here or there, I cannot work.' Or: 'I am so tired I am going to rest for the afternoon. They are simply too consumerist. (...) Indonesian people are already very used to living with these problems, as they have been living in this situation for a long time. So they are already very smart (pintar) in looking, not for money, but looking for loans. They know the people from whom they can borrow. In the past there were always rumours about me in the Ledok. People said: 'Santoso has a very high income, and he is all alone, not married. We can ask him for a loan.' Now that I am married the rumours are less, but there are still a lot of people who want to borrow from me."

In a way Santoso is also bitter about his experiences: "In the past I helped everybody because I thought that they would repay. I trusted them from the start. The Javanese say: wong nulung kudu wani kepentung (a man who helps should be ready to take a blow). The problem with helping people is that you always have financial losses, but apart from that they can also discredit you. An example is that someone once asked a person from the Ledok whether he sometimes borrowed money from me, and that person said: 'Yes, but he also borrows from me.' That sort of gossip gives me a bad name, but I don't really care."

Nonetheless, Pak Santoso does get something in return for the help he gives, although it is not money. In the case of one woman who is deeply indebted to Santoso, she repays this by doing his laundry free. Rumours are that she is also giving him sexual favours. From most others Santoso only receives a certain respect. Bu Jadiyo, who is living in the RT where most of Santoso's debtors live, summarises the general attitude as follows: "He was often cheated by people from here who say that they do not have the money,

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16 One should take into account that Santoso in many respects stands higher in the social hierarchy than Nugroho does. Santoso is older, from the Atas and a civil servant, all of them things that Nugroho is not.
while they in fact do. Pak Santoso was always very relaxed about that. When he finally married, the people of the Ledok all contributed Rp.5,000 per family to give him and his new wife nice household utensils. Pak Santoso is really a good man."

3.6 Discussion

UKK's existence and growth are closely related to the political and economic development of Indonesia, as discussed in Chapter One. First, they reflect the thirty years of economic growth under the New Order regime. As in other parts of Indonesia, the standard of living of the people of Bujung has increased over the past decades, and they have been increasingly looking for ways to facilitate the purchase of luxury goods such as motorcycles, television sets, radios, and refrigerators. More people have been able to build better quality houses. Improved medical services allow better and more expensive medical treatment. Furthermore, the upwardly mobile classes which have emerged have a large demand for education. Schooling has become increasingly important for getting a job and earning an income. Although incomes have increased, the ability to acquire lump sums remains a crucial problem, and financial self-help organisations such as UKK play an important role in this.

The emphasis on consumption in a broad sense, instead of on investment, has also caused the limited growth of the loan fund of UKK. An accumulating savings and credit association (ASCRA) can only keep growing if the members grow with it. If members invest their money in income-generating activities, they can increase their income and their creditworthiness. Each time they can withdraw bigger loans. It is the scenario through which, according to the development organisations active in Microfinance, people can raise themselves out of poverty. However, taking out loans in anticipation of increased future income is also risky business. Instead, most members of UKK have calculated their creditworthiness on the basis of their present income, and have used their loans for housing, education, and motorcycles. This strategy puts a limit on the size of the loan that one can take out, and means that the UKK can grow no further.

Secondly, UKK can be explained from the Indonesian government's efforts to increase its control over society. For that purpose, it formed the Rukun Tetangga and Rukun Kampung, an initiative that simultaneously created a new local social category, the kampung leaders. Of course, most of
them already had a higher position within the community on the basis of a number of other criteria, but their status was further strengthened and confirmed by their appointment as official *kampung* leaders. Apart from status, their position also gave them power over the other inhabitants in the sense that they became dependent on them, for example when they needed important documents. Moreover, their position gave them far-reaching control over financial resources in the *kampung* because they were better able to charge fees and administer *kampung* funds. Altogether this gave them good reasons to vigorously defend their position. So when the government forced through their administrative restructuring, they did what they could to keep the *kampung* as a social unit, and to maintain their own position within the *kampung*. UKK was meant to achieve this.

The government's objective of social control was also one of the reasons behind the close attention of the Indonesian government to credit cooperatives. After independence, the initiatives of the Dutch General Popular Credit Bank have been continued by the Bank Rakyat Indonesia (BRI), and subsequently the cooperative ideas have spread more rigorously and on a larger scale. The most eye-catching initiatives, for Indonesians themselves as well, was the promotion of office cooperatives and the rural KUDs of the BIMAS programs (Schmit, 1991). All these institutions played a role in the propaganda message of a *gotong royong* society and were under strict government control. They have never been true cooperatives, in the sense that they were really governed by their members, but they did bring most Indonesians, directly or indirectly, into contact with the idea of a collectively owned (loan) fund. 'Cooperatives' thus provided an obvious and familiar format for collective action. It not only led a BRI employee to design UKK, but also made it possible for all the others to accept his design and join the organisation.

At the same time, the undemocratic character of the office cooperatives and KUDs was tacitly accepted by most members, just as people accepted the New Order regime as a given. This resigned attitude also allowed the leaders of UKK to self-confidently wield the sceptre, and manipulate the UKK for their own purposes in many subtle ways. Many members are unhappy about the size of loans, repayment procedures and the pressure to borrow, but they feel that they cannot influence the board on these points. The UKK is simply not as flexible and democratic as financial self-help organisations are often portrayed as being.