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

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Chapter Six - Coping with Adversities and Deficiencies:
The significance of financial self-help organisations

How can Bujung’s financial self-help organisations provide a form of social security? There are many ways in which people can try to cope with the adversities and deficiencies discussed in Chapter Two. The emerging financial gaps can be covered through loans, savings, gifts and insurance arrangements both within and outside the sphere of financial self-help organisations. These sources of security come in many different forms and have different normative characteristics. Most frequently, people do not use these sources separately but in combination with each other, which results in a complex financial game. However, not everybody has the same access to the essential financial arrangements. I therefore want to discuss the ways in which access is regulated, and to see how these financial arrangements are linked to actual social relations. In doing this, it will become clear that access to financial arrangements can create as well as solve insecurities and that there is no straightforward functional relation between the two.

The arguments of this chapter are based on the assertion that the participants themselves play an active role in mobilising the social security functions of financial self-help organisations. As participants in arisan and simpang pinjam, people are continuously able, or forced, to make decisions, through which they can use the institution to their own advantage. In that sense, the participants can be seen as rational agents, who may not be acting out carefully prepared working plans, but who are certainly alert and scheming. They have at least some practical understanding of how their world works and they are aware of whether certain choices may be to their advantage or not. Their knowledge is typically localised and takes full account of the circumstances in which they live. This chapter will present Bujung’s financial self-help organisations as a field in which such decisions are made.

This chapter aims to investigate how Bujung’s financial self-help organisations provide protection against adversities and deficiencies. To achieve an understanding of complex coping strategies, the chapter starts with a description of how people cope with the consequences of illness. It then turns to an analysis of the three basic forms in which financial self-help organisations can provide protection: 1) the direct allocation of lump sums,
2) the use of social capital to improve access to economic capital, and 3) the use of economic capital to improve access to other forms of economic capital. None of these forms offers ideal protection against adversities and deficiencies, and I will explain for each option why it does or does not work. In due course, I will show that in this regard, there are particular differences between sorts of organisation. Although the ‘modus operandi’ is basically the same for people in the Ledok and the Atas, the benefits they can obtain are to a certain extent distinct. The chapter ends with a conclusion in which the relative importance of financial self-help organisations is assessed, vis-à-vis other coping mechanisms.

6.1 Coping with Illness

As explained in Chapter Two, illness is one of the biggest problems with which the Bujungese may be confronted, especially when it involves hospital treatment. Few people have enough money readily available to settle a hospital bill. In order to pay for medical treatment people have to find money.

Most people in Bujung can count on some financial support from their neighbours and friends in the case of an illness which involves substantial medical costs. Usually a collection is held among the inhabitants of the RT, and among colleagues and co-workers. In such a case, social organisations such as public *simpan pinjam*, the civil guard (Hansip) and the *gamelan* orchestra, also collect money. These contributions are voluntary but within the group there exist clear expectations about how much a person should contribute. There are always some people who, because of their precarious economic situation, are exempted from payment, but those people who do not contribute even though they are considered financially capable are subjected to severe scorn. The contributions are relatively low, usually Rp.500 or Rp.1,000.

Once during my fieldwork I ran into a group of men who were on their way to the house of one of their neighbours who was ill. I was asked to join the visit and to add a small financial contribution to their own. As I folded a Rp.5,000 note into their envelope I managed to get a glimpse of what was already inside. I saw three Rp.500 notes, maybe four. Not that much, if one considers that the group consisted of about ten men. There were clearly some free riders among them! Once inside the house, the ill man was called from his bed, so that he could listen to a long speech from the leader of the visitors who wished him a quick recovery. It took the patient much of his
little energy to express the required words of thanks. It was a rather elaborate ceremony for handing over such a small sum of money. Clearly the symbolic aspect of it was much more important than the actual help provided. Harjono, the leader of these visitors, confirmed this when he later explained the purpose of visiting ill neighbours: "It is like a sort of medicine. It makes you heal quicker. If they do not visit, you are sad. You see, we very much depend on our neighbours for material and moral support. The moral support is the most important."

Similar visits are also made if somebody is in hospital. The members of the social organisations mentioned above often rent a bus together for that purpose. I myself was visited by two such groups when I had to stay in hospital for a few days. I even heard of a bus going to Klaten, to visit the wife of a pedicab driver who had gone to her parents when she was ill. In one case where a woman was reluctant to go to hospital with a stomach disease, her worried neighbours proposed organising a collection of contributions in order to urge her to go to hospital, but she declined the offer and died. Without a doubt these forms of support are well intended, but unfortunately they can never be more than a modest contribution to the financial costs of hospital treatment.

Only the workers in the so-called 'formal sector' take part in state sponsored or private health insurance and pension schemes. Civil servants are to a limited extent insured against health costs through Askes (asuransi kesehatan) and receive a pension after retirement. For employees in the private sector there is Jamsostek (jaminan sosial tenaga kerja) under the Department of Labour, which is intended to provide insurance against a number of contingencies. And since 1998 some efforts have been made to create a Social Safety Net in collaboration with the World Bank, in order to bring some relief to those vulnerable groups that have been hit by the economic crisis.

The problem with health insurance for civil servants is that it only fully pays for treatment in public hospitals, and contributes to only 15% of the costs in private hospitals. There are also many medicines that are not covered by the insurance. Many civil servants do not trust Sarjito public hospital because the quality of care is said to be worse, and they try to stay away from there. One civil servant said:

"The last time I applied for money from Askes it was for my own hospital treatment. I fell ill on a Saturday evening and at that moment the doctors at the public hospital do not work. I did not want to take any risks so I went to a private hospital. If I had got ill on a
Wednesday I would probably have gone to Sarjito. Only if it is a life-threatening illness, I prefer to go to a private hospital because I believe the treatment is better. I only go to the public hospital for check-ups and things like that. In the end the bill mounted to 1.6 million rupiah. I received a disbursement from Askes of Rp.111,000. The rest was paid with a loan from the office co-operative and with contributions from brothers and sisters, including in-laws. (...) At more or less the same time a child of Ngoto's brother also suffered from the same illness. They waited with taking it to the hospital and consequently the child died."

Many civil servants also said that even though they went to Sarjito themselves, if their child was ill, they would never take it to Sarjito, no matter what the costs were.

Others might receive support from the DepSos (the social department), where the 'truly poor' (betul-betul miskin) can ask for support in case of a financial emergency, in most cases the hospital treatment of one of the members of the household. Obtaining this support is a rather difficult and bureaucratic affair, which usually takes at least a whole day's work. The applicant has to present documents from each administrative level, the RT, RW, kelurahan, and kecamatan, in order to demonstrate that the household is truly poor and of good reputation. For anyone with a good relationship with the local officials, it is possible to get these documents. To demonstrate that someone is in fact poor it is usually sufficient to mention a profession in the informal sector, or poor quality housing. If the application is accepted the amount which is given is usually very small, ranging from Rp.20,000 to Rp.40,000, in a situation where hospital costs range from Rp.500,000 to one million Rp. Another option to solve the problem is to apply for cicilan at the hospital, a settlement allowing for payment in instalments.

There are some people, however, who manage to find their own way, such as Bu Ran:

"I once had my child in hospital for three months and in the end the bill was 1.7 million. I did not have this amount of money so I went to the hospital, Sarjito [the public hospital], to ask for a discount. They only wanted to give me 10%, but that still left me with a huge bill. They said I had to go to the Social Department. There they were very angry with me. "Ibu", they said, "there is no hospital for free. You have to pay the bill." But I really could not pay for it. So I chose to go to Sarjito again with my husband. I went straight to the director. He asked me how much money we had. My husband showed him the Rp.500. that he had earned that day. Well, the director said that we could use that to buy bananas. We did not have to pay one single
rupiah. He even provided us with support for treatment of the child at home. They gave us so much milk that I was even able to sell some of it to the neighbours. Six people from the hospital came to look at our house. At that moment I still only had half of this house and some of them had to sit outside. At that moment they believed that we were really poor. Later I gave birth to twins. One of them died and the other was very ill. It stayed in hospital for a long time, at Panti Rapih (a private hospital). There I did the same thing and I succeeded. Afterwards I was able to take the child to the specialist for free, several times. It just depends on the way you present yourself. I wore old sandals, and just my normal clothes. I made sure that they were clean. If you go there wearing your best clothes, you will not succeed. And it depends on what you say. You have to make clear that you really do not have the money."

Many people in Bujung claim that they have not prepared anything for the moment when a member of the household becomes ill. It is true that civil servants and those employed in the 'formal sector' have health insurance, but that is just "something that comes with the job". Every time I raised the issue of adversities such as illness to Bantoro, a retired food seller whom I frequently visited, he always laughed and indicated that it is not good to talk about these things. And when I persisted, he just pointed at the picture of a crucified Jesus that was hanging on the wall. Bantoro was by no means the only one who made it clear that they considered adversities to be the business of the Almighty. However, one day the topic of adversities made a informant come up with an expression which he liked very much: *Sedia payung sebelum hujan*, or: Make sure you have an umbrella before it starts to rain. In the survey we asked our respondent what kind of umbrella they had prepared. Out of 156 respondents, 58 indicated that they did not have an umbrella. Of the other respondents, almost three-quarter referred to their money, either at the bank or at home. The rest referred to gold and durable goods, but also to their children, faith or bodily strength. Only one respondent referred to *arisan*. However, if we take a closer look at how people finance their hospital bills, it becomes clear that hardly anybody can rely completely on their own savings. Our survey pointed to a variety of sources of finance for paying hospital bills (see Table 6.1).
Table 6.1: sources of finance for paying hospital bills.

<table>
<thead>
<tr>
<th>Source of Finance</th>
<th>Atas</th>
<th></th>
<th>Ledok</th>
<th></th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Own savings</td>
<td>44</td>
<td>83,0</td>
<td>29</td>
<td>67,4</td>
<td>73</td>
<td>76,0</td>
</tr>
<tr>
<td>Selling goods</td>
<td>7</td>
<td>13,2</td>
<td>8</td>
<td>18,6</td>
<td>15</td>
<td>15,6</td>
</tr>
<tr>
<td>Contributions of parents or children</td>
<td>22</td>
<td>41,5</td>
<td>18</td>
<td>41,9</td>
<td>40</td>
<td>41,7</td>
</tr>
<tr>
<td>Contributions of other relatives, neighbours or friends</td>
<td>37</td>
<td>69,8</td>
<td>33</td>
<td>76,7</td>
<td>70</td>
<td>72,9</td>
</tr>
<tr>
<td>Social fund</td>
<td>24</td>
<td>45,3</td>
<td>25</td>
<td>58,1</td>
<td>49</td>
<td>51,0</td>
</tr>
<tr>
<td>Contributions of other persons</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>7,3</td>
<td>3</td>
<td>3,1</td>
</tr>
<tr>
<td>Borrowed from relatives, neighbours or friends</td>
<td>6</td>
<td>11,3</td>
<td>7</td>
<td>16,3</td>
<td>13</td>
<td>13,5</td>
</tr>
<tr>
<td>Borrowed from boss</td>
<td>5</td>
<td>9,4</td>
<td>4</td>
<td>9,8</td>
<td>9</td>
<td>9,4</td>
</tr>
<tr>
<td>Borrowed from moneylender</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>4,7</td>
<td>2</td>
<td>2,1</td>
</tr>
<tr>
<td>Pawnning goods</td>
<td>2</td>
<td>3,8</td>
<td>3</td>
<td>7,0</td>
<td>5</td>
<td>5,2</td>
</tr>
<tr>
<td>Simpan pinjam</td>
<td>3</td>
<td>5,7</td>
<td>7</td>
<td>16,3</td>
<td>10</td>
<td>10,4</td>
</tr>
<tr>
<td>Arisan</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>4,9</td>
<td>2</td>
<td>2,1</td>
</tr>
<tr>
<td>Insurance</td>
<td>14</td>
<td>26,4</td>
<td>3</td>
<td>7,0</td>
<td>17</td>
<td>17,7</td>
</tr>
<tr>
<td>Repayment arrangement with hospital</td>
<td>-</td>
<td>-</td>
<td>10</td>
<td>23,3</td>
<td>10</td>
<td>10,4</td>
</tr>
<tr>
<td>Contribution Depsos</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>9,3</td>
<td>4</td>
<td>4,2</td>
</tr>
<tr>
<td>Total (n)</td>
<td>53</td>
<td></td>
<td>43</td>
<td></td>
<td>96</td>
<td></td>
</tr>
</tbody>
</table>

On average, Ledok residents receive more financial support from others than the Atas residents do. The latter rely more on personal savings and insurance. It seems logical that this difference is caused by their poverty, which makes them more eligible for support, and by the stronger social ties
in the Ledok. Another point that stands out is the minimal role for *arisan* and *simpan pinjam*, which are mentioned by very few people. Altogether, from Table 6.1 it becomes clear that most people use a multiplicity of sources to finance hospital bills. This is confirmed by the hospital treatments that I was able to document. For instance, the trader Nugroho still remembers very well what happened when he was taken to hospital with tetanus, for which the bill was Rp.570,700. First of all they received Rp.30,000 which was collected in the RT. They received another Rp.35,000 from a close friend and took Rp.300,000 from their savings account. The remaining Rp.200,000 was borrowed from a number of different moneylenders. Other cases show how each person makes use of a different combination of resources.

- Bu Sartono, an elderly scavenger who had her husband treated in hospital, received money from the Departemen Sosial, borrowed money from neighbours, and received a contribution from her son-in-law. This son-in-law also went to his own parents to ask for an extra contribution.

- Tejo, a coolie who was suffering from typhoid, received some help from a friend whom he had recently helped himself, and pawned a television set which he had received as collateral for a loan he gave to his brother-in-law. He also borrowed money from his boss.

- Dwi, a civil servant who took his child to a private hospital, received some money from his health insurance and borrowed the rest from his office co-operative.

- Jadiyo, who in a few months time saw his wife, daughter and finally himself go to hospital, received some money from his parents-in-law, took some savings from the bank, and sold his television set and tapedeck. In the end, this money was not enough and he was forced to sell the stock of his profitable cookie production enterprise and take up a regular job as a sandal salesman.

- Bu and Pak Min, food seller and coolie, both had to go to hospital a number of times in succession and sold 145 chickens one by one to have money for food. Uncles and aunts of Min paid the eventual hospital bill.

- Adi, a pedicab driver had to pay the hospital bill for his mother, which was over Rp.2,000,000. He sold a cow and some jewellery, and received a large contribution from a foreign tourist who was a regular customer.

- Wahyudi, a civil servant, received some money from his health insurance, took a loan from his office co-operative and received substantial contributions from his brothers and sisters.
• Purnomo, a coolie who had taken his wife to hospital for the delivery of their second child, received a contribution from the Social Department, and borrowed Rp.200,000 from a Dutch anthropologist. A week later he repaid that loan by selling a cupboard.

• Bejo, a worker in a shrimp cracker factory, applied for a reduction at the hospital and received it. His friends organised a gambling night the revenues of which were for Bejo. He also received a substantial contribution from his boss.

• Bambang, a coolie, paid for the hospital of himself and his wife from contributions by his parents and brothers and sisters. He also sold a gold necklace, and borrowed from a moneylender.

In all these cases, the families received minimally around Rp.30,000, money that was collected in their RT and in other social organisations in which they participated. It is likely that in a number of cases the informants omitted moneylenders as a source, because people in Bujung are often embarrassed about using their services. Although the different sources of finance listed here are probably incomplete recollections of what often happened a few years ago, these accounts give a general picture of how people dealt with high medical costs.

Altogether, it is clear that there are different ways of confronting expensive medical treatment. People can choose to mobilise their savings, to ask for financial contributions from others, or to borrow money. If the costs of medical care are reasonably high, most sources of money are insufficient to meet all the costs. Because of that, many people in Bujung make use of multiple sources of money, especially in the case of illness, an adversity that is not only often very costly but also quite unpredictable. However, for all other financial gaps that people are confronted with, the same sources of money form potential safety belts.

6.2 Direct Protection from Financial Self-help Organisations

Financial self-help organisations could in principle provide direct protection against financial gaps in two different ways. First, there are insurance arrangements, which exist in most of Bujung’s social SHOs and public simpan pinjam. These organisations have emergency funds that are built up from regular contributions paid by all participants. The main problem with these arrangements is that they are usually limited to disbursements in the case of death, and exceptionally also in the case of illness. There are a large
number of adversities and deficiencies that are not covered by these arrangements (housing, education, unemployment, and so on), in spite of the fact that they create urgent problems for most of their participants. Another problem is that the disbursements are comparatively small, mostly around Rp.10,000. At best, there is a disbursement of up to Rp.60,000, whereas the costs of a funeral easily reach ten times that amount.¹

Secondly, arisan and simpan pinjam could also fill financial gaps through direct allocation of a kitty or loan. The problem is that participants are able to determine the moment of disbursement of kitties and loans only to a very limited degree. Most arisan distribute the kitties on the basis of a lottery and it is almost impossible to make the winner of the kitty exchange turns with someone who is in urgent need for money. Arisan organisers explained to me that most participants are so eager to receive it that nobody is willing to surrender the kitty. "Everybody needs the money!"² In theory, in simpan pinjam it is possible to take out a loan whenever one needs it. However, it happens that many organisers, with the support of a majority of the participants, are strongly focused on maximising the annual dividend. For that reason the loan fund needs to be lent out as much as possible and all participants who are without debt are pressured to take out new loans, even if they do not need them.³ As a result, everybody is almost continuously

¹ These insurance arrangements are also seldom mentioned in the literature on financial self-help organisations in Java. Exceptions are Kakisina et al. (1991:13), Bouman and Moll (1992:214), and Patma-Mingoen (1980:94). Kakisina et al. share my observation that these funds are relatively small. Bouman and Moll, however, describe a self-help organisation of pedicab drivers in the centre of Yogyakarta where the emergency fund is the central arrangement. Funeral funds seem to be more widespread in African countries, where they also cover a larger part of the costs (see Bähr, 1999:1-7; and Kane, 2001).

² An exception took place in an arisan RT in the Ledok. Here it was decided that two participants, who because of illness were unable to work, could have precedence in the lottery of the arisan. If surrendering a kitty could happen somewhere, it would be in arisan RT, where the kitties are small and participants meet frequently, also outside the meetings. However, in general it is certainly not true that "If one is the victim of a sudden misfortune (...) one can always persuade the other members to take the pool out of turn", as Geertz (1962:427) states for Modjokuto. Bouman (1995b:378) also mentions this to be a widespread practice in ROSCAs in general, and other Indonesian observations can be found in Murray (1991:79) and Mai (1992:7). It remains difficult to determine why the practice of exchanging kittens is absent in Bujung, but I do not exclude the possibility that what these four researchers observed was norm rather than practice.

³ This can be called the proportionality principle. All participants are expected to make the same contributions to the annual dividend, so that nobody benefits more than the others.
indebted to the *simpan pinjam*, and only those who have just repaid their old loan are able to take out a new one. Several civil servants claimed that the loan funds of their office cooperatives were regularly empty and they had to wait several months before a loan request was granted.

There are different ways used to solve the problem of not having immediate access to lump sums. For instance, with *simpan pinjam* it is possible to take out a loan under the name of one of the other participants, one who at that moment is free of debt. A participant explained: "I allowed Priyanto to borrow in my name. He needed an operation at the hospital and I felt that I could not refuse him the loan. I have known him for a long time, so there will probably be no problem with repayment". The actual borrower pays the monthly instalments, while the 'onlender' remains formally responsible. This way, the onlender allows the actual borrower to take out a second loan from the *simpan pinjam*, although this is formally prohibited. Organisers of *simpan pinjam* regularly emphasise during the meetings that loans should be used for personal purposes only and not transferred to others. Onlending therefore happens secretly most of the time. It is usually people who participate primarily for socialising reasons and do not have a need for lump sums who do such onlending.

However, as inventive as such a solution may be, it still remains necessary for the participant to wait until the day of the next meeting, which is usually organised only once a month. This makes it difficult to meet urgent necessities directly with money from *arisan* and *simpan pinjam*. Direct allocation of lump sums is mainly an option for necessities for which it is not really important exactly when they are met, as for improving or building a house. A pedicab driver explained to me that he had even planned his wedding bearing in mind the moment when he was to receive the kitty of his *arisan*. However, the situation is fundamentally more difficult for necessities that have to be met at a specific moment, such as hospital costs, school fees or presenting gifts at a wedding.

As a consequence, participants who want to make use of their financial self-help organisations for coping with financial gaps have to do so in an indirect way. There are basically two possibilities. They can either use the social capital that they have produced while participating in *arisan* and *simpan pinjam*, or they can allocate their lump sums (economic capital) in

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4 Smets (1996; 2000) identified ROSCAs as important sources for housing finance in urban India.
5 Bijnaar (forthcoming) found a market ASCRA in Surinam, which allowed participants to borrow money at any moment of the day.
such a way that they provide indirect protection. In other words, this chapter shows how social capital produced in financial self-help organisations can be used to mobilise economic capital outside these organisations, and it shows how economic capital produced in financial self-help organisations can be used to mobilise other forms of economic capital and social capital outside these organisations. Of course, this analytical distinction does not imply that these two possibilities are separate in reality.

6.3 Managing Relations: coping based on social capital

Participation in financial self-help organisations can, in an indirect way, provide access to loans or gifts from neighbours, relatives, acquaintances, and colleagues, from all those who also participate or are otherwise connected to the organisation. By participating in a particular financial self-help organisation, those people come to know who you are and that you are able to deal with money in a responsible way. Building up these contacts, through which one could eventually receive support, can be understood as the production of social capital in financial self-help organisations.

In recent years, the concept of social capital has become more and more popular in the social sciences.\(^6\) It has been used to explain the economic efficiency of some societies relative to others, to explain the interrelation between macro-level and micro-level social interactions, and to explain the usefulness of Microfinance programs.\(^7\) Probably as a result of its popularity the meaning of the term as an analytical tool has become somewhat blurred. Portes is one of the scholars who is critical of this inflation of the concept. "[T]he point is approaching at which social capital comes to be applied to so many events and in so many different contexts as to lose any distinct meaning" (Portes, 1998:2). It is a concept that explains too much with too little (Woolcock, 1998:155-9).

For these reasons, and for the purpose of this research, it is useful to stick to a narrow interpretation close to that of Bourdieu who focused "on the benefits accruing to individuals by virtue of participation in groups and on

\(^6\) Anybody who still needs to be convinced about how widespread the use of the term social capital really is, should take a look at the World Bank's library on social capital: http://www.worldbank.org/poverty/scapital/

the deliberate construction of sociability for the purpose of creating this resource" (Portes, 1998:4). In this interpretation, Portes takes the concept of social capital as "decomposable into two elements: first, the social relationship itself that allows individuals to claim access to resources possessed by their associates, and second, the amount and quality of those resources" (Portes, 1998:4-5). In other words, people are able to mobilise (financial) resources if they have meaningful relationships with others who have these resources available. Social capital can only be mobilised if prior investments have been made, in the form of time, money and effort devoted to those relations, and participation in a financial self-help organisation can be one of the ways to make such investments (see also Anthony, 1998).

6.3.1  Reciprocity

We need to understand that the exchange of support between relatives and 'friends' (in the broad meaning of the word including colleagues, acquaintances and neighbours) is in itself problematic and not self-evident in the context of Bujung. The Bujungese do not help everybody they know, not even everybody they like. They want to make sure that they will receive something in return, and for that both parties have to trust each other. The practice of helping others is firmly rooted in the norm of reciprocity, a classical theme in anthropology (Gouldner, 1973:200).

Reciprocity is the practice whereby "gifts are given in order to evoke an obligation to give back a gift, which in return will evoke a similar obligation – a never ending chain of gifts and obligations" (Kopytoff, 1988:69). In that sense, gifts involve a kind of debt, not unlike debts generated by credit transactions. Gouldner (1973:242) explains that reciprocal relations are based on the norm of reciprocity, which entails that "people should help those who have helped them, and people should not injure those who have helped them". What is typical of this kind of reciprocity - generalised

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8 This does not mean that I totally reject Putnam's notion of social capital as "features of social organization, such as trust, norms and networks, that can improve the efficiency of society by facilitating coordinated actions" (Putnam, 1993:167). I do agree that particular forms of interaction and cooperation may well facilitate social activities. My problem is that this notion of social capital is vague and volatile and cannot be captured empirically in a satisfactory way.

9 Not everyone is equally equipped to produce social capital depending on a person's social positioning. Social capital is to some extent inheritable (Bourdieu, 1989:137-41). This form of social capital is in fact private property, in contrast with Putnam's claim (1993:170-1).
Reciprocity, in the terms of Sahlins (1972:193-5)\(^\text{10}\) - is that normally the debt is never settled completely. The debtor returns the favour but typically gives a little bit more than what he has received. In that way, the original creditor becomes the debtor and vice versa. After this kind of exchange has occurred a number of times the parties may not very well remember who is indebted to whom, but both feel the responsibility to help the other if they can or when the other is in need of help. Reciprocity "assumes a social network with symmetrical links" and "requires mutual trust and lasting bonds, typically found within the extended family network, ethnic communities and other small-scale networks" (Meert, 2000: 320).

Reciprocity is typically seen as pertaining to a dyadic relation between equals. In his three essays on reciprocity, Gouldner (1973:201) came to a much broader perception of the theme. Gouldner argues that reciprocity is not always an engagement between two individuals, but that more people can play a part, an elaboration that later returned in Portes' discussion of social capital. This is possible because more people within a certain social setting generally acknowledge the same norm of reciprocity. Even if a person is unlikely to be able or willing to reciprocate a certain gift, a person may still gain from and be obliged to provide such a gift. The gesture will be expected and rewarded by others, who may later support him or acknowledge him as a good person. In other words, there are situations in which A is obliged to help B because B has once helped C, for instance when A feels strongly affiliated to C.

Furthermore, Gouldner (1973:280) also distinguishes between reciprocity and beneficence, where in the former case gifts are answered with counter-gifts, and in the latter case nothing is received in return. He argues that beneficence typically applies to the upper class. It requires the elite to give, and to give to the poor. The fundamental difference is that the norm of

\(^{10}\) Sahlins (1972:193-5) distinguished between generalised, balanced and negative reciprocity. Generalised reciprocity refers to those types of exchange where it is not precisely stipulated when what is to be given in return. Balanced reciprocity refers to exchanges where the customary equivalent of the gift is immediately returned. There is a whole continuum of types of exchange between these two ideal types. Negative reciprocity refers to those transactions where one of the parties refrains from returning the gift in "the attempt to get something for nothing with impunity". Platteau uses the term 'balanced reciprocity' with almost the same meaning as attributed by Sahlins to general reciprocity. "[A]ny 'gift' must be returned at some future time, even if the exact date at which the countergift will be made is not known in advance and if people do not necessarily insist on receiving strict equivalents of what they have contributed" (1997:767-8).
reciprocity requires a person to help another on the basis of right, "because he has given to me". The norm of beneficence requires a person to help another on the basis of need, "irrespective of what he has done for me" (Gouldner, 1973:285). One can place a question mark against this distinction, though. First, there is certainly something given in return for a beneficent gift, namely thanks and legitimisation. Secondly, it is common for the elite to be selective in choosing whom to support. The well-to-do may prefer to give to 'their own poor', or make a distinction between the 'deserving poor' and the 'non-deserving poor'.

The norm of reciprocity can be enforced in different ways (see Portes, 1998:7-9). First, it can be enforced instrumentally by the other party. For example, if one of the parties in a relationship breaches trust and does not do what he is expected to do, he is punished in some way by the other party. Secondly, people may experience a form of 'bounded solidarity' based on identification with their own group and an adherence to common objectives. Thirdly, 'enforceable trust' implies that both parties are members of a 'community' and that the reciprocity of their relationship is monitored by others, who can enforce it by giving or withholding approval, and consequently status. The social environment may act to monitor the reciprocal relations, and people who engage in parasitical strategies will be excluded from the 'community' (Platteau and Abraham, 1987:468; Meert, 2000:329) and punished through gossip or ostracism.

Gouldner (1973:262) argues that reciprocity based on a normative framework involving more parties will create a more stable social system, because people have invested in each other and therefore hold rights to receive something from their associates and have no incentive to break the tie. Apart from the fact that breaking such a tie is generally considered

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11 Portes actually discusses the forms of motivation for people to surrender resources to those who request them on the basis of social capital. The argument can, however, easily be transferred to reciprocal relations. Portes (1998:9) warns the reader against mixing these different motivations, because they refer to completely different kinds of exchanges. I tend to disagree with him. While a distinction of different types is useful for analysis, social scientists must recognise that in reality the distinction is blurred and that real people are well able to make decisions on the basis of a mix of motivations.  

12 A community's ability to enforce cooperative behaviour should not be exaggerated. Very frequently, people in Bujung's Ledok complain about Abdul, a teacher who belongs to their RT but never shows up at social activities because he feels that he belongs to the Atas. Nonetheless, when Abdul came down to ask for practical help on the occasion of his son's marriage, his request was not turned down, despite the fact that a few weeks earlier most of these people had agreed that they would never help Abdul.
morally improper, it is in the interests of both to maintain the relationship. Creditors are not interested in breaking ties with people who are indebted to them, because they still hope to obtain returns. Debtors are not interested in breaking the relation because it would not allow them to run up another bill of indebtedness (Gouldner, 1973:249). It appears that there is no good reason to violate the norm of reciprocity.

Nonetheless, reciprocity mediates risk and trust. The fact that two people engage in a reciprocal relation shows that they trust each other, that they are willing to take a risk, willing to commit themselves to each other, and that each of them is capable of fulfilling his obligations towards the other. In this way it is both an exchange of obligations and an exchange of information between both parties. The existence of the norm of reciprocity explains how the act of supporting others might very well be in a person's own interest, and may create a safety network through which support can be mobilised (Rowlands, 1995:119; Ardener, 1995:12; Platteau and Abraham, 1987; and Vel, 1994:159-63).

As fine as the theory may sound, most Bujungese are very cautious about investing in reciprocal relations with others. Except for a small circle of close relatives and intimate friends, people are seldom prepared to give substantial gifts or interest-free loans. They rarely give more than a few thousand rupiah to buy some groceries or repay a tenacious moneylender. Such sums solve urgent problems, but their usefulness is clearly limited to small financial gaps.

The problem with establishing a reciprocal relation is that one can never be completely certain that support given will be properly reciprocated (membalas budi). There is a realistic risk that the other is 'fishing' for

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13 It is difficult to make a distinction between interest-free loans and gifts. Very often, no clear repayment procedure for loans is stipulated between creditor and debtor. In many cases these debts are never definitively settled, but the debtor can return the favour in many other ways. Sometimes he will give a small sum of money once he can afford to, or lend a hand whenever that is required, for example when the creditor's house needs to be repaired or when there is a preparation for a selamatan. If he is able to do so, the debtor might reciprocate the loan by lending money to the creditor at a moment when he is in need of cash.

14 See also Marianti (forthcoming) who studied the usefulness and limitations of support from relatives, neighbours and the state in Malang, East Java. She concludes that relatives are more important for long-term support, whereas neighbours are more relevant in case of emergencies.

15 This topic caused some problems during my fieldwork. For some time I kept asking how they returned the help (mengembalikan bantuan) of their benefactors. Every time,
money and intending to run away as soon as he has acquired enough. There are many stories circulating in Bujung about people who accumulated debts with a large number of their neighbours and subsequently fled somewhere else. In some cases, the debtor may not even run away but instead stays put stoically under the polite forms of social pressure exercised by his neighbours. If in these transactions favours are not quickly returned, in one way or the other, support relations can easily turn into a hefty quarrel. Jadiyo told me:

"Some years ago my wife lent Rp 75,000 to Asman's wife. (...) We thought: 'she is a civil servant and has a fixed income, so there is no problem'. It was decided that the money should be repaid on pay-day, say the 10th of the month. On the 10th my wife went to their house, and Asman's wife said that there was no money. There was no problem, we waited for the next month. That month my wife went back again. Again there was no money, but Bu Asman paid the interest, no more. The third month my wife went back again and knocked on the door for the third time. The door opened, Asman's wife saw that it was my wife and immediately slammed the door shut again. My wife was mad as hell, and so Asman's wife was also angry with my wife. (...) It was all very embarrassing."

Many Bujungese warned me never to lend any money to anyone, asserted that they themselves never lent money to anyone, and recalled in disgust the occasions when they had been stupid enough to lend a neighbour some money. Kuncoro, a cookie maker, explained to me that he was very annoyed about his parents-in-law who spent all their rezeki and surplus money immediately, and never saved it for when they needed it. Both times when they were in hospital, Kuncoro had to pay half the bill, although he could well have used the money himself. Worst of all, "when my daughter had to

the informants explained that they did not have to return this help at all and that the support had come from a good heart. Only later, when I used the term membalas budi, which literally means 'paying back goodness', did people start explaining to me that it was important to do something in return.

In our survey we asked respondents about people who had recently helped them with something, and how they returned the favour. In 38.2% of the cases the respondents said they responded with friendship, moral support and advice. In 34.7% of the cases they gave practical help. And in 23.1% of the cases they gave money or food. Furthermore, there were three cases where they gave clothes, and three where they lent money. Only one of the respondents said that it was not necessary to return the favour (total of 173 cases, 66 moral support, 60 practical support, and 40 money or food).

16 I mean 'realistic' in the sense that this risk is perceived to be realistic by most Bujungese.
go to hospital, they did not pay anything." As one man said: "You should only lend money to someone you can trust, but you cannot trust anyone who asks for a loan." The main reason why some people still lend money to acquaintances is because they give in to those who boldly beg for money, and because they are afraid of looking stingy.

It is hard to understand why reciprocity is so problematic in Bujung. I do not think the reason is that other forms of risk reduction are cheaper, as Cashdan (1985:471) would suggest, because the alternatives can be quite expensive (e.g. a loan from a moneylender). A more convincing explanation is that it has to do with Javanese culture, which is so charged with feelings of shame and embarrassment and a strong inclination for upholding social harmony (see Sullivan, 1992:71-83; and Guinness, 1986:131-66). A heavily indebted person is too embarrassed to face the person who lent him the money, and the lender is embarrassed by the thought of having to ask for his money back. An unresolved credit relation can be gravely embarrassing to both parties. The best solution is then to avoid such potentially disturbing debts.

The problem is also a lack of trust. The Bujungese are living in the city, but they are not tied to the locality. Of course fleeing with the money involves costs and insecurities, giving up a home and the community in which one lives, but if one has been able to beg enough money from one's neighbours it could be worthwhile. There are many stories in Bujung about the people who have moved to other places, leaving their debts behind. Again, whether or not these stories are true, they discourage people from investing in social relations. There are also people who do not even move out, but simply stay where they are and deny the obligation to reciprocate support. Of course, this evokes scorn and ostracism by the other members of the community, but again if the prize is big enough someone may be willing to grow a thick skin. Urbanites, much more than village people, move in different circles and hence do not face immediate marginalisation. On top of that, among the Bujungese, there is not just respect for the person who helps people in need. There is also a form of respect for those who are smart enough to get away with it. In a society where corruption and collusion have become facts of life, a person who is stupid enough to give to a person who is unlikely to repay is laughed as for being naïve (see also Semedi, 2001). It means that many people are very careful about supplying substantial financial support to others, afraid as they are of being cheated.

A notable exception is *sumbangan*, the financial gifts and gifts in kind that are given, in case of death and illness, and at certain ceremonial
occasions. Each gift is small, but together they can form substantial sums. All people in a circle of friends and neighbours are expected to give *sumbangan*, and social control is rather effective. Apart from that, it is an investment in a reciprocal group rather than a relation with another individual. This creates a positive incentive to give as it increases the chance that such gifts will be properly reciprocated by at least part of the group.17

6.3.2 The Role of Financial Self-help Organisations

It would be wrong to assume that, because the arrangements made in financial self-help organisations also form a continuous chain of credit and debt, all participants are automatically tied in reciprocal relations with each other. As we have seen from the unwillingness to exchange turns, joint participation in an *arisan* does not imply a sense of solidarity. No participant of Bujung’s *arisan* and *simpan pinjam* would dream of claiming support from others solely on the basis of joint membership. Nonetheless, joint participation in a financial self-help organisation has a certain relevance.

Social capital can be built up in some types of financial self-help organisation and less so in others. The expansion and strengthening of social networks is only possible if participants know each other or have a sufficient degree of interaction with each other. This is least the case with market *arisan*18 and credit cooperatives. Private *arisan* usually do not have official meetings, but at least the participants see each other when the lotteries are held. Obviously the significance of financial self-help organisations for social networks is greatest with public *simpan pinjam* and social SHOs, which have elaborate monthly meetings.

Meetings of financial self-help organisations are an important form of social interaction.19 As one man said: “wherever there is an activity, there is

17 Another sphere where reciprocal exchange seems to be much less problematic is that of non-material favours. If you help others, people come to visit you when you are ill, when your mother is dying, when your son is being circumcised, etc. See Marianti (forthcoming) for a more elaborate description of emotional and practical support.

18 With market *arisan* there is regular interaction between the organiser and each individual participant. Participation in the *arisan* is of great significance for their personal relationship as a trader and a client (see Alexander, 1987:83-4 and 111-33; Platteau and Abraham, 1987:479-82; and Hirtz, 1995:86, 95).

19 Financial self-help organisations are not the only meaningful form of interaction. In and around Bujung, there are many ways of getting into contact with other people. One
bound to be _arisan_ or _simpan pinjam_. The meeting is an occasion to show one's face. As one of the participants said: "By attending these meetings you can make friends. People will know who you are and where you live." If a self-help organisation is organised among members of an existing social network, one is usually expected to join like all the others, to confirm the importance of existing social ties. Whether it is a descent group, a group of pedicab drivers or a neighbourhood group, if that group decides to organise an _arisan_ or _simpan pinjam_, all members of that group have to join the arrangement to show that they care. Consider the following two examples of strategic networking: Sometimes, people try to expand their network (as opposed to strengthening an existing network) through joining a financial self-help organisation. Bu Mantiyo, the wife of an official at the Pertamina oil company who moved into Bujung recently, immediately joined the private _arisan_ run by her neighbour. She was not interested in the lump sum of Rp.70,000, which was peanuts to her, but in gaining a foothold in her new neighbourhood. Bu Nugroho, a relatively successful food trader from the Ledok, managed to join the Atas organisation UKK, through which she hoped to "drop outside" (terjun keluar) her Ledok environment. Obviously, the possibilities for this kind of strategic networking are limited, because one has to be part of the social network on which a financial self-help organisation is based in order to become eligible as a member.

A participant in a financial self-help organisation demonstrates a concern for his fellow-participants, and shows that he is financially trustworthy. The norm of reciprocity dictates that such an act needs to be rewarded. However, the exchanges between participants of _arisan_ and _simpan pinjam_ take place in a more or less controlled environment, closely monitored by the organisers and the other participants. Reciprocity is therefore more safely established and, as a consequence, also less powerful. The smaller the risks taken, the smaller the reward, so participants in _arisan_ and _simpan pinjam_ cannot hope to gain as much in return as if they had invested in a personal relation.  

Participation in financial self-help organisations is a basic requirement for obtaining material and non-material support from the not-so-intimate fellow-participants. An Atas electrician explains what kind of support he expects:

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can hang around on the streets and in the alleys to chat with others, work together in _kerja bakti_ to build sewers, bridges and pavements, and go to each other's _selamatan_.

20 In other words, the money is not as 'hot' as money borrowed from a friend or a relative.
"There is an advantage in joining arisan and being active in kampung life. Only if a person is exceptionally active in the organisation of a self-help organisation or participates in many of them, or indeed if he is very active in any other social activity within the community, he is likely to receive special attention in times of need. [A normal degree of participation] makes sure that when you need help, you do not need to ask people but they will come by themselves. It would be embarrassing if I had to ask."

If one has a reputation as a good community member\textsuperscript{21}, people come to visit you when you are ill, when your mother is dying and when your son is being circumcised. They also come and give a hand when you want to refurnish your house or organise a slametan. In addition, the same people provide symbolic financial gifts, in case of death and illness, and on certain ceremonial occasions. Often the meeting of the financial self-help organisation is the platform on which these donations are collected.\textsuperscript{22} Each gift is in itself small (Rp.500 to Rp.1,500)\textsuperscript{23}, but all of them together form a substantial amount.\textsuperscript{24} A good social reputation can also improve access to loans that can bridge small financial gaps. If one continuously shows respect for one's neighbours and dedication to neighbourhood affairs, it is much easier to borrow a small amount from a neighbour to buy a bag of rice when one is penniless.

If a person decides not to participate in arisan and simpan pinjam, this conveys the message that he is not interested in the others. It means that he effectively excludes himself from establishing reciprocal relations with many members of the group. Not only are all the important issues of the neighbourhood section, working group, or group of friends discussed at the meeting, but because of its regular occurrence the meeting also becomes the basis for social interaction within the group. Depending on the kind of group and the socio-economic circumstances of the individual, the gradual exclusion from such a group can have real consequences. Bu Joyo is a woman who never attends the arisan in her RT. When she had the slametan

\textsuperscript{21} The same argument holds for less obvious 'communities' that host financial self-help organisations. Think of the ties between colleagues (co-workers) and between traders and customers at the market. See Ardener (1995:10) on the relation between reputation and participation in ROSCAs.

\textsuperscript{22} This does not happen in private arisan.

\textsuperscript{23} At weddings these gifts are substantially bigger.

\textsuperscript{24} This holds for the giver as well as for the receiver. If someone is confronted with many obligations of gift giving at about the same moment, this can create financial trouble in itself.
for the 35th day of her baby daughter, she not only had to ask for help but she also had to pay those who came to help. Jadiyo, a shop attendant who is not so keen on attending the meetings of the arisan RT, said that he increasingly felt like an outsider in his own neighbourhood. He explained the changing attitude of his neighbours as a result of his absence at meetings.

6.4 Managing Money: coping based on economic capital

Financial self-help organisations can be useful coping mechanisms in another way in the sense that their lump sums can improve access to other forms of economic capital. Those lump sums can provide collateral for loans, and provide a kick-start for savings and investment. Credit and savings can offer protection against financial gaps, whereas investment can be seen as an attempt to enhance normal living conditions and lessen vulnerability.25

Although generally considered to be closely related to social capital, the meaning of economic capital hardly receives the same degree of attention. Bourdieu (1989:122) and Portes (1998:7), for instance, are very brief on their perception of economic capital. Scholars like De Haan (2000:344) and Ellis (2000:8) elaborate more, as they distinguish between natural capital, physical capital and financial capital, but their distinction remains rough and undercontextualised. The perceptions of people regarding economic capital deserve much closer attention and it is necessary to investigate the existence of different kinds of assets and money, in the sense that they serve different purposes, come with special obligations, and have specific qualities.26 Lump sums from financial self-help organisations are one such specific type of economic capital.

All people, even the poorest, need lump sums for life-cycle needs, investment opportunities and emergency needs (Rutherford, 2000). Building up lump sums, or accumulating savings, is difficult for most Bujungese because they face many pressures to spend. Women have to confront children and husbands who are looking for pocket money, or they may want to purchase things for themselves. Neighbours and relatives pass by to ask for gifts or loans to fulfil their needs. In these circumstances, it is difficult to

25 See Drèze and Sen (1991:3-4) on protection and promotion.
26 Studies that discuss the implications of different types of money thoroughly include Carsten (1989), Pahl (1995), Shipton (1989), and Zelizer (1989).
keep one's money in a box in the closet, and things would be much easier if there was no money in the house at all. So money needs to be stored in safe places where neither others nor the fainthearted owner of the money can touch it. As elsewhere, people search for constraints to prevent themselves from spending money when they do not really want to. Financial self-help organisations are unrivalled as a means by which to acquire lump sums.

The lump sums that are built up in *arisan* and *simpan pinjam* are well protected because access to them is difficult, meeting people's 'illiquidity preference' (Bouman, 1994a:117). Neither the participant nor any other person is able to nibble at the accumulating savings. Not only is money contributed to a financial self-help organisation most of the time unreachable, but there is also an obligation to save and contribute on a regular basis. Participants who fail to save regularly, and do not pay their contributions, face (reserved) public scorn and strongly felt embarrassment. With regard to this phenomenon, De Swaan (1996:12) speaks of social constraint to self-constraint, which leads a person to be an exemplary saver, able to defer gratification.

Informants frequently mentioned this mechanism as the primary reason to participate in self-help organisations: "Without *arisan* I cannot save. If I save in the house I spend my money too easily." Ratih, a small trader: "Guyub Rukun [a small *simpan pinjam*] is very good for me because if I saved at home I would be unable to save. The money is too easily taken away. I could spend it on all sorts of things, from presents for people who marry or to enjoy myself. For a loan of Rp 600,000 I only have to save Rp 2,000 per day from the profit of my *warung*." Suwarsh, the organiser of an *arisan* says: "I like my *arisan* because it is impossible to save money in the

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27 Wolf (2000:95-6) identifies participation in *arisan* as an anti-household strategy, providing individuals (in her case unmarried daughters) with more control over spending. However, it can also be a pro-household, but anti-community strategy.

28 According to De Swaan (1996:12) the social constraint to self-constraint in financial self-help organisations stimulates the virtue of saving, and teaches people to defer gratification. This is certainly an important aspect of participation in financial self-help organisations, certainly with *arisan*. However, especially in *simpan pinjam*, participants may also feel that the organisation allows them to consume without postponement. "You get the money first, and then you pay it back, without extra costs." Some members even called it "saving afterwards". See also Elster (1979:37, 103) for a thorough analysis on the "problem of resolving the weakness of will" and different forms of precommitment. Bijnaar (1998) rightly shows that social constraint is only one among various motives to join financial self-help organisations.
house. Whenever my husband has had a good day as a *tukang ojek* (motorcycle taxi), I might try to save money in the house, but when a few days later there is no money coming in and the children are screaming, I am bound to take money from those savings. It is better not to have any money in the house." Bu Karto, participant in another *arisan*, says that she likes to join *arisan* because it is every day a little bit so that one does not even notice (*tidak terasa*). The street trader Surono adds: "The advantage with *arisan* is that it becomes a fixed expenditure. You can count with it. Every month there is the electricity bill and the water bill. The same way we know that on certain dates we have to spend money on the *arisan*. If we tried to save alone, we would miss all the social contacts, but we would also not be able to save as much as we do now."^{29}

6.4.1 **Collateral for Loans**

Lump sums from financial self-help organisations are useful for borrowing in the sense that they can serve as collateral for loans. The Bujungese have a wide array of options available when they want to obtain loans, each with different characteristics, qualities and disadvantages, where loans are defined broadly as "any transfer of goods or services by one person or group to another, or to any of its members, with the expectation of compensation at a later time" (Shipton, 1992:27).

Few people actually borrow from the bank.^{30} Banks require monthly instalments and late payment is punishable with a fine. Interest is around 4-5% per month. Civil servants can borrow money at low interest rates, using their income as collateral, and they can receive special loans for example for buying a house in a housing scheme. All other people need to have land as

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^{29} Another consequence of the illiquidity preference is the growing popularity of education insurance. Parents can institute an insurance policy for their children from which they can receive money when their children go into higher education. It has an extra high interest rate and bonuses for regular contributions. For some people it functions more as a savings program than as an insurance policy, because they withdraw the money before the children go into higher education. The policy allows people to withdraw money and penalises this with a lower interest rate or smaller bonuses. People in Bujung appreciate this because it stimulates them to save more regularly. However, as soon as there is an urgent need, such as paying hospital costs, or building a house, the education insurance policy is (partly) plundered.

^{30} The survey gave a frequency of 19.2%. Half of them borrowed for housing, while business and education were other important purposes. The factor "formal employment" had the strongest impact on taking loans from banks.
collateral, but those who have land often consider the risk of losing their land to be too high. Often the bank also requires that loans be used for business investments, but some local entrepreneurs said they sometimes fooled the bank by claiming to use the loan for investment, but used it for consumption or school fees instead.

For those people who work for a boss\textsuperscript{31}, this is one of the most appreciated sources of credit. Most bosses are willing to pay wages in advance, and these loans can be repaid through deductions on future wages, which minimises the risk of default. No interest is charged. In some cases it is possible to renew the loan before it is fully repaid. Similar arrangements exist between traders and suppliers. A problem with this source of credit is that people who are known to have access to these loans are asked to contribute financially to family ceremonies such as weddings and funerals more often than others.

Relatives are another source of credit.\textsuperscript{32} Whether this is an option depends on their wealth. Poor people tend to have poor relatives, and the rich often have relatives who are also wealthy. In general, people do not like to lend money to their relatives, because it is highly uncertain that they will ever get their money back. In a sense, these loans are often repaid in kind. That is to say, the borrower will always be ready to provide help or practical support if this is needed (membalas budi). The general rule is that repayment is only asked for when the lender is in need of money, but people who do not get their money back from relatives can be very annoyed and express this behind their backs. However, people also find it difficult to deny favours to close relatives. A frequently used solution is to pawn assets. A person lending money to his brother, can often use his television set until the money is paid back.

In Bujung, there are many stories of people who have succeeded in life and who try to minimise their contact with poorer relatives. Bu Irwanto told me:

"When I was still a child I already worked as a bakul [itinerant trader], taking kerosene to the villages. I worked to earn money for my younger sisters and brothers, as I was the oldest. Now some of them have done well, some of them are even rich. They have their own nice

\textsuperscript{31} This is for example the case with housekeepers, shop attendants, mechanics and some coolies. Some civil servants and employees of private firms are able to borrow from the financial reserves at their office.

\textsuperscript{32} 37.2\% said they had once borrowed from siblings and 22.4\% had borrowed from parents, primarily for education, illness and food."
house and cars. (....) I have not seen them in three years. They never
come here. It seems that since they have money they have forgotten
about me. I am ashamed to go to their place because their neighbours
will see me, and they will say that I am there to ask for money. When
there is an absolute necessity I can go there, but I will not ask for
money. I will just let them know what our problems are. I will not
even go there to ask help for building our house. We should be able to
manage that for ourselves."

The situation is similar for neighbours and friends.33 In this case it is also
difficult to deny a person a favour and there is a high risk that the loan will
not be repaid. In particular the leaders of RT and RW get many requests for
a loan. Among themselves the inhabitants of Bujung frequently talk about
the borrowing and repayment behaviour of their neighbours.34 In order to
avoid embarrassing situations, people take great care in monitoring those
who want to borrow. Most people in Bujung have in their minds a list of
people whom they consider trustworthy and whom not. Even then, they have
to be careful: "When a neighbour wants to borrow money from me, we
usually see if it is possible to provide some form of collateral. (...) Some-
times it is possible that he can borrow from his boss. The most
important thing is looking at what kind of person it is, how good he is with
money. If I have lent money to someone who pays it back five days late, I
will not lend it to him again. The next time I say that I have no money, so
that they feel that they are not responsible. Another example is that if Tejo
wanted to borrow Rp.20,000 from me I would only give him Rp.10,000,
because I know that he does not repay that easily." The rule of thumb is that
if you want to have your money back, you have to ask three times in
advance, one month before you want to have it, one week before, and a few
days before. In that way, the borrower is given some time to find money in
order to repay you. In some cases people ask interest on loans to their
neighbours, but this is not considered a very nice thing to do. In spite of the
problematic nature of these loans, they are still widespread, especially in the
Ledok areas.

33 41.7% said they had once borrowed from neighbours and 19.2% from friends. It is
remarkable that more than half of the neighbourly loans in the Ledok were for buying
food, while more than half of those loans in the Atas (where they are less frequent), were
used for paying contributions at weddings and other ceremonies.
34 A number of times, I myself lent money to my informants, having them vow that they
should not talk about it with their neighbours. However, in each case it turned out to be
only a matter of time before the whole neighbourhood knew about the transaction.
People in Bujung can pawn their durable goods with relatives and neighbours, but they can also go to the pawnshop. The Indonesian government runs a network of pawnshops all over the country, where one can pawn one's valuable goods. They are especially interested in jewellery, television sets, computers, and so forth. The interest rate is around 3% per month. But the poor in Yogyakarta usually go to the illegal Chinese pawnshops. They charge a much higher rate of interest than the government pawnshops (around 20%), and are said to give less money for the same article, but they accept goods which the government pawnshops do not, such as clothes and household utensils. They are therefore more popular with the poor. If the loan is not repaid within three months, the goods are forfeited.

One of the least appreciated options for a loan is the moneylender. The people in Bujung distinguish between different types of moneylender. The bank plecit (chasing bank) is a moneylender from whom one can borrow small amounts, roughly up to Rp.100,000. The bank plecit is usually a small company, which sends employees to the debtors' houses to collect the daily instalments. A second type is the rentenir, or lintah darat. The rentenir are usually single women who live in the kampung, give big loans, and ask for collateral. With both types the interest is mostly 20% per month. These moneylenders usually allow one to delay repayment for some time (semaya), but when they get impatient they may enter one's house and take away any asset, which more or less represents the same value as the debt. For this reason there are regularly people in Bujung who have to flee and go into hiding for a while. The main reason why people borrow from moneylenders is that they allow one to take a loan quickly, with a minimum of hassle (compared to borrowing from neighbours and relatives).

These moneylenders are often 'disguised' as simpan pinjam. Their employees carry business cards around saying that they represent a koperasi simpan pinjam. Borrowers sign a sheet of yellow paper with numbers on it. Every day they can 'buy' one or more of the numbers until the sheet is finished and the debt is repaid. The amount of numbers is calculated on the basis of the size of the loan, interest and administrative costs. Often there are also some obligatory savings added on, which the client can use as a first repayment for the next loan. This is used as a method to tie clients. When signing the yellow sheet, new borrowers have to hand in their identity card for registration. It will be returned the following day.

For this reason, many people decide to borrow from a moneylender in spite of being able to borrow interest-free from a relative. This contrasts with Shipton's observation in Gambia (1994:292)
only operate in the Ledok areas, but the rentenir find a large proportion of their clients in the Atas as well.\footnote{37}

A fourth type of moneylender is called the \textit{tukang kredit} (litt.: credit man). This is, like the \textit{bank plecit}, also a person who goes from house to house, but from him one can buy all kinds of things, such as plates, glasses, television sets, radios, thermos flasks, clothes, towels, rice cookers, and bicycle tyres, and pay for them in daily instalments.\footnote{38} 'Interest' is paid in the form of a higher price. A tukang kredit from Bantul, who regularly visits Bujung to sell clothes, says: "I give good service, because paying at one time may be too burdensome for a lot of people. This way they can have good clothes as well." Quite often, these travelling salesmen also visit the \textit{arisan} meetings of women to sell their wares on credit. Generally, this type of moneylender is more appreciated than the other types. As one customer says: "of course these goods are more expensive, but the payments are much lighter (ringan)."

This last moneylender immediately brings us to another source of credit, the shop. Most luxury goods, especially motorcycles, are bought on credit, and many shops in Yogyakarta advertise this possibility. More important are the small food stores, which can be found all over the \textit{kampung}. At many of these shops it is possible to buy one's food on credit if one is penniless. With this, one is obliged to repay the debt as soon as one is solvent, in most cases on payday, otherwise further loans will not be allowed. One is also obliged to do most of one's shopping there, even though prices at the market are lower. This system is called \textit{bon warung}, and it is only an option for those people who have a weekly or monthly income. This practice can be a real burden on the shop owners. Many of the loans are not repaid, but if the shops did not give them, they would lose their customers.

\textbf{Gali lobang tutup lobang}

This means that we have to turn to a practice that is widely applied throughout Bujung, and which is called 'gali lobang tutup lobang'. The term literally means 'dig a hole, fill a hole' and refers to the practice of taking out new debts in order to repay old debts. In principle, the practice of repaying

\footnote{37} The \textit{bank plecit} is the only type of moneylender of which a substantial number of people were willing to acknowledge being a client. Almost 90\% of them were living in the Ledok.

\footnote{38} In one case the \textit{tukang kredit} was repaid with cigarettes instead of money.
debts with debts can create a long chain of loans. A loan from a neighbour is
repaid with a loan from a brother, which in its turn is repaid with a loan from
a moneylender, a pawnshop, the bank, and so forth.

An example: On the 25th of March 1998 the first meeting was held of the
newly established *simpan pinjam* called Paguyuban Warga Mandiri (see
Chapter Four). At the meeting, the 20 members all contributed Rp.10,000 to
the common fund. A lottery was held to determine the four members who
would be allowed to take a loan of Rp.45,000 from this common fund. When
his name was drawn, Gunawan, a 32 year old coolie, let out a scream of joy.
He was more than happy with his new loan. Suprih, who as sitting next to
Gunawan, could not hide a smile. Nugroho quickly manoeuvred himself next
to Suprih and laughingly whispered something in his ear.

After the meeting was over, Gunawan received the loan and he
immediately handed over Rp.10,000 to Suprih, who had lent him the money
for the initial contribution. Gunawan’s wife had already positioned herself in
the doorway to claim the money from her husband, but also she could not
keep the money for herself. Gunawan explained to her that Rp.20,000 was
for Nugroho, who is their landlord and had asked for the rent. Bambang, one
of the other participants, who had lent some money to Gunawan’s wife,
claimed another Rp.10,000. Within a matter of minutes, Gunawan and his
wife have already lost most of the money they had just received, but they
were happy all the same.

Repaying debts with debts has a clearly negative connotation in Bujung.
The first time I heard about the term was through my landlord. As a
relatively wealthy retired civil servant who has a prominent position in the
local community, he warned me against the pitfalls of lending money to
others. He told me how he had lent money to people in the past, and that it
was never repaid. "The problem with these people", he said, "is that they
engage in *gali lobang tutup lobang*. They are irresponsible." In the eyes of
many people in the Atas, repaying debts with debts is a practice engaged in
by people who are irresponsible and uneducated, the lower classes. "Those
people get indebted because they want to buy all sorts of things, and do not
consider how they are going to pay for it." To my surprise, the people in the
lower-class neighbourhood, who were stigmatised in this way, largely shared
the view of my landlord and his neighbours. "Yes, we do not think ahead,
and that is why we get into trouble. We have no other choice than to repay
our debts with debts, hahaha."

A chain of debts can eventually get out of control, creating a spiralling
debt cycle (Rahman, 1999:78), and the Bujungese are very much aware of
that. In Bujung, the story of Harjo is often recalled. He was a pedicab driver who liked drinking and gambling. Harjo had debts all the time, but he was always able to repay them sooner or later. One day Harjo had the opportunity to buy his house at a good price. He took the offer and borrowed money to pay for the house. The loan was a little too high for Harjo, and he had problems with repaying it. Before long, Harjo fell ill. According to the stories, it was the stress associated with the large loan that made him sick. Harjo had to stop working and he could not repay his debts any more. When his condition became serious, there was no money left to take him to the hospital, and so he died. Whether the story is entirely true or not, it is a frequent reminder not to be reckless about gali lobang tutup lobang.

Nonetheless, the practice of repaying debts with debts unmistakably has positive aspects. Participation in financial self-help organisations can act as collateral and it is very frequently used for that purpose. The borrower indicates to a lender, for instance a friend or a professional moneylender, that he is likely to receive a loan or kitty in the near future. He promises the lender that he will repay the loan immediately once these lump sums arrive. Nugroho is someone who suggests that this is his primary motivation for joining an arisan: "We joined an arisan of Rp 6,000 per day. That will give us 5.1 million rupiah within two years time. This arisan can be useful for collateral. When we need money, we can show a friend who has money that we joined this arisan. When we receive the kitty we can use it to repay the loan." This way, the participants of arisan and simpan pinjam can deploy their money at the moment when they need it, and before they are actually entitled to it.

For example, if Irwanto has to pay the school fees for his youngest son, and he does not have the money in the house, he will try to borrow some money from a friend, his wife’s boss, or a moneylender. At the moment when Irwanto receives a loan or kitty from one of the financial self-help organisations in which he participates, he generally uses more than half of the money for repaying debts to others. These debts have been incurred for paying the school fees, but also for buying cement for his house, or simply to buy food in a period with less income. The promise is meant to provide the lender with just that extra bit of confidence necessary to provide a loan.

39 It occasionally happens that a person promises a loan or kitty to two different people, or that the borrower in the last instance comes up with some kind of excuse to explain why he cannot repay yet. This problem can be circumvented by taking the organiser of the arisan or simpan pinjam as a witness, which is possible if he does not have any objections to the practice.
In Bujung, *arisan* and *simpan pinjam* are widely used as collateral for loans from friends, neighbours and relatives. With neighbours, friends and relatives, financial self-help organisations are a more elegant form of collateral than a television set or other asset. The television set makes much more explicit that the borrower may not be able to fulfil his obligation, whereas reference to the self-help organisation only indicates how the loan is going to be repaid. That is considered far less embarrassing. Although few were willing to admit this of themselves, several informants explained that many Bujungese used *arisan* and *simpan pinjam* as collateral for loans from moneylenders as well. The street trader Surono says: "A lot of people here in Bujung always go to a moneylender when there is a sudden necessity. Afterwards they wait for the meeting of the UKK (see Chapter Three) in order to borrow an amount which they can use to repay their expensive debt to the moneylender." Tardjo, the secretary of Guyub Rukun (see Chapter Five), confirms this practice: "Whenever you are in hospital you normally have to pay the bill when leaving the hospital. It might be that at that moment there is no meeting of the *simpan pinjam* yet. In that case you normally go to another person and you ask him to lend you money until you can borrow from the *simpan pinjam*. If the person knows you very well, there is no problem. If the person does not know you very well [meaning a professional moneylender], it is better to bring your booklet to show that you will soon be able to take out a loan. This is normal practice."

The availability of collateral not only reassures lenders, but also provides borrowers with more confidence that the transaction will take place as planned. Most borrowers worry that they will not be able to repay a loan from a friend. They are embarrassed if they fail to repay, in other words violate the norm of reciprocity. Setro is a dishwasher who says: "When you borrow money from someone, you do not want to be indebted for too long, and you do not want to have too many debts with too many different people. Then you will get dizzy. For this reason, it is often good to borrow from a *simpan pinjam* to settle a previous loan." If it is a loan from a professional moneylender, borrowers worry about the high interest payment. If it were not for the approaching lump sums from financial self-help organisations, many borrowers would not dare to engage in such credit relations.

Repaying debts with debts helps people to cope with financial gaps. It enables them to keep debts fresh. This is important given the pressure that can grow when a debt is not repaid soon enough. A loan can be a burden if it

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40 Surono claims that he himself never does this, and that he has a bank account for such contingencies.
is very expensive, such as a loan from a moneylender or a bank. It can also become very urgent if, for example, a man has been indebted to his brother for a long time. Every time he meets his brother, he may feel more embarrassed that he has not repaid the debt, even more so if he knows that his brother’s wife is in hospital and that he needs money for the operation. When they do not have any money readily available, many Bujungese prefer to replace urgent loans with loans that are less urgent and less unpleasant, so that they can have a few more weeks’ respite. Agus, a furniture maker, explains: "When we are talking about gali lobang tutup lobang, it means that when you have a loan to a friend, you have set a date to return it. Suppose that at that date you do not have the money, then you ask for postponement (semaya). You can not ask for postponement all the time because that person will become angry. Three times is the maximum. To solve this problem you can take a loan from another friend, with whom you start on friendly terms. This can go on forever, but you have to have a lot of friends for it, more than two." Inability to repay debts can create tensions, conflicts and loss of reputation, but it can also mean the loss of goods which served as collateral for the loan.

The strategy does not have to lead to indebtedness at all. Many Bujungese experience a continuous fluctuation of debts. At one moment they have many debts, and at another moment they can repay most of them. For that part, there is an important role for rezeki, the occasional windfall of more or less unexpected additional income. The arrival of rezeki allows people to reduce growing debts and start again with a clean slate. A telling example is Irwanto, who earns money with digging wells. He can only do this work in the dry season, because in the wet season the water table is too high. Each year during the wet season he allows himself to get indebted, and when he is working he earns enough money to repay his debts. The only way for him to get through the wet season is to repay debts with debts. Other people in Bujung have monthly or more irregular debt cycles. Repaying debts with debts makes it possible to adjust the repayment time of loans to the income flows of the household, to cope with financial gaps.

The technicalities of juggling with debt

Maximising the number of financial self-help organisations in which one is participating can further facilitate the use of lump sums as collateral. The quality of a lump sum as collateral depends partly on how soon it will arrive. The higher the frequency with which a participant obtains new lump sums, the greater his chances of securing a loan. In addition, if a debtor participates
in a number of financial self-help organisations the security of a loan does not depend on a single approaching lump sum. Such loans are considered to be safe both by Irwanto and his creditors, because all the self-help organisations in which the debtor participates serve as a security. Sooner or later they can be repaid. Of course, participants have to strike a balance between frequency of lump sums, their size, and the contributions that they can afford to pay.

There is a certain pattern in the type of debt that are repaid and the types of debt that are used to repay them. The notion of senior claims, in that respect, points to the existence of a hierarchy of obligations (Hospes, 1997:9). The seniority, or urgency, of a loan for an important part determines the place in the sequence of repayment. In the case of gali lobang tutup lobang, several factors determine which debt should be repaid first.

I interviewed several people on the issue of repaying debts with debts and seniority of debts, asking them to make a classification of debts. The people who borrowed from the bank placed the bank on top of their lists, as the most urgent loans. The reason they mentioned was that they felt the repayment schedule to be very strict. Additional interest and fines were mentioned only as a secondary reason. The simpan pinjam scored high with some, but not with others, mostly because of the variation in repayment rules from one simpan pinjam to the other. Debts to employers and neighbours scored low with most people, but high with some others. It appeared to reflect the dependence a person has on these loans. If one is going to borrow from one's neighbours relatively often, it becomes very important to repay as soon as possible. What is remarkable is that the moneylenders mostly ranked somewhere in the middle, and never right on top. This indicates that people do not feel their high interest rates as being a problem, and also reflects the (limited) flexibility that moneylenders show when it comes to repaying their loans. The debts that invariably ranked low were those to relatives. Relatives are clearly more understanding than others if someone has difficulties repaying a loan. However, during the interviews it was also mentioned twice that debts to relatives could suddenly become very urgent if that relative was in need of money himself.

One of the things that becomes clear by asking people to list debts is that they have clear ideas about the quality and seniority of different types of loan, whereby distinctions are made not only on the basis of the cost of the loan. It also shows that loans are not necessarily urgent in themselves, but that they can become more urgent over time and under specific circumstances. People who engage in repaying debts with debts also do not always follow the sequence of senior debts. Which option they choose is
also dependent on the kind of loans they need and which loans are available at that particular moment. Furthermore, all these loans are accompanied by sets of rules and expectations, either expressed or tacit, which deal with the way the repayment should take place.

These characteristics of loans also determine whether they can and will be used for repaying debts with debts. For example, loans from employers and office co-operatives are never repaid with new debts because their instalments are automatically deducted from one's wage. Loans from a bank plecit or a tukang kredit are seldom repaid by repaying debts with debts, because the loans are repaid in small daily instalments, money that is easier to find. The pawnshop has a clear deadline as a special characteristic. If the loan is not repaid within a predetermined period of time, usually three months, the pawned goods are forfeited and sold by the pawnshop. Thus, for some weeks, these loans are not urgent, but they suddenly become urgent shortly before they have to be repaid. Some poor participants in simpan pinjam find it impossible to repay their loans. Instead, they look for a friend who can advance the necessary amount, and who is then repaid after the meeting.

6.4.2 A Kick-start to Savings...

The second form of indirect lump sum allocation is conversion into savings, whereby savings are understood as "any conservation of movable property by an individual or group for future use or disposal" (Shipton, 1992:26). If participants receive a lump sum from their financial self-help organisation before they actually need it, they can stock their lump sums in a personal security fund from which they can draw in case of a financial gap. Ratmi explains: "We have a bank account where we take our extras. When the big money from the arisan comes in we usually take it to the bank first, before we spend it on the expenditure we planned." Some people decide to put the money from a simpan pinjam loan into their savings account and then pay their instalments out of regular income. In the same way, people also put the kitties from arisan in the bank or use the money to buy gold. Larger amounts of savings are much easier to keep than small change, and taking them to the bank or converting them into gold makes them even more unreachable. In many cases these savings become earmarked as special purpose money, for example for paying school fees or for 'unexpected needs'.

In these cases, the financial self-help organisation helps people to quickly build up a lump sum, which is then secured in some other form. There are
several options available. A first option is to take the lump sum to the bank. Many people in Bujung have a savings account with a bank, even uneducated people with low incomes. The people who generally do not have a bank account are found among the poor and elderly. The bank has the advantage of being a safe place where savings earn interest. On the other hand, services are restricted to opening hours and many banks have long queues. In addition, these savings are more liquid than money in an arisan because the money can easily be withdrawn. Most people have an account with the Bank Rakyat Indonesia (BRI), a government bank that has a branch office quite close to the kampung, where it is possible to save in small amounts. They say that they try to save for big expenditures, such as for example education, land or a motorcycle. Eventually many of these hopes turn out to be in vain, people are forced to use their savings for daily expenditures, and several people showed me the booklets of their empty bank accounts.

Very few people try to save the lump sum at home. These either do not have a bank account, like to have some cash readily available, or will tend to save for a larger amount before depositing it in the bank or using it for something else. For this saving, people use anything from a bamboo pole, a tin box to a plastic piggy bank. Many housewives have several special purpose boxes: one for school fees, one for the circumcision ceremony of her son, one for shopping, one for unexpected needs, and so on. Many informants argued that it was not wise to keep cash at home because that money is often quickly and easily spent. Either relatives or friends will want to borrow it, or one will spend it, for example on buying snacks from

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41 The survey reported a frequency of 42.9%, with savings accounts substantially more frequent among people with 'formal sector' jobs and high incomes, and those living in the Atas.
42 A coolie solved this by having a savings account in the name of his wife, so that he would not take the money.
43 Other banks that are widely used are Bank Central Asia and Bank Tabungan Nasional. Quite a few people in Bujung became customers of the latter when Foster Parents Plan offered special savings accounts for the beneficiaries of their programs. Banks not only attract their customers through high interest rates, but also by organising lotteries through which for example motorcycles and television sets can be won.
44 Quite similar to the money boxes (condamnee) in West-Africa (Shipton, 1994:289; and Kane, 2001).
45 There are many stories about Tuyul, Buto Ijo and other spirits that people can employ to steal other people's money. See also Koentjaraningrat (1985:413), Brenner (1996:107), and Wolf (2000:89). There are certain similarities with stories about for instance Thikoloshe in South Africa (Bähre, forthcoming).
street vendors. In that sense, saving at home is more important as an attempt to accumulate than as a place to keep savings.

Saving in kind is considerably safer. Many people buy gold jewellery\textsuperscript{46}. The gold is usually kept somewhere in the house, but these ornaments can also be worn on special occasions. One of the big advantages of gold is that one can both pawn and sell it very quickly at one of the many gold shops, which also have longer opening hours than banks. Another possibility is savings in the form of building materials. If one has a plan for improving one's house or building a new one, which most people in Bujung have, it is considered wise to convert financial savings into building materials as soon as possible, to ensure that savings are not lost. An example is Wanto who saves money in small daily amounts in an arisan at the market. Each time he receives the kitty he buys bricks, sand or cement, which he piles up behind his house while waiting for the moment when he has enough to build a new house. Wanto explains that he keeps his savings in bricks and not in money, because otherwise he would not be able to save. He would either spend the money on travelling, household expenses, or when someone is ill. One of the customers at Wanto's foodstall says that more people will come to borrow money if they know that you have it. He explains the way it works: "Suppose I have a packet of cigarettes in my breast-pocket, you ask me for one and I do not give it to you, then what would you think of me? Not very nice ......., Yeeees. Suppose I did not have any cigarettes, then there would be no problem. It is the same with money."

A good option, especially for small lump sums, is to buy chickens. The chickens are useful because they lay eggs and because they can be eaten. There are hardly any costs, because they live off rubbish and leftovers, and they are practical when one is penniless and needs some money. The return from selling one chicken is usually enough to feed a family for a day.

\textsuperscript{46} In our survey, 53.8\% of the respondents answered that they owned gold ornaments. 17.9\% of them said that they used the gold as ornament only, and 47.6\% said that they used the gold as savings. 33.3\% said that they used the gold for both purposes. (One of the respondents did not answer this second question.) Ownership of gold was much less frequent among the poor, the "informal sector" workers, and those living in the Ledok, but a relatively much higher proportion of them said that they saw gold as a form of savings.

\textsuperscript{47} Illiquidity is not a perfect solution though. A family in Bujung, who were known to have a substantial amount of money in the bank, were often approached by neighbours who asked for loans and gifts. And Wanto was confronted with a neighbour who borrowed a few cubic meters of sand and never returned them.
Pigeons, ducks, and in an exceptional case dogs, are also sold to deal with financial needs. The problem with these animals is that they are often stolen or lost. A fairly popular form of savings among one occupational group is the pedicab. Many pedicab drivers join a financial self-help organisation to buy their own pedicab. Those pedicabs can then be sold again in order to finance costs related to illness, education, or housing. One pedicab driver recalls: "In 1983 it became possible to buy a pedicab on credit. Since then I have bought and sold a pedicab six times (...) The money from the sale was used for household needs. We used it to pay for school fees, and once also for hospital treatment." In many cases pedicab drivers claimed to have bought his pedicab specifically for the purpose of re-selling. In a similar way television sets and other luxury goods are important. One can enjoy them while one still has them, and one can make use of them if one is in need of cash, by either pawnning or selling them.

Once they have converted their savings in assets, people are careful not to lose them. Many Bujunges prefer to borrow money even when they still have stocked savings somewhere. An elderly tailor for instance had a ring worth Rp.250,000: "It is a sort of savings, but I never want to sell it again. I am too afraid that I will never be able to buy a new one." People like this tailor have often acquired their savings through rezeki or strong self-constraint and therefore consider it a waste to spend that money too easily. They even prefer to take out a loan from a moneylender, because then one will be pressured to repay regularly, whereas savings are not so easily renewed. Of course, things do not always happen as planned. Consider for example Bu Bambang, who used a substantial part of the profits from her foodstall to participate in an arisan in the neighbourhood. When the kitty came her way, she immediately converted the money into gold, meaning to keep it in order to pay for the education of her children. Unfortunately, she fell ill and had to be treated in hospital for a whole week and her gold necklace had to be sold.

Thus, by taking the money to the bank, keeping it in a box in the closet, converting it into gold, or purchasing durable goods, people convert lump sums into stocked savings. Altogether, effective saving turns around finding the balance between illiquidity and liquidity. Money ideally needs to be available in case of an emergency. It should be unavailable when someone

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48 Although dog meat is not halal, the foodstalls that serve this along the main streets at night are quite popular, which causes a constant demand for dogs.

49 For some reason money keepers, which are well-known in Sub-Saharan Africa, seem to be absent in Java.
calls by to borrow some money or when the *bakso* seller passes. To keep savings safe, it has to be set aside in one way or the other. The money has to be given a distinct status so that it is not mixed up with daily shopping money or pocket money, and spent accordingly. It can get such a status by keeping it in a separate place, for instance a moneybox or a savings account, or to keep it in a different form, i.e. in kind.

6.4.3 *...and Investment*

The third option is investing lump sums in order to improve the income basis of the household, so that it is less vulnerable to adversities and deficiencies. This can be quite an effective strategy. However, for most people in Bujung the ability to invest in enterprises is limited. Most entrepreneurial activities require a one-time investment and it is fairly difficult to make sequential investments that expand revenues. One reason is that an expansion of production often requires additional workers. Most entrepreneurs in Bujung are careful not to employ anyone in their business apart from their own spouses and children. Such regular employees are more expensive, they are considered less trustworthy and require constant control, and they are likely to make claims for loans, prepayment of wages and so forth. Many self-employed in Bujung do not want to employ anyone in their business, because ‘a worker will be more of a burden than a help’.

Another reason is that an expansion of production activity also requires an expansion of customers. When I was discussing the idea of investment with a foodstall owner in the main street, he said: "Well, I could build another level on top of my stall, but that does not mean that I would sell more. Now, every day I prepare nine kilos of rice. Some days I sell all of those nine kilos and other days there are some leftovers. There is a lot of competition here. With more chairs, I would not sell more food. It is better to use the money for a sewing course for my daughter."50 Few of the (aspiring) small-scale entrepreneurs of Bujung are willing to take the risk of a loan for an investment in business. Most small-scale businesses in Bujung have been started with their own capital, obtained from an inheritance or some form of *rezeki*, or with a soft loan from a friend or relative. Moreover,

\[50\] Of course, with investment one can also think of investments in education for the children, which serve a similar final purpose.
since loans from most *simpan pinjam* have to be repaid along strict terms, they are relatively unattractive for small business investment.\(^{51}\)

Nevertheless, there are several people in Bujung who do make investments with money from financial self-help organisations. Yuli is a participant of UKK who has used each loan to buy a pedicab (see Chapter Three). Surono, a friend of Yuli’s, used the loans of UKK to diversify his street trade, now selling cigarettes, softdrinks and different sorts of food. On a much smaller scale Irwanto has used the money from the *arisan RT* to buy material for the home production of artificial flowers. Another example is Pandoyo, an elderly pedicab driver who uses money from *arisan* to buy old radios. He fixes these radios at home and then sells them again. Bu Rawa, a trader, used money from the market *arisan* to open a small telephone service in front of her house. Trisnadi is a civil servant who borrowed money from the office cooperative to buy a freezer, so that his wife could make ice creams and sell them to neighbourhood shops. Several men from the Ledok have used their loans from *simpan pinjam* to build fish cages in the river.

One can hear several such stories among the participants in Bujung’s financial self-help organisations, but they are rare compared to non-investing expenditures. People only make these investments if they feel that the enterprise is not risky, or if they are sure that they will be able to repay a loan with their regular basic income. Even then, consumption can sometimes prevail over production. When a local market trader’s daughter married, he did not use his loan from UKK to buy new stock, as he normally did, but to cover the costs of the wedding.

### 6.5 Differences between Types of Financial Self-help Organisation

The six basic mechanisms through which one can obtain protection against adversities are not found to the same extent in the different types of financial self-help organisation (see Table 6.2). Social SHOs have comparatively little to offer, particularly because of their small lump sums, which are only useful as collateral for small short-term loans. Also the disbursements from their emergency funds are rather small. Their main relevance lies instead in their role for the reproduction of social networks, as their meetings are focus points for community activities. Private *arisan* have no emergency funds and their short meetings make a limited contribution to the social network of

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\(^{51}\) On the limited importance of credit for enterprise development, see also Evers and Mehmet (1994:5) and McLeod (1991)
participants. These organisations are far more important for the allocation of lump sums, which are relatively large. Roughly the same holds for market arisan, apart from the social dimension being even less important. Participants in market arisan rarely know each other and never meet, and this results in a minimal contribution to the reproduction of social capital. All public simpan pinjam, and some credit cooperatives, do have emergency funds, also with relatively small disbursements. Credit cooperatives, as opposed to public simpan pinjam, have little relevance for strengthening social networks because there are hardly any meetings. As with private arisan and market arisan, their primary importance lies in the fact that they give access to substantial lump sums, which participants can allocate strategically to achieve protection against adversities and deficiencies. None of the financial self-help organisations is particularly useful for the direct allocation of lump sums, because participants do not have immediate access to a lump sum.

Table 6.2: types of financial self-help organisation and ways of protection

<table>
<thead>
<tr>
<th></th>
<th>Social SHOs</th>
<th>Private arisan</th>
<th>Public simpan pinjam</th>
<th>Market arisan</th>
<th>Credit cooperatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency funds</td>
<td>+/-</td>
<td>-</td>
<td>+/-</td>
<td>-</td>
<td>+/-</td>
</tr>
<tr>
<td>Direct allocation of lump sums</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Strengthening social networks</td>
<td>+</td>
<td>+/-</td>
<td>+</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lump sum as collateral</td>
<td>+/-</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Building personal security fund</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Investing lump sums</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

6.6 Burden of Contributions

The ways in which financial self-help organisations can be a means of protection against adversities and deficiencies form only part of the story.
Apart from solving problems, financial self-help organisations can also create many problems because of the burden of the contributions that participants are obliged to pay. Irwanto expresses his ambivalence towards *arisan* and *simpan pinjam* like this: "Kalau dapat uang senang-senang, kalau harus membayar nyut-nyut" [When we receive money we have a party, but when we have to pay our hearts are thumping]. Once again, if people join a financial self-help organisation, they commit themselves to making regular payments over a longer period of time. During that period it is likely that they will be confronted with downward fluctuations in their income or unforeseen expenditures. Thus, problems occur.

Irwanto recalls his experience with Manunggal: "Repaying Manunggal was very difficult. We had to repay Rp.86,000 per month and we only managed to do this by joining together. The children who already work had to contribute as well. With all the other costs we had it was not easy to pay this amount, but we had to otherwise we would have lost the house. It was all managed by my wife." Throughout my fieldwork in Bujung I observed several other cases of people who got into trouble because of financial self-help organisations. There were even stories circulating about people who had been unable to cope with their contributions, and subsequently died.

Whether or not these stories are true, they warn would-be participants of the risks they are taking.

The trick is thus to keep a safe margin between the amount of contributions and the average amount of surplus income. However, this rule of thumb conflicts with the main financial purpose of participating in *arisan* and *simpan pinjam*, namely to tie as much surplus income as possible in a safe and inaccessible place, the illiquidity preference. If the safe margin is too safe it will allow precious savings to leak away. It is this paradox that explains why some people take the risk to participate in financial self-help organisations, the contributions of which they might not be able to pay. If they are subsequently unlucky and unable to pay there are a number of inventive, and sometimes costly, ways of solving the problem.

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52 A local trader told me that she heard a story about a woman who joined five different *arisan* and in total had to pay Rp.500,000 each month. "One day she was not able to pay and she died......, because she worried about the money." The trader said that the woman died because of the stress, which may have been a euphemism for suicide. Suicides resulting from ROSCA participation have been reported before (Murray, 1991:79; Smets 1992:65-6; Ardener, 1964:216).

53 The illiquidity of money in financial self-help organisations is not only a reason to become a member. Several Bujungese people told me that the difficult access to their money was an important reason not to participate in a financial self-help organisation.
For a few people it is possible to arrange something underhandedly with the treasurer. The treasurer can note down a payment before it is actually made and advance the money from one of the idle funds, for instance the funeral fund, where it will not be missed. The treasurer of a Dawis group in the Ledok admits: "There is special treatment for my fellow treasurer Bu Gunawan, who is always berkucing-kucing (messing) with money. I allow her not to pay interest if she does not have any money, and deduct this from her dividend at the end of the year." Naturally, the treasurer will only give such special treatment to intimate friends, and to himself.\footnote{Another option is to try to buy the turn from the organiser if he is willing to manipulate the lottery. Gerben Nooteboom and I witnessed such a thing in the East Javanese village where he was conducting research. Bribery of organisers has occasionally happened in Bujung as well, according to informants.}

The solution for most others is to turn to gali lobang tutup lobang, or repaying debts with debts. Many people in Bujung, especially in the Ledok areas, have no fundamental objections to repaying debts with debts and they prefer to see it as a practical way, and often the only way, to make ends meet. Most of these people are unable to predict how much money they will earn for a day’s work. They often participate in more financial self-help organisations than they can afford, and they are constantly borrowing money in order to pay for the arisan or repay a loan in the simpan pinjam.

In the hours before the meeting of a self-help organisation one can always see a few people who are broke, prodding their neighbours for money. If they receive a loan or a kitty, they are often forced to spend most of it on repaying some other debts. Some of these people see this financial juggling as a burden into which they are forced, because as inhabitants of Bujung they are expected to participate in all those associations. Others quite voluntarily tie themselves to the financial obligations of financial self-help organisations.

They hope that for a few weeks things will brighten up for them, that they will have a few good jobs in a row or another nice rezeki, so that for once they will be able to spend the loan or kitty for themselves. At the same time, their constant participation in different financial self-help organisations allows them to take an occasional loan for themselves (for example if there is an urgent need), to ask postponement from other creditors, and to accept a momentary increase of total debts that they hope they will be able to (partially) repay some other day. Although they are constantly burdened...
with debts, the fact that they participate gives them an access to cash, something that they would not have if they kept to themselves.

The practice of repaying debts with debts has become so widespread particularly, but not exclusively, in the financial self-help organisations of the Ledok, that in some of them this practice has become institutionalised in the set-up of the financial arrangement itself. As a accommodation to those who prefer to repay their debts with debts, the organisers have abolished the regular payment of instalments. Instead, members are allowed to pay each month only the interest and nothing else. When they want to repay their loan they only have to take a short-term loan in order to repay the whole debt and apply for a new one.

For example, Bu Tejo has a debt with the local Dawis group and each month she only pays a small amount of interest. One day she happened to be broke and needed some extra cash. For that she borrowed Rp.50,000 from her sister-in-law just before the meeting, and used that money to repay the loan. At the meeting, she immediately applied for a new loan of Rp.60,000. Afterwards she took Rp.50,000 to repay her sister-in-law and the whole trick left her with Rp.10,000, just enough to buy food for two days. Bu Tejo will never be in the position ever to repay a loan of Rp.50,000 or Rp.60,000 outright, but in this way she can repay her loans every once in a while and receive some useful cash. Slowly her debts with the Dawis group are rising, but the size of the loans she can apply for is rising as well. The members of the board of this Dawis group are fully aware of this practice and see no problem as long as the interest and obligatory contributions are paid.

Those involved call it spekulasi (speculation). They say that it is a tricky affair because, "as the available money is distributed equally among all the applicants, you have to estimate how many people will apply for a loan". If there are too many applicants, who themselves have repaid smaller amounts, the new loan may be smaller than the old loan, in which case Bu Tejo would have got into trouble with repaying the short-term debt to her sister-in-law. However, the books of this particular Dawis group showed that in recent years there had been no case of a woman borrowing less than she had borrowed before.55

55 Organisers who consider it a pity that participants are unable to make use of the organisation in a more purposeful way sometimes deplore the practice. Fitri is the treasurer of another simpan pinjam where this practice has become commonplace: "There are a lot of [members] who (...) have the tendency to pay only interest, settle the loan after a while and take a new one. All the members have loans all the time. This
With private *arisan* and market *arisan* it is also possible to sell the kitty beforehand, a particular form of using *arisan* as collateral. Bu Tejo explains: "I once joined an *arisan* of Rp.10,000 per month, with a kitty of Rp.420,000. After seven months we needed money for the school of my eldest child. There was no money for this. In that 7th month I sold the kitty for Rp.250,000 to a neighbour. After that I had to continue paying the *arisan* and there was quite a lot of money lost. We negotiated for the price but could not make it higher. It is not possible to exchange turns with someone else because everybody wants to have the kitty." Such transactions are normally made with other participants in that *arisan* or with a local moneylender.

Usually the organiser of the *arisan* is notified about such a transaction and they generally do not make any difficulties, as long as the contributions are paid. Srihati, organiser of an *arisan*, said: "Sometimes you see women sell their kitty. A kitty of Rp.410,000 can be sold for Rp.250,000 or more. Sometimes if someone feels sorry for that person it may be up to Rp.375,000. (...) I consider it a pity if someone is forced to sell the kitty, but it is not a reason to throw somebody out. (...) The important thing is that you pay."56

### 6.7 Conclusion

The direct social security function of financial self-help organisations is limited. Disbursements from emergency funds, if they are available, are relatively small. All other lump sums are so inaccessible that it is difficult to activate them when adversities and deficiencies occur. Participants in *arisan* and *simpan pinjam* often have to wait several months before they get access to a much-needed lump sum. It is for these reasons that financial self-help organisations generally play an indirect role in coping with adversities and deficiencies.

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56 Sometimes things go wrong with the sale of *arisan*. A local moneylender admitted that she had several times been cheated by people who had sold a single *arisan* twice. Just before my second period of fieldwork Bu Gunawan had sold her *arisan* twice, the first time to a neighbour and the second time to the sister of another neighbour. The latter was furious when she was left empty-handed. In the end they agreed that Bu Gunawan would repay the whole sum in smaller amounts.
Participation in financial self-help organisations produces social and economic capital. Both forms of capital can be put to use for coping with emerging financial gaps in the household budget, gaps that are an inherent consequence of the adversities and deficiencies that most Bujung households are confronted with. The production and mobilisation of social and economic capital involve activities of alert and scheming individuals who have an eye for what can and cannot be done.

The social capital produced through financial self-help organisations can take the form of personal contacts and familiarity with other participants and of an improved reputation in social and financial affairs. This can make a person more eligible for support in times of need, and serve as a kind of 'human collateral' for risky loans. The financial benefits that can be obtained in Bujung on the basis of social capital are limited, however. The Bujungese continue to be to engage in reciprocal relations, afraid as they are that their investments in these relations will not bring any returns. Most people are inclined to meet their obligations, afraid of the social damage they would face if they did not. At the same time, no loan is ever safe because there are some people who are not impressed by subtle social sanctions, such as ignoring, ostracism or malicious gossip. In that case, most lenders are too embarrassed to turn to stronger methods of confrontation. The social capital produced in financial self-help organisations shares in this malaise. It brings little more than a broader access to small short-term loans and to non-material or practical support.

For these reasons, most people in Bujung focus on coping strategies that are more firmly based on economic capital and less on social capital. It is much more certain and much less troublesome to invest excess income in personal assets, to put it in the bank, to invest it, and so forth, than to give it to one's neighbours, relatives and friends. In other words, people prefer to pool their financial risks over time and not over people (Platteau, 1991:139-40). The financial landscape of urban Yogyakarta contains a large variety of different financial practices, savings, credit, and a small amount of insurance. Though each of these practices has specific characteristics, most of them are, more so than arisan and simpan pinjam, readily available for

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57 In our survey we asked respondents about the proverb "One should prepare an umbrella before it starts to rain". Four-fifths of them knew the proverb. 42.2% of them answered that money was their umbrella, 21.1% referred to their savings account or insurance policy. 16.9% said they did not have an umbrella. Faith was the most important non-material umbrella with 4.2%. Children scored a mere 2.5%, while other relatives and neighbours were not mentioned at all.
coping with financial gaps in the household budget. For instance, the mobilisation of household savings in cash and in kind, and loans or gifts from employers, relatives, friends, pawnshops and moneylenders appear to have a much more prominent role. They are much more frequently used to cope with medical costs, school fees, and other burdensome expenses.

This does not mean, however, that we should dismiss financial self-help organisations as irrelevant for coping with insecurities. Without participation in financial self-help organisations, many of the most used coping mechanisms would be unavailable. A remarkable example of the way in which the onlending of loans from simpan pinjam can facilitate a reciprocal relationship is Bu Bantoro, a blind elderly woman who is a member of UKK (see Chapter Three). Living with her children, there is nothing much that she can do with the loans from UKK. Instead she onlends part of the loans to neighbouring women, who come to visit her in return. Another part of the UKK-loans she gives to her children, who provide her with food and shelter.

Lump sums from arisan and simpan pinjam allow people to repay big loans from relatives, friends and moneylenders. In many cases, the approaching lump sums are explicitly claimed as security for such emergency loans. In that respect, financial self-help organisations are more useful for people in the Ledok, who are typically more in need of alternative forms of collateral. Whether for a loan from a bank, moneylender or neighbour, a land-owning civil servant is more easily provided for than a tenant who relies on casual jobs. The contribution of financial self-help organisations to the accumulation of household savings is probably even bigger. Arisan and simpan pinjam create a collective pressure to save, and a much-desired temporary illiquidity, which enables people to save relatively large amounts of money. Without arisan and simpan pinjam, few people would be able to convert their small incomes into jewellery and other assets, or to fill their bank accounts, savings that are so welcome in times of need.58

In short, the 'problem', or disadvantage, of illiquidity is solved by using financial self-help organisations in strategic combinations with other savings techniques and sources of credit. Each source of money open to the Bujungese, can only be made use of to a limited extent, at particular moments, and against certain costs. The different sources of finance allow

58 I should add that financial self-help organisations not only offer protection against adversities and deficiencies, but they also offer their participants the opportunity to protect others from those adversities and deficiencies, with all the eventual benefits in the form of social capital (Kane, 2001).
people to make combinations in a useful way, in order to adapt to their specific limitations. Seen from that perspective, the interrelation between the diverse resources that people use turns out to be a more intricate affair than the livelihood diversification that Ellis (1998) describes.

However, we should keep in mind that access to economic and social capital is not only a result of, but also a precondition for, participation in financial self-help organisations, to pay the contributions and to become eligible as a participant. Thus, benefits are limited to those people who can invest in financial self-help organisations. Few people are excluded from social SHOs, but a larger category of people are unable to participate in the organisations that produce larger lump sums. It is just another example of a more general pattern, where poor people receive less support than the rich, because they lack the resources to invest in support relations (Hirtz, 1995; Platteau, 1991:122).

Altogether, it appears that the tendency to attribute a social security function to financial self-help organisations is somewhat premature. Bujung’s organisations provide little immediate and direct security to their participants. Their social security function takes several different forms, each with its own advantages and disadvantages, and can vary considerably from one type of organisation to the other. The evidence also suggests that protection provided by financial self-help organisations is closely linked to social networks and to other financial arrangements, which participants themselves have to combine in a strategic and purposeful way. Hence, the social security function of financial self-help organisations should be studied in context, and cannot be assumed a priori.

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59 This juggling with social and economic capital, with financial mechanisms and arrangements, involves decision-making. The decisions that people make can to a certain extent be explained in terms of the social-economic circumstances of life in Bujung. Still, different people make different decisions and one can in fact speak of a repertoire of options (compare Vel, 1994:6-14). Differences can be explained in terms of social networks and social background. An actively religious civil servant, born and raised in Bujung, has different options from an irreligious buruh serabutan who has recently moved into the city.