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

Lont, H.B.

Citation for published version (APA):
Financial self-help organisations in Bujung exist in a variety of forms. In fact, each organisation is distinct, in the sense that each offers diverse financial arrangements, caters for different social categories, is differently linked to other institutions, and so forth. Based on the relative importance of financial and non-financial activities, and on the size of regular financial contributions, I have distinguished five different types: 1) the 'social self-help organisations', 2) the 'private arisan', 3) the 'public simpan pinjam', 4) the 'market arisan', and 5) the 'credit cooperatives'. Social self-help organisations are most widespread in Bujung, and participation in these organisations is often obligatory. They are primarily focused on the social gathering and work with low contributions for a variety of financial arrangements. Private arisan are initiatives of local women who attract neighbours and friends to participate in a simple ROSCA arrangement. Public simpan pinjam, often initiated by local leaders, pursue a combination of financial and social-political goals by means of an ASCRA arrangement, with emergency funds on the side. Market arisan are the commercial variant of private arisan, operating at the local market, with substantially larger contributions. Credit cooperatives, more bureaucratic versions of public simpan pinjam, are able to provide larger loans through governmental or commercial banking channels. Over the years, particular financial self-help organisations may move through this spectrum in different directions.

The reasons for people to participate in financial self-help organisations are equally diverse. Participants may join for financial reasons, in order to make a business investment, to purchase durable luxury goods, to pay for education, or just to save money for a rainy day. Non-financial reasons can be important as well. People may like the diversion of the meeting, they may feel obliged to join 'like everybody else', or they may be trying to strengthen ties with fellow-participants or with the organiser. One can encounter several of these motivations within one financial self-help organisation. An individual participant can attach importance to several motivations. Even more to the point, that same participant might have a particular motivation for his social SHOs, a second motivation for his market arisan, and yet another for his public simpan pinjam. And, for the sake of completeness,
these motivations can shift considerably over time, all according to the personal circumstances of the participant.

Participation is more or less limited to income earners and housewives (who manage household money). The elderly in particular fall outside this category and are therefore usually unable to join financial self-help organisations. The other factor is stable membership of the social group on which the self-help organisation is based. Temporary inhabitants of Bujung, irregular customers at the market, and casual workers generally have no access to the self-help organisations of their more permanent counterparts. As far as I observed, other social categories are not systematically excluded. Men as well as women, the poor and the less-poor, the young and the old, Muslims and Christians, all of them join financial self-help organisations in significant numbers. ROSCAAs tend to be more popular among women and Ledok inhabitants, while ASCRAAs tend to be joined by men and people from the Atas. These preferences are not absolute and are probably linked to a different cultural repertoire concerning financial institutions. In practice, all sorts of participants use all types of self-help organisation in much the same way, as producers of lump sums and social relations.

Financial self-help organisations are relatively flexible institutions, if we compare them with banks, insurance companies and state social security departments. Participants can adjust the organisations to their own personal needs and desires. They can do this either by trying to influence the set-up, rules and regulations, or by treating the available financial resources in a personally preferred way. Many scholars have hailed the flexible nature of financial self-help organisations, but Bujung's financial self-help organisations also showed the other side of the coin. These associations do not represent a land of boundless opportunities. The financial juggling tricks that people can perform are limited by economic but also by social constraints. People are bounded by their own financial resources, the reliability and regularity of their own income. Beyond that, financial arrangements are limited to what is known, to what is accepted as fair and safe, and to the (slowly changing) cultural repertoire of financial institutions.

The self-help organisations of Bujung are not easily established, managed and developed. The institutions and organisers need trust to circulate money in substantial amounts, and this trust needs to be reproduced all the time by those involved. For that reason, financial self-help organisations are tied to social relations, networks of friends, relatives, customers and colleagues. All kinds of control mechanisms are mobilised to minimise the risk of default and fraud. However, those who join financial self-help organisations also hear the horror stories of how things go wrong and people run away with the
money, and they also read the stories of corruption and collusion in the highest political circles in Jakarta. Participants are aware that even in their own organisation there are people who will take more than they are entitled to, if they get the opportunity. This means that trust in Bujung’s financial self-help organisations remains fragile.

Critical Analysis of Financial Self-help Organisations’ Social Security Function

In a fully monetised economy like that of Bujung, adversities and deficiencies fundamentally boil down to the problem of emerging financial gaps. The Bujungese have to buy their daily food, pay for education, housing, health treatment, and finance their ritual celebrations. The costs that they have to incur are also not evenly spread over the year. Such problems are more acute because of the strongly oscillating income cycles of most households in Bujung. A large part of their income is insecure, and varies from day to day and from month to month. Thus, people have to, or very much want to, make expenditures for which money is not always readily available. These financial gaps pertain to all social categories, not only the poor and destitute. All these people have to find ways to cope with frequent financial gaps and they try to do so in a variety of ways.

This study aims to address the question of whether participation in financial self-help organisations provides an instrument for coping with these adversities and deficiencies. The answer to this question is a ‘yes, but...’ Financial self-help organisations are directly and indirectly used as instruments for coping with economic insecurities. However, their social security function is limited.

Social security concerns a spreading of risks over a wider circle of individuals. One can speak of social security arrangements if people are prepared to share the risks of others, as is the case in a funeral fund, where all members (partly) carry the financial risk of someone’s death together. The essential difference between a disbursement from a funeral fund and borrowing money to pay for the funeral is that in the former case the adversity has an impact on the group as a whole and not only the family of the deceased. This is the fundamental difference between arrangements on the basis of a solidarity principle and arrangements based on ‘every man for himself’ (De Swaan, 1996:11). Social security arrangements, where individual risks are shared with others, make risks more predictable and
flatten out a household’s cash flow curve. For one household it is very difficult to predict whether or not they will face a death during one particular month. The bigger a funeral association is, the easier it becomes to predict how many deaths there will be, in each month or year. In that case, it is easier to reserve the right amount of money needed to cover the costs.¹

Disbursements from the funeral and illness funds of Bujung’s financial self-help organisations represent a pure form of social security, but provide only limited financial relief. Even if the immediate relatives of the deceased participate in a number of financial self-help organisations with funeral funds attached, the totality of these disbursements is sufficient for only a minor part of the funeral costs. Illness funds are very exceptional and, if they do exist, they are so small that they are hardly meaningful. The financial self-help organisations of Bujung are by no means designed to assist the poor and needy in case of adversities or deficiencies. They have a limited capability to spread individual risks over a larger number of people. Therefore, they cannot be considered as significant providers of social security. In that sense, this dissertation can be read as a critique of those scholars who too easily identify financial self-help organisations as social security institutions, and who imply that collective financial arrangements reflect a deep sense of solidarity. Their work gives a much too positive and rosy representation of reality, at least in the case of Bujung, but probably in many other settings as well.

Bujung’s financial self-help organisations prove to be more relevant to the individual coping strategies of their members. Even in that sphere, their importance is relatively small, compared to other arrangements and strategies. As an effective instrument for coping with adversities and deficiencies, their use is most often linked to, and dependent on, other arrangements of credit, savings and gift exchange.

To make this clear, we have to recapitulate the ways in which financial self-help organisations are used in order to cope with adversities. The direct allocation of kittens or loans to fill financial gaps is seldom possible. Adversities create acute financial problems, but participants are generally unable to influence the moment they receive the kitty of an arisan. They cannot swap turns if they are struck by an adversity. Moreover, because many participants in simpan pinjam tend to borrow continuously, loans are

¹ One should note that such insurance and assistance arrangements do not have to take the form of a special fund, but can also be recognised in other institutions, such as for example the practice of gift giving at weddings. These practices also spread costs over a larger group of people, smooth peaks of expenditures and help to prevent financial gaps.
not readily available either. Organisers often do not allow them to wait with
taking out a loan until they really need one. Some people have found
ingenious ways of solving some of these problems, but they also have to
wait for the next meeting, which may take place weeks after the money is
needed. Therefore, arisan and simpan pinjam are much more useful for
coping with financial gaps in indirect ways, in combination with other
savings and credit arrangements. One option is to make use of social capital,
the other is to engage in strategic lump sum allocation.

Financial self-help organisations help to produce social capital, in the
narrow sense, in the form of strengthened and expanded social networks that
can be mobilised to obtain support in times of need. At the meetings,
participants regularly meet each other in a friendly atmosphere. Some
participants even work together in the organisation of meetings, financial
arrangements and recreational activities. To different degrees, this
contributes to feelings of belonging and togetherness. Even so, the social
capital produced by means of participation in arisan and simpan pinjam is of
little help for bridging large financial gaps. Fellow-participants in financial
self-help organisations are just people to whom one can go to ask for help,
be it for a small loan or an extra pair of hands to help at a selamatan.
Participation in financial self-help organisations is so widespread in Bujung
that it has become the minimal requirement to be recognised as a member of
the community, an important precondition for receiving community support.

More can be gained through lump sum allocation. As I have emphasised
before, financial self-help organisations have a comparative advantage in the
production of lump sums. In comparison with individually saved lump sums,
the lump sums of arisan and simpan pinjam are built up in a relatively easy
way. They just require small and regular contributions, and the social
pressure from other participants provides a strong additional incentive. The
lump sums thus acquired can be made useful in a number of ways. For
instance, participants can use their arisan and simpan pinjam as collateral for
other loans. One asks a neighbour, moneylender or relative to provide a loan,
promising to repay that debt with a future kitty or loan. This 'gali lobang
tutup lobang' strategy is a financial juggling trick that is standard practice in
Bujung and a fairly acceptable arrangement in times of need. Another option
is for participants to invest their lump sums in assets, like television sets,
gold and building materials, or to put the money in the bank. In this way,
participants manage to create a financial buffer, which can be mobilised in
times of need. One step further, participants can also make more dynamic
investments. Use of lump sums for investment in enterprises or in the
education of children can help to decrease the household’s vulnerability in the longer term.

In more general terms, financial self-help organisations put idle money in motion and make more efficient use of financial resources. For the individual participant it means that money invested in these organisations is unavailable and available at the same time. Anybody who is permanently short of cash would like to have his money available for the right purposes, and out of reach for the wrong purposes. Just like special purpose piggy banks, savings in kind, or education insurance, participation in financial self-help organisations is meant to shield money until the moment it is really needed. The idea is to increase the self-constraint towards spending (De Swaan, 1996:12), and to enhance financial illiquidity (Bouman, 1994a:117). Financial self-help organisations not only shield money from spending, but they also encourage one to put money aside on a regular basis. Participation is a way to step out of the financial circle of everyday life in which people tend to spend their money immediately. In circumstances where incomes are low and many things remain to be desired and aspired to it is very difficult to keep one’s wallet filled. This is clearly proven by the increasing popularity of *arisan* during the Krismon, which suggests that a decision to join a financial self-help organisation can better be explained from a short supply of surpluses than from an abundance of surpluses. Financial self-help organisations in these ways provide people with a tool to even out the consequences of adversities over time. As has also been noted by Rutherford (2000), they provide ways to pay for larger expenditures in smaller amounts, through regular contributions or instalments.

One could argue that this financial juggling is a rather pointless activity, which serves no ultimate objective, but that is not correct. The constant circulation of money is precisely what makes it useful, because it is necessary to keep the household going. Most Bujungese live on a small margin and they have to make ends meet, not once or twice, but permanently. Effective lump sum allocation means that a person can keep debts fresh. The ability to adjust income and expenditure to each other allows people to provide for responsibilities and return favours, while at the same time living up to the socially determined standards of life. In other words, one can take proper care of the dead, the sick, and the children, while not bothering others too much with cries for help. Therefore, in response to De Swaan’s question (1996:15), we can say that Bujung’s financial self-help organisations certainly contribute to the ability of their participants to deal with the vagaries of social life, and to lessen vulnerability.
Though financial self-help organisations have a limited social security function and can be useful instruments for coping with adversities, there are also two important drawbacks. First, financial self-help organisations not only provide solutions, but also create serious insecurities for those who participate in them, because payments can be a real burden for participants. The illiquidity of money in financial self-help organisations leads at least some households to enter a potentially expanding debt cycle. Obligations towards those organisations, and limited access to alternative sources of finance, can force participants to accept expensive solutions. This is the case if one is forced to pay instalments with a loan from a moneylender or to sell a kitty not yet received. Partly this is the result of having to walk the line between illiquidity and flexibility. A wise participant in financial self-help organisations is careful not to pin himself down to high regular contributions, but still people make mistakes.

The problem with financial self-help organisations is that people have to decide themselves how much financial pressure they are willing to accept. The decision to join, however, is not only determined by the financial space in their household. People sometimes join more organisations than they can afford, either because they are taken over by material desires and aspirations, or because they give in to social pressure to join 'like everybody else'. In Bujung, participation is for a large part also a habitual activity, motivated by a desire to be a good member of the 'community' and to conform with others. The pressure to participate in many collective financial arrangements at once, to conform to the expectations of one's neighbours, can be enormous. Even if people participate completely of their own volition, they may still find it hard to judge their own financial capacity. Arisan tend to have long cycles (between one and three years) and simpan pinjam loans often have to be repaid over long periods of time (between one and twenty months). It is difficult to estimate the financial capacity in the household over such a long period of time. Prices of daily food may rise, a breadwinner may fall ill, an enterprise may go bankrupt, and so on. In fact, for participants in financial self-help organisations the risk of not being able to pay the contributions is much more real and threatening than the risk that some of the other members might run off with the money. As much as they have to cope with insecurities, participants have to cope with arisan and simpan pinjam as well.

The second drawback is that some people cannot benefit from the protection created by financial self-help organisations. Because they are member-based institutions, exclusiveness is an obvious characteristic of financial self-help organisations. Exclusion takes place on the basis of
financial and non-financial criteria. If people are excluded on the basis of financial criteria, it is really a secondary form of exclusion. These people have been excluded from well-paid jobs or other sources of income in the first place. Because of that they are considered, and consider themselves, unfit as participants in financial self-help organisations. The situation is different for people who are excluded on the basis of non-financial criteria, as is primarily the case with temporary inhabitants, casual workers, and irregular customers at market stalls. As a category, they are excluded from financial self-help organisations because organisers and participants consider them risk factors for their arrangement. Many of these people have the financial means to invest in financial self-help organisations and could have benefited from their financial arrangements, had they not been barred from participation. In addition, not all participants are able to make effective use of the lump sums acquired through arisan and simpan pinjam. Some people are simply cleverer with money and better able to assess risks and calculate bundles of debt, but a lot depends on a person's social relations too. As explained in the above, strategic lump sum allocation requires an interplay between self-help organisations and other sources of finance. Those who, for various reasons, have better access to loans from relatives, neighbours, employers and so forth are better equipped to juggle their money.

Explanations for the Absence of Insurance and Assistance in Financial Self-help Organisations

Why is there no stronger commitment to insurance and assistance in Bujung's financial self-help organisations? Given the wide array of adversities and deficiencies experienced by the Bujungese, there is certainly a potential need. Many social SHOs and public simpan pinjam, and some credit cooperatives, have a small funeral fund. A few organisations even have a health fund. But these efforts are restricted to small funds - very small compared to the needs involved. Nothing is done in the sphere of invalidity, old age, fire, unemployment, housing or education. Considering the costs and burdens of ceremonial festivities, it seems obvious that there is demand for a special fund for that purpose as well. However, none of this is organised, and each individual household has to find a way of dealing with these costs by themselves. Why?

It would be too simple to suggest that Indonesian financial self-help organisations are just not ready yet, and that in the course of time they will develop insurance and assistance arrangements. Such an evolutionist
perception of institutional development does not seem plausible. Over the past decades, despite massive social and economic change, there are no indications of such a development taking place, and there is no reason to assume automatically that this path will be followed in the future. A more perceptive answer has to take into account the actual circumstances in which these institutions are situated.

In a recent article, Das Gupta (1993:61-2) gives a number of preliminary suggestions to explain why Indian mutual associations did not focus on security and insurance. As applicable as they may be to the Indian situation, they fail to explain their absence in Bujung. His first explanation, a lack of experience with insurance, does not seem to play an important role, as the people of Bujung have a long experience with funeral funds. Das Gupta also points at the high mobility of Indian labourers, who continuously move from one place to another, a factor that cannot explain the reluctance to engage in long-term insurance arrangements in Bujung. He goes on to presume a lack of time and energy, and a lack of money, the latter also being the reason given by the Bujungese themselves. These do not appear to be convincing reasons either, because the people of Bujung invest plenty of time, energy and money in ROSCA and ASCRA arrangements. A lack of actuarial skills, which is also suggested by De Swaan (1996:13), could of course be an impediment to assistance arrangements targeted at invalidity and old age. It does not explain, however, the limited development of funeral funds in the case of Bujung. Funeral funds are relatively easy to manage, and the average number of deaths in a given period is not too difficult to estimate. Even if a shortage of funds did occur, this could be solved simply by means of a loan from a linked ASCRA. Therefore there must be a more fundamental reason for the absence of insurance and assistance.

We could consider, for instance, the availability of alternative forms of protection as a prohibiting factor. De Swaan (1996:13) for instance suggests that we can explain the focus on ROSCAs and ASCRAs in many developing countries from the presence of adequate alternatives to self-help organisations’ insurance function, and the absence of alternatives to their savings function. This 'problem' may play a role in Bujung. Relatives, friends and neighbours do offer help in case of death and illness, and those in Bujung who are entitled to a pension have less reason to join local pension schemes. However, it is not evident that these alternatives are so much better than what financial self-help organisations could offer. Furthermore, the abundance of alternative forms of saving and credit has not prevented the establishment of ROSCAs and ASCRAs.
What clearly plays a role is the nature of the adversities and deficiencies for which insurance and assistance are sought. Some of them are simply too difficult to deal with through local insurance and assistance arrangements. A well-known problem is the covariate risk. If a large number of the participants are likely to suffer from adversities or deficiencies at the same time, there is little scope for an effective form of protection. This is for instance the case with un(der)employment, which is most often related to a period of recession, such as during the recent economic crisis. A similar problem occurs with provisions for old age. If, over the years, the members continue to grow older it becomes increasingly difficult to attract younger members who have to supply the funds for members who have become inactive (De Swaan, 1996:13). This problem could be solved by not providing regular pension payments but a single sum upon retirement, an option that only requires a simple savings fund whereby each participant saves for his own retirement sum. It goes without saying that such an arrangement provides quite limited protection. A different problem is that of adversities that occur on an insufficiently regular basis. In other words, it is difficult to establish an invalidity fund if there are many years when none of the insured makes a claim. The same holds for fire, which also rarely happens in Bujung. With such adversities it is impossible to estimate the amount of money that needs to be reserved, a problem that can only be overcome by insuring the risk at a higher level.

A third problem is that many risks and needs are not equally relevant for all those involved. Social security arrangements can not be set up among any arbitrary group of people. They have to be founded on existing social networks of people with similar needs, be it in the setting of the neighbourhood, the family, or work. Homogeneous background does not imply homogeneous needs. It is clear that a specialised housing scheme is difficult to establish when some members of a social group are more in need of a (better) house than others are. And finally, there are some risks that are considered to be possibly the victim's fault, which makes it difficult to discern whether someone is really entitled to support or not. For example, if someone is penniless or unemployed, it is difficult to determine whether he was unlucky or just lazy and irresponsible. We have seen that even illness is looked upon with suspicion. A related problem is that some risks are taken

---

2 A similar solution applies to an education fund where there would be a covariate need for funds because most school fees have to be paid in the same month each year.
3 We should note that the limited ability to cope with these aspects of risk management also disrupted the mutual associations in 19th century Europe (see Van der Linden, 1996a:30-2).
voluntarily. If someone chooses to organise a lavish marriage or send his children to tertiary education and eventually runs into financial problems, it appears logical that his neighbours will not be prepared to step in immediately.

Having taken all this into account, it still seems feasible to establish large funds for funeral payments. There even seems to be at least some scope for arrangements targeted at illness, housing and ceremonial festivities. For such arrangements to function properly, there needs to be a sufficient degree of trust. This is one of the points made by De Swaan (1996:14), who emphasises the need for trustworthy treasurers. Historically this was a role typically taken by pub owners and clergymen who, for different reasons, were seen as reliable money guards (Van der Linden, 1996a:31). As we have seen, also in Bujung there are a number of people who inspire a considerable degree of confidence, a fundamental requirement for organisers of *arisan* and *simpan pinjam*. However, there is a difference between trusting these people as controllers and trusting them as money guards. Emergency funds, unlike ROSCAs and ASCRAs, work with full funds between meetings, funds that have to be kept in custody. During meetings, participants can quite effectively check on the work of the treasurer, but it is less transparent what he does with the money between meetings. The funds can become prey to fraudulent and swindling treasurers. Indonesians are well accustomed to the idea that each and everyone will try to take something for himself, as soon as he gets the opportunity, an awareness that their whole society is imbued with. It appears to be a major reason for minimising contributions to emergency funds.

In the case of Bujung, we also have to consider the difficult relation between the Atas and the Ledok. This relation is, as we have seen, ambivalent in many respects. On the one hand, there is the effective exclusion of Ledok inhabitants from the primary social organisations of the *kampung*, like the Usaha Kesejahteraan Keluarga and the Paguyuban Warga Bujung (Chapter Three). On the other hand, the Ledok inhabitants are passionately included as soon as their presence can support the image of a united *kampung* or, even better, if their presence can result in better access to government support, as happened with the Social Safety Net. Whichever way, there is more hostility than solidarity between the different sections of the *kampung*. In the one case where the members of Pamanmubu (Chapter Five) wanted to establish a social program to help the poor, the result was disappointing. The beneficiaries did not repay their loans, because they felt no obligation to do so and the Pamanmubu members felt it hard to approach their socially distant fellow inhabitants with financial claims. Though well
intended, the initiative merely reinforced the existing divide, a social cleavage that pretty much precludes the establishment of an insurance and assistance program at the level of the kampung, which would substantially redistribute resources from the not-so-poor to the poor. If such a program were possible, the advantage of scale could help to deal with some of the problems of risk management outlined above.

Finally, we can also take into account the suggestion by Platteau (1997), that the notion of insurance is unacceptable in societies governed by the principle of balanced reciprocity. Arrangements whereby some people benefit more than others, because they were 'lucky enough' to be struck by some adversity, can within such a cultural framework be perceived as fundamentally unfair. Platteau bases his argument on observations in "traditional rural communities", but the idea can be recognised to a certain degree in Bujung as well, at least as far as it concerns receiving equal shares. In ASCRAs and ROSCAs, participants are always very insistent on receiving their fair share, the proportionality principle, which requires that each should contribute and benefit equally. Each ASCRA participant should take out the same amount of credit, so that each pays the same amount of interest. Also during the economic crisis, many Bujungese insisted that each household would receive the same amount of rice, whether rich or poor. Along the same lines, one could argue that collective insurance and assistance arrangements are too impersonal. They take away opportunities to express and reproduce a social relation by means of a gesture of help from one person to another. The dominant set of norms and values concerning support might very well be another strong barrier to the establishment of insurance funds at the community level.⁴

Comparison with Europe: a look at the past and the future

The idea of a comparison with Europe not only inspired a study of financial self-help organisations' social security function, but was also a reason to look at financial self-help organisations as part of a process of social change and institutional transformation.

---

⁴ In their evaluation of a health insurance program in Guinea Conakry, Criel and Waelkens (2001) recently refuted Platteau's stance. The program officers were well able to explain the rationale of insurance to participants. The possibility remains that introduction of an insurance principle, which contradicts the principle of general reciprocity, is more easily introduced by an outside agency than by a local initiative.
The comparison between Europe and Indonesia is not an easy one. Kloos (1988:119-123) has written on the difficulties surrounding comparative research in the case of anthropological restudies, and much of his argument is relevant to our comparison as well. Kloos identifies a number of problems that might jeopardise the validity of the comparison. First, the analyses refer to different kinds of social groups. Second, the studies were conducted at different moments in time. Third, the researchers had a different theoretical orientation. Fourth, there were differences between the researchers as a person, and their position in society. Fifth, the researchers made a different selection of data. And sixth, researchers make mistakes. Apart from these pitfalls, a comparison between contemporary financial self-help organisations and 19th century mutuals also has to deal with the fact that data come from different societies and from different type of sources. The latter is the most far-reaching difference, in that the knowledge of the historical mutual benefit associations is provided by historians who have to rely on written documents. Knowledge of contemporary self-help organisations comes from anthropologists and sociologists, who mostly rely on data obtained directly from the organisers and participants. Many self-help organisations do not keep archives of their books and documents, so they stay out of reach for historians. These considerations prevented me from taking the comparison very far.

If we aim at a detailed comparison between the two clusters of institutions, a lot of work remains to be done. There should be a close investigation of the characteristics and limitations of the sources on which data are based, both on the historical side and on the anthropological side. More information will have to be gathered about the history of ROSCAs and ASCRAs in Indonesia in order to get a good view of long-term processes. Historians, for their part, should look for more information on the context in which mutual associations operated. What were the alternatives open to members of mutual benefit associations, especially in the field of social security and the "informal" financial landscape? Hence, expanding on this historical comparison requires more contact and a wider exchange of ideas between historians and social anthropologists working in these fields. For now, we have to work with the rough contours.

Mutual benefit associations in 19th century Europe provided a form for social security to millions of workers before the rise of the welfare state. The associations were most popular among workers in large-scale industries, and therefore they flourished in most countries experiencing rapid industrial growth, mostly Europe and North America, but also in Indonesia (Ingleson, 1996; Van der Linden, 1996b). They usually had a fairly large number of
members, often from the same factory, who regularly met and contributed money to a central fund. Only if they were struck by some well-described adversity were members entitled to a disbursement from this fund. Normally this included illness, accidents and death. Use of the funds and all other decisions were under direct or indirect democratic control of all the members (Van Genabeek, 1996). Many urban workers sought help in these savings associations, but almost as quickly as they emerged, the mutuals disappeared again around the turn of the century. Just a few of them eventually evolved into large insurance companies, leaving only their names as a memory of their mutual past.

Their demise is commonly explained from their incapacity to compete with the services of the state and of private insurance companies. Furthermore, the state often incorporated existing mutual benefit associations into their own welfare programs (Van der Linden, 1996a:34-9). De Swaan (1989:159) argues that the social security arrangements of the welfare state, in order to overcome the dilemmas of collective action, required a highly effective centralised state together with a strong national identity and a society where the broad majority work in regular wage-earning jobs.

An evolutionist perspective claims that Indonesian ROSCA s and ASCRAs will follow a similar path and eventually develop into "formal" financial institutions like banks and insurance companies, or perish (Geertz, 1962; Mai, 1992). Along the way they can form building stones for the construction of welfare states similar to the ones that have emerged in the West. In the introduction, I already argued that we have to take into account that the situation in contemporary Indonesia is fundamentally different. Over the past decades, the state has shown that it is incapable of playing a monopolistic role in the field of social security. The Indonesian state social security system does little to redistribute resources from the wealthy to the poor, and caters mainly for the wealthy and for those affiliated to the state itself (F. von Benda-Beckmann, 1994:114). That comes as no surprise if we consider the minimal requirements described by De Swaan. The national identity is not so much the problem. This has been well tended by the Indonesian post-independence governments, and even by the Dutch Colonial government (see Anderson, 1991:116-23, 132-5). The Indonesian state, however, has been insufficiently strong and effective. Its administrative apparatus was big enough but lacked the efficiency and the economic means to finance a costly social welfare program. On the one hand, the country was simply too poor to raise enough financial resources. On the other hand, Suharto's strategy of political patronage drained away all available resources.
As for De Swaan's third point, the vast majority of Indonesians do not have regular wage-earning jobs. Instead, they rely on insecure incomes from the so-called 'informal sector' and from small-scale agriculture, which makes it very difficult to extract regular contributions and to determine people's eligibility for welfare payments.

It does not seem probable that the role of the state will drastically change in the near future. Only too recently, the scandals around the Jamsostek program showed once again that the state is still far from being able to provide a reliable welfare scheme, not even for the salaried workers in the formal sector. Booth (2000: 161) is among those who believe that such problems could become a thing of the past. She argued that the Social Safety Net "has built up a set of expectations that the government should provide basic services (such as food, health and education) for all the sections of the population". In itself, this does sound logical, but I think that most Indonesians have long felt that the government has a major responsibility in this. They are also very much aware that the government cannot fulfil this responsibility, and their experience with the failing Social Safety Net and the faltering Reformasi process has only reinforced this idea.

What can we expect from the other corner? Though hesitantly, the private financial sector in Indonesia is expanding and investors will continue to look for new markets and new customers. It is nonetheless likely that they will look first at the wealthier and least risky categories, people who have access to a regular and reliable income. With regard to financial self-help organisations, this means that for example the office cooperatives of civil servants may very well be taken over or incorporated by private companies. However, there is still no reason to assume that the self-employed masses will soon be able to reach the more secure economic positions required to become desirable customers.

Such a sketch of the country's field of social security brings with it the logical assumption that financial self-help organisations have wider scope available to develop themselves as meaningful providers of social security. After all, many Indonesians would be interested in the social security services of financial self-help organisations because there is no better provider available. Nonetheless, we have seen that in spite of this demand, and in spite of the absence of competition from state and commercial insurance companies, financial self-help organisations' achievements remain very modest.

Midgley (1994) has proposed outside involvement in financial self-help organisations' to strengthen their social security function. Such initiatives
could come from the state as well as from NGOs and Microfinance institutions. The evidence of this study suggests that this is probably not a good idea. Financial self-help organisations have a complexity of purposes, actively defined and negotiated by the actors involved. If an outside agency like the state or NGOs tried to bestow on them tasks that are only geared towards social security, this would most probably interfere in one or more ways with existing purposes. My worry is that NGOs are prone to simplifying the function and social meaning of financial self-help organisations for their own convenience, thereby threatening most of the organisations’ institutional dynamics. The interlocking of institutions with fundamentally differing purposes may very well lead to unpredictable processes of renegotiation, resulting in conflicts and a breakdown of trust, as we have seen from the disappointing results of organisations like Manunggal, Mekar Jaya and Karang Taruna, and from the resistance to outside involvement in Usaha Kesejahteraan Keluarga and Paguyuban Warga Mandiri.

It seems better to hope for developments from within. However, the internal barriers to further develop financial self-help organisations’ social security function are difficult to break down. The problem of trust could be alleviated if a genuine process of reformation can permeate all segments of Indonesian society. Apart from creating much misery, the economic crisis also put an end to the New Order regime. This New Order was directly responsible for a culture of corruption and collusion in which it became ‘normal’ for people to take the money they could lay their hands on. However, as deep-felt and sincere the desire for transparency and a fair judicial system may be, the strengthening of public trust in Indonesia will most probably be a long and uncertain process.

---

5 This point is inspired by the argument of Scott on state simplifications (1998).