

Chapter 2

The *Usaha Kesejahteraan Keluarga*

Portrait of an accumulating savings and credit association in urban Yogyakarta.

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

As they arrive, the members of the board install themselves inside, where they sit cross-legged behind the small table. The ordinary members occupy the rest of the room until it is full, and those who remain sit outside; the women with the women, and the men with the men. The women are chatting very lively, while the men are more silent. They play dominoes, smoke *kretek* cigarettes and exchange jokes. Tea is served, and each participant receives a small carton box with snacks. There are a number of *komisaris*, who represent the other members. They have collected the booklets from the other members and bring them to the team of treasurers, who fill in the books of the association. Most members pay instalments and a number of people apply for a new loan.

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

This chapter offers a detailed description of the *Usaha Kesejahteraan Keluarga*, a member-based organisation in which participants pool their savings. It highlights the various aspects and problems related to this particular financial self-help organisation.¹ The paper shows, among other things, that the character and development of a financial SHO can not be seen apart from the context in which it is situated. The UKK is clearly a reflection of local history, socio-economic circumstances, and political processes at both the national and the local level. The chapter also shows that although the social security dimension of an organisation like UKK is limited, there are many ways in which individual members can make use of UKK in order to cope with their socio-economic insecurities. The usefulness of UKK is for a large part the result of the individual agency of its members, and the resulting style of participation.

How UKK started

The establishment of UKK should be seen against the background of the events of 1965/66. The general image of the years that followed, as held by people in Bujung, is that of a disrupted community. The community institutions that had existed were swept away together with the Communists. A PKI affiliate who survived the actions of 1965-66, and who later became closely linked to the leading group of civil servants, remembers: “Within the ward there were also some *simpan pinjam*² which were dissolved each year, and never had a continuous existence. Money disappeared, because it was taken by the leaders or not repaid by the members. Nobody really made a problem of it because the amounts were quite small. This kind of unorganised *simpan pinjam* supposedly existed already before 1965, although in those days the commodity cooperative, in which foodstuffs were bought collectively, was far more important.”³

It was within this environment of problematic collective action that Suryono and his friends, as representatives of the newly arrived civil servants, tried to create some structure. For that, they organised an *arisan*⁴ RK on the 10th of each month, for which the leaders of all 15 RT were invited. In this way, they hoped to create more enthusiasm with regard to attending regular meetings, so that information and announcements from the sub-district and district level would trickle down to the inhabitants more quickly, and that voluntary work projects would be more successful. Nevertheless, today one of the participants of that *arisan* RK does not remember the initial situation to be perfect: “It was not as well organised as nowadays. The meeting was little more than sitting around and discussing the problems while having a good time. It was only meant to improve communication in the ward, and

¹ This chapter is like a miniature for my dissertation, as it offers many of the starting points which I can further elaborate, particularly with regard to other financial SHOs and other participants.

² A *simpan pinjam* is an ASCRA.

³ Apparently, the commodity co-operatives disappeared with the PKI-leaders who organised them. At this day, they do not exist in Bujung.

⁴ An *arisan* is a ROSCA, in most cases.

therefore they invited active people, apart from the leaders of all RTs. Over the years there was growing discontent with regard to the *arisan* RK, because many of the members only came to pay their contributions, and then left again.”

Eventually in 1983, people started talking about a proposal to establish a *simpan pinjam*. Suryono prides himself for being the one who introduced the idea. It appears, and so he claims, that Suryono foresaw the 1988 restructuring of administrative levels, whereby the RK was split up in three separate Rukun Warga (RW). With the new *simpan pinjam* he tried to keep the ward united as a community. However, other informants pointed at the key-role played by the late Pak Ratman, who worked at the Bank Rakyat Indonesia⁵, and who also belonged to the ward leaders. Through his work he had already become closely acquainted with the concept of *simpan pinjam*, and this also holds for most of the prominent civil servants who already made use of the credit facilities offered by the office cooperative at their work.

In October 1984, a first meeting was held on which 25 people attended, mainly leaders of RT and RK. It was agreed to have a meeting on the 13th of each month, and that on this meeting a *simpan pinjam* would be held, while the *arisan* continued on the 10th of each month. They asked from every member savings of Rp.60,000⁶, to be paid in parts of Rp.2,500 or Rp.5,000 per month depending on what the person could afford to pay. After one or 2 years they had a capital of 25 times Rp.60,000, which is 1.5 million Rp., and this was built up from the ‘basic’ or ‘obligatory’ savings. This fund was then used to lend money to the members. Only after a few months the members decided to give their *simpan pinjam* the name *Usaha Kesejahteraan Keluarga*, or UKK. One informant said that the basic innovation was that Pak Ratman ”introduced the idea of an association that grows, and of an association that is well organised in which every *rupiah* is accounted for, so that nobody will feel damaged by others.”

Various objectives are mentioned as reasons for starting this *simpan pinjam*. First of all, the leaders of the RK hoped that the participants would be more dedicated to the meetings, and that in this way important information and announcements, for example from the *Kecamatan* or the *Kotamadya*, would flow through the ward more effectively. Pak Suryono also hoped that UKK would help with keeping the ward together as a community, even after it had been subdivided in three separate RWs. Another objective was to offer some competition for the local moneylenders, with whom many inhabitants were indebted, and who charged high interest rates. One of my informants claimed that there originally also was a social objective. They would try to build up as large a fund as possible, so

⁵ The Bank Rakyat Indonesia is a government bank, which stems directly from the Dutch colonial *Volkscredietwezen*, or Popular Credit System. It has a long tradition of working with credit co-operatives (see Schmit, 1991). There does not seem to be a clear reason why this innovation in the *arisan* RK emerged at this moment. Nevertheless, it is remarkable that the early 1980s also witnessed the start of a handful of other *simpan pinjam* in Bujung, all of them started by civil servants or others who had come into contact with this type of institution through their work.

⁶ At the beginning of my fieldwork, in October 1997, the *Rupiah* was still at Rp.2.400 for one US-Dollar. In 1983 the *Rupiah* was at Rp.900 for one US-dollar (IMF).

that they could use part of the fund to support social activities and to give loans to the poorer people in the ward. For that latter plan, a small *kampung*-bank was to be established near the office of the RK. And to achieve this, in the beginning they had even invited some rich people although they were not interested in ward-life at all, such as the Chinese Susanto. However, when it came to the point that the fund was large enough, the leaders considered the loans to be too risky and the plan was abandoned.

According to Suryono, the community objective dictated that they should open the association for anybody who was interested. Although others claimed that in reality this first group of the UKK was only for the big shots (*wong gede*), it is a fact that membership grew quickly in these first years. As they grew to 50 members UKK 13 (the groups are named after the date of their meetings) was becoming too large to find houses that were large enough to hold the meetings. It must have been somewhere in 1985 that Suryono's wife together with some other local leaders of the PKK⁷, established a second UKK-group called UKK 7, which was for women only. Right from the start this group gained considerable popularity, and it still is the largest group. After this, a third group started in 1986 on the 3rd of each month (UKK 3), and a fourth group in 1987 on the 10th of each month (UKK 10). UKK 10 merged with the remains of the original *arisan* RK. UKK 3 and UKK 10 were again a mix of men and women, just like the original first group, UKK 13.

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

The future of UKK is still undetermined. Further growth of capital could be interesting. It would make the loans of UKK more appropriate for business investments, or for building houses. However, when working with own capital only, the possibilities are limited. An option would be to

⁷ PKK (Family Welfare Program) is the government program for Indonesian women, and is moderately popular in Bujung (contrary to findings by Koning (1997: 147-9), N. Sullivan (198?), and others, in other parts of Java), although it is clearly the ward elite which feels attracted to these activities.

start working with a bank, like Manunggal.⁸ Suryono rejects that idea on ideological grounds: “The model of Manunggal is not good for us, because in that case the objective is becoming business instead of unity. It is also too dangerous. When people borrow too much, there is a big chance that they cannot repay. If your organisation is not strong enough it is too dangerous.” One of the members more or less shares his view: “In principle the UKK could start working together with a bank, but it is not really necessary because it is already difficult to get the whole fund lent out. People often have to be convinced to take out a loan. Maybe larger loans could be more useful in starting business but they are also risky. For sure, some members will fail with their business and then they cannot repay. You see that in Manunggal. The other members will be the victims of this. The problem is also that the members are very different. There are pedicab drivers and civil servants. They are not able to repay the same loans. It is of course our own responsibility to decide which size of loans we can afford. Therefore, we do not need a loan from the bank. A loan on your wage, like my wife can get, is much safer. For the bank as well. A group loan to UKK will never be as safe for them.”

Still, Suryono sees opportunities to expand: “When we pay attention, the organisation can grow. We are like an embryo of a cooperative. We can benefit more from other activities. We could start buying rice. Suppose we buy a number of quintals and the people buy from us. The profit can be very high. We can do that with oil and sugar as well. The money is there. We can put aside some capital for that activity. That is possible because we have a strong community. We can do that but we have not started it.” But these ideas will never go as far as becoming a cooperative: “We do not have any plans of becoming a cooperative because there are too many problems connected to that. It means that we have to pay too many fees to the government. Therefore, we are going to stay a private enterprise, because we are not ready for these changes yet.” Also the treasurer is not very enthusiastic about the idea of a cooperative: “We are a semi-cooperative, which means that we are not a legal body. We do not want to do that, because it does not fit us. If you are a cooperative, you have to pay all kind of taxes and contributions to the government. Too much money is drawn in, and there are too many rules. This diminishes the profit. For example, I am also a member of RESMI, a credit cooperative at my work [an elementary school]. There the initial contribution is Rp.500,000, but the amount of dividend at the end of a year is only Rp.50,000, the same as in UKK. I am only a member because I am obliged to do so. The RESMI has become a cooperative, because that is obligatory for organisations that stem from a government office. The members of the UKK want to have a good annual dividend. That is why they do not want to have a cooperative, like RESMI.”

⁸ *Manunggal* is the name of another *simpan pinjam* in Bujung. It is participating in a development program whereby financial self-help organisations are linked to banks. The self-help organisations are allowed to borrow

Financial Development

Nowadays, the first four groups of UKK still exist and they contain around 220 members. Total capital has grown from Rp.1,500,000 to more than Rp.45,000,000 in only 15 years. How is that possible in an association that, apart from the experiment with the youth organisation mentioned in the previous section, derived all its capital from its members? A first reason lies in the fact that membership increased over the years. Membership lists as such have not been kept in UKK, but in the bookkeeping system some information could be found. In 1984, they started with 25 members. Membership grew quickly in the years to come and reached 184 in October 1988. After 1988 growth decreased, and the members numbered 223 in October 1997.⁹

A second reason is that over the years, the growing group of members has, per person, contributed more savings to the fund of UKK. In the beginning, all members were required to contribute obligatory savings of at least Rp.60,000 per person and that amount has been raised over the years in smaller steps, eventually to Rp.100,000 per person. Most of the pressure to do this came from the women's group (UKK 7), where many members used their loans to invest in trade or home production. In that sense, the increase in obligatory savings was, at least partially, inflation-driven. The other groups followed in a slower pace, but eventually the board of UKK decided that personal savings of Rp.100,000 should be obliged in all groups. At the start of UKK, it was also possible for members to contribute extra voluntary savings, for which they received a moderate interest. This savings opportunity quickly became popular and most members saved extra amounts, even up to Rp.200,000 in one case. However, this option also created some accounting problems for the treasurer, who had to calculate different dividends for every single member. On the initiative of Pak Wibowo, who replaced Pak Ratman in this function after his death, all groups abandoned the option for voluntary savings in 1992 and 1993, and extra savings were returned to the savers. The growth of membership, and the increased obligatory savings resulted in a development of collective savings as

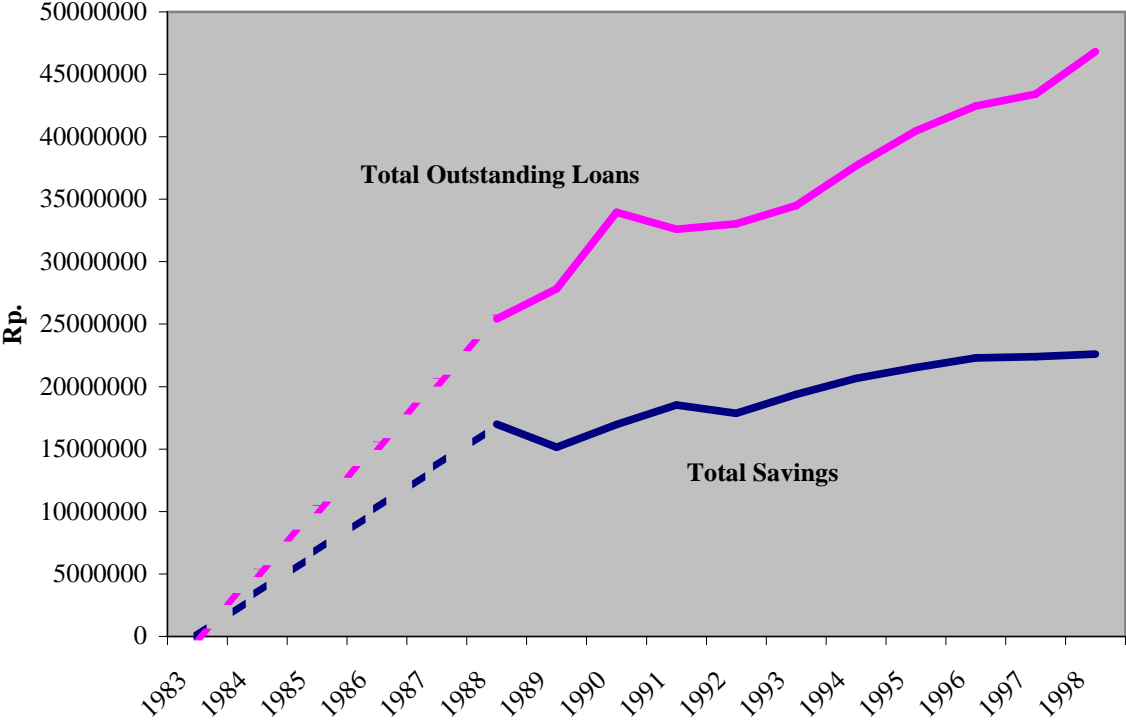
money from the bank to increase their capital. In the case of *Manunggal*, this effort has resulted in a total failure, and the group has collapsed (see also chapter seven).

⁹ Over the years, some of the earlier members left and new members arrived. 36.8% of the 1998 members were not yet a member in 1988, and 23.4% of the 1988 members were not a member anymore in 1998. According to the treasurer of UKK, by far the most important reasons for leaving UKK were death and moving to another area. For the whole of Bujung the average combined annual percentages of people who die or move elsewhere, is at 1.83% (Data Monografi Bujung, 1994-1997). The UKK is slightly above this percentage with 2.34%, but we should take into account that the age of UKK-members is above average.

In the archive of UKK I also found eight notes from people who wanted to resign as a member. Three of them mention moving to another area as a reason, two notes are from people who consider UKK to be too heavy for their household, one note mentions that the condition of the household is not so stable for the moment. Two other notes mention no reason. From the membership lists it is clear that in some case the husband or wife of a deceased member has taken over the membership. It is not possible to see whether there are cases where membership has been taken over by children or other relatives.

can be seen from the lower line in figure 1. The amount of savings grew from the Rp.1,500,000 at the start, to Rp.17,002,000 in 1988, and increased on a slower pace to Rp.22,600,000 in 1998.¹⁰

Fig.1: Savings and Loans



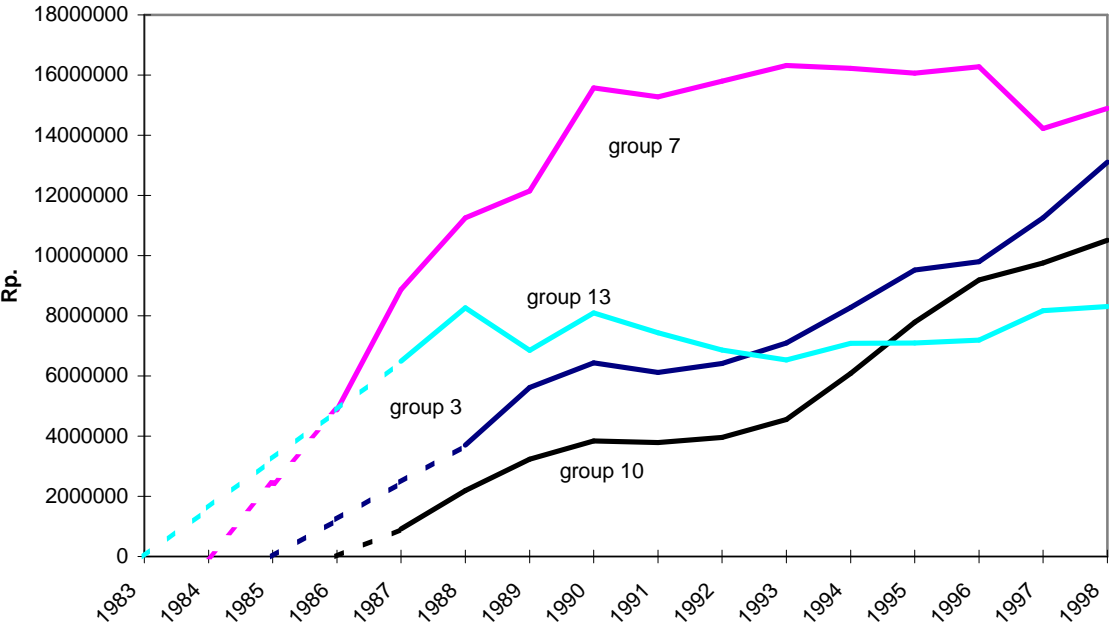
However, more members and increased savings per member do not explain all capital growth, as can be seen from the total amount of outstanding loans in figure 1 which grew quicker than the total savings. Of course, this is in the first place the result of the interest charged on loans from UKK, which is at 2% per month. With this amount of interest it is possible to have a fixed amount of capital grow at a rate of more than 25% per year. This can only be achieved when at each meeting all available money is lent out to members, but this is most often the case in UKK. In a situation where there are not enough members who apply for a loan, other members are pressured to take out a loan even though they might not need it. If this is not enough, a final option is that people who are still indebted are allowed to take out a new loan even though they have not yet fully repaid their previous loan. Part of their new loan is then used to pay off this previous debt. The idea is that in this way no money lays idle, and the fund can grow as fast as possible. Apart from that, the capital growth is also stimulated by the fact that many members repay their loans faster than they are obliged to, thereby paying a higher real interest on their loan. In general this behaviour can be explained by the presence

¹⁰ In figure 1., the outstanding loans are used as a proxy for the capital of UKK. Virtually all the money in the borrowing fund is constantly lent out; on a total capital of 45 million, there is usually around 100.000 Rp. in the fund in between meetings. Members who want to leave the organisation and reclaim their initial contributions, shall always have to wait for the next meeting before their money is available. All income from interest is immediately available for lending and therefore adds up to the total outstanding loans.

of excess cash in the household which people want to put in a safe place, in this case the UKK. The treasurer explained early repayment as reflecting the enormous eagerness to get a new loan, “so happy were the members with the new opportunities through UKK”.

In spite of this, the figures do not show the exponential capital growth, which could in

Fig.2: Outstanding Loans per Group



principle be achieved. This is primarily the result of annual dividend payments (*siswa hasil usaha*) which was first divided among the members in 1989 and 1990. Since those years, every year in December the profit of the group is calculated. From this profit some small sums are deducted, a contribution for the fund for ward development, the social fund, the fund for the festivities around the 17th of August, refreshments, fees for the members of the board and the *komisaris*, and costs for material. From what is left, estimation is made of what would be a reasonable amount to divide over the members. Over the past years, this profit share has ranged from Rp.30,000 to Rp.57,000 per member, depending on the group, whereby UKK 7, the women’s group always has the largest profit share. From figure 2, one can see better how the speedy growth before 1989 has slowed down because of the division of profit. In the last year the women of UKK have been rather optimistic and the total capital of this group has decreased. UKK 7 has grown quickest because most of the women who are member of this group use their loans for business purposes and therefore had a large and sometimes growing need for credit. UKK 3 and 10 are still growing because they are rather new, still attract new members, and are more careful in paying dividend.

UKK as a financial organisation

Organisational set-up

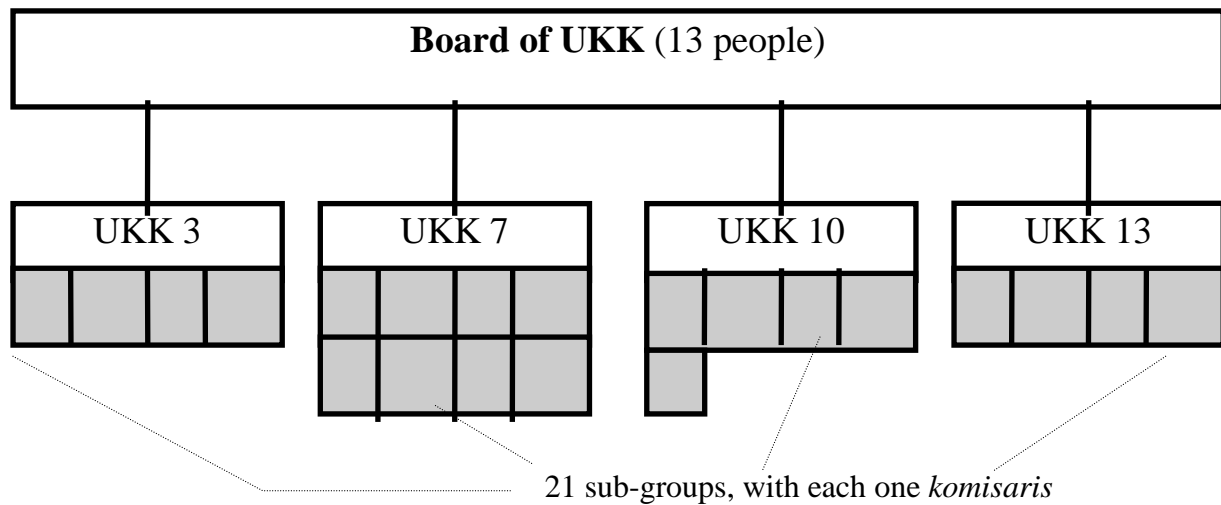
UKK has a board (*pengurus*) which consists of 13 people, and all of them are men. There are three chairmen, who are also the leaders of the three RW in Bujung. Although this is not official, from his role in the meetings it is very clear that Pak Suryono, the former leader of the RK, is the main chairman. For that reason he is sometimes referred to as 'the Suharto of Bujung'. Furthermore, there is a team of three treasurers, who are responsible for the bookkeeping, three secretaries, two auditors, a general assistant, and one person responsible for the security. These 13 people are in charge of the meetings of each group. They are good friends, and there are a number of family relations between them.

As mentioned before, UKK consists of four groups. UKK 7 is only for women, while the others are mixed. In UKK 3, 73.1% of the members are men, in UKK 10 this proportion is 91.2%, and in UKK 13 it is 76.3%. These groups are subdivided in smaller subgroups that do not have separate meetings. UKK 3 consists of 4 subgroups, UKK 7 has 8 subgroups, UKK 10 has 5, and finally UKK 13 has 4 sub-groups. One subgroup consists of 8 to 13 members. Each subgroup is represented by a man or woman called *komisaris*, most of them being senior members. The *komisaris* is responsible for the collection of monthly contributions to the social fund. He or she also collects the booklets of each member at the beginning of each meeting. The monthly instalments are put in these booklets, as well as the application forms for new loans. This representation by *komisaris* is done to make sure that the meetings take place in an orderly manner.

The *komisaris* also represent the other members on the annual meeting with the members of the board. On this meeting financial issues are discussed, such as the size of the annual dividend, and transfer of capital from one fund to another. This same group of people has a five-yearly meeting in which members of the board and *komisaris* are elected, although it might be better to say re-elected. Sitting UKK leaders have only been replaced in case of death or withdrawal. As Pak Suryono explains: "We do not have a lot of changes in the board. We always take the heads of RW as chairmen. The other positions may change. But the principle is that when someone is good at doing the job, he will stay. That is the way of the Indonesians. If something goes all right it stays. They are not chosen by the members, but appointed through acclamation. We look between the members. If they are good they stay, just like president Suharto. He has been president for six times and he has done well, so he stays.¹¹" New *komisaris* are chosen in the same way. They are given a group of members who live in their close proximity.

¹¹ This statement was made a few months before May 1998, the month in which Suharto had to step down as president of Indonesia.

Fig.3: Organisational Structure



Most members seem to accept the authoritative position of the UKK leaders, but every once in a while different opinions can be heard. On one of the January meetings of 1998, a younger but respected member asked the opportunity to speak. He stated that when it came down to him, he would be neutral to the idea of appointing new leaders to the UKK. This was of course a very subtle way of saying that the existing board should step down (at this moment it was still some months before the Indonesian democratisation movement gained most of its momentum). Some sort of a reaction could be viewed from the faces of some members of the board, who were irritated by the issue. They responded by stating that they had been chosen in a democratic way, and simply responded to the wishes of the members. After the meeting, the young man received some support from other members, but in the months that followed the issue was never raised again. A few weeks later the young man explained himself in an interview: "I am not happy with the way a new board is chosen. This happens in a closed session, which is secret to the rest of the members. I feel that we as members have the right to know how the board is chosen, and even better, that we have a vote ourselves. This is not very transparent. I do not know whether the people in the board want to continue forever. They probably have their own important reasons. (...) I join many activities such as praying groups, Muhammadiyah, and PPP¹² as well. Maybe by joining these activities I can learn the responsible way of thinking of older men. Maybe I can also learn about how to participate in an organisation. But for that, an organisation needs to be sufficiently transparent, otherwise you do not learn anything." Another member observed the situation in this way: "These people simply cling to their position because they like to be public figures."

Officially, the UKK is now an activity of the PWB. PWB stands for *Paguyuban Warga Bujung* (Union of the People of Bujung), an organisation established by Suryono and friends after the administrative restructuring of 1988. PWB, among others manages the social fund, which takes care of

¹² The Muhammadiyah is a large Islamic social organisation, and the PPP is an Islamic political party.

some basic costs at the funerals of ward inhabitants, and manages a fund that supports social activities at ward level. Part of their money comes from the revenues of UKK, and another part from contributions made by the various RT. In this way, and because UKK meetings are public events which emphasise his status as a local leader, the UKK serves as the backbone of Suryono's attempt to reinvent and reconstruct his old RK, single-handedly.

Borrowing procedures

All members are allowed to borrow money, although new members have to wait one month before they can get a loan. Also in practice, all members have equal access to loans and there is no preferential treatment for the UKK leaders. To get a loan, the members have to fill in a form. On this form they have to fill in their name, the size of the loan, the amount of turns in which they want to pay it back, and the purpose of the loan. The form has to be signed by the person who applies, his/her husband or wife, and the responsible *komisaris*. In reality the purpose of the loan and the signature of the husband/wife are often lacking. On the lower part of the form the amount of interest is calculated, plus some small administrative costs, and a provision for the members of the board. These three costs are deducted from the original sum. After this is done, the form is signed again, kept for the archive, and the member receives the money.¹³

The maximum amount which people can borrow is Rp.500,000, and the minimum amount is Rp.50,000. People are also free to choose the amount of turns in which the loan is repaid. The most popular is to repay in 10, 15, or 20 turns, whereby one turn corresponds with one month. The amount of interest depends on how many months you take to repay the loan. For example, if you borrow Rp.500,000 and repay in 10 months, you have to pay Rp.600,000, in monthly instalments of Rp.60,000. If you repay in 20 months, you have to pay Rp.700,000, in monthly instalments of Rp.35,000. All borrowers are required to start repaying in the month after which the loan is given. Loans of Rp.500,000 are the most popular, but it is not always possible to get them. For example, in the situation where 6 people apply for a loan and there is only 1.5 million Rp. available, the money will be equally divided over all of them, and each will get a loan of Rp.250,000. Sometimes, members try to get a higher loan by writing 'urgent' or 'very important' on their forms, but the treasurers do not pay attention to this and treat all people equally.

In principle, members are allowed to have only one loan at a time. It has been mentioned before that when there is a low demand for loans it is possible to take out a new loan before the

¹³ De Swaan (1996:12) defines saving as postponing the satisfaction of needs. In that sense, financial self-help organisations are sometimes seen as institutions for stimulating the virtue of saving, self-constraint through social constraint. Even though this is certainly the case for most *arisan* in Bujung, it seems to be quite different for *simpan pinjam* like UKK. The main attraction of UKK lies in the fact that members can consume without postponement. You get the money first, and then you pay it back, without extra costs. Some members even called it "saving afterwards". Of course the social control leads to a form of self-constraint to pay back the loan, but in a way which is not so different from the constraint forced upon people by a money lender. Only the UKK is cheaper.

previous one is repaid. Furthermore, quite a number of members have accounts with various groups of UKK, which allows them to take out more than one loan. And finally, another important way out is to take out a loan on the name of somebody else. Quite some people only participate in UKK for social reasons, or because they are interested in the annual dividend, and they are often approached by friends who want to borrow on their names. According to the regulations this onlending is not allowed, and Pak Suryono regularly reiterates that rule. However, many members do not seem to pay attention to this. This onlending happens most often within a UKK group, and the two people involved arrange the deal during the meeting. In other cases, members borrow money from the UKK in order to lend it to friends who are not a member of UKK. In several cases the onlender asks an extra interest which exceeds the interest asked by UKK.¹⁴

The annual dividend is paid at the beginning of each year. At the meetings in January, none of the members are allowed to take out new loans. These meetings are the busiest meetings of the year. Whereas normally only half of the participants show up, all of them arrive on these meetings. The ongoing repayments are made to the treasurers who count out the money and fill envelopes for each member.

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

Control mechanisms

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

¹⁴ There is such a taboo on this topic that it is virtually impossible to get reliable information on the frequency in which this occurs.

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

That this system does not always work becomes clear from the following case I came across when I was puzzled by a discussion among members of the board, after the end of an UKK meeting. There was a certain problem. I could not really get it and therefore I asked one of the chairmen, Pak Parman who was sitting next to me, what was going on. He said that they were discussing the request from one of the members to withdraw himself as a member. The person was already involved in many other social activities, and did not have time for UKK anymore. According to Parman, some members of the board felt that it was their fault, but members are really free to come and go. It did not really seem to be the complete story and therefore I asked one of my informants after the meeting whether what Pak Parman told me was true. He said: “Well, what Pak Parman tells is true, but the real problem is ... I do not think it is necessary to mention names ... the real problem is that this particular member has way too many debts [also outside UKK] and that right now he is unable to clean his debts with the UKK. He often only pays half his instalment, or even less. Probably he feels ashamed to come to the meetings, because he knows that everybody knows he is in debt. It is a person who follows UKK 7, UKK 10 and UKK 13.” To me this description was clear enough to identify the person involved. Later I discussed the problem again with Pak Priyanto, one of the members of the board: “There is a small problem of repayment in UKK right now. Pak Asman has already not paid. He does not seem to have a sense of shame. He is just irresponsible and made a mistake in counting when he took the loan. Or he just takes out the loan without considering paying it back. As a member of the board, I often feel pity for people who cannot repay. I am inclined to say that they do not need to repay. That is what I would do if I had lent them as a private person. But in an organisation that is not possible. It would damage UKK, and when UKK breaks down the leaders will be very ashamed. There is always a risk. You should repay to an organisation. It is the money of a lot of people.”

While the various control mechanisms work relatively well for ordinary members, the situation is somewhat different for the members of the board because they actually have to control themselves. The problem is even bigger because they are such a close group of friends and relatives, so there is a threat of collusion. What does work as a prevention however, is that they have much more of a social status to lose when fraud comes out in the open. Any member can check the bookkeeping so there is some restraint there, but misuse is less detectable in other parts of the organisation. Some members of the board occasionally take out interest free loans from the ward social fund (PWB), but it seems that the leaders of UKK restrict themselves to this moderate rent grazing, rather than committing large-scale fraud.

The social fund

In 1989 a social fund was introduced in UKK. According to the regulations, people are entitled to a disbursement from the social fund in case of the death of a member, his or her husband or wife, parents, parents-in-law, children below the age of 25 who still stay in the house and do not earn their own income, and other people living in the house, such as a housekeeper. The size of the disbursement has been increased in smaller steps from Rp.20,000 to Rp.60,000 per case. Rp.60,000 is by far not enough to take care of all the costs involved in a funeral.¹⁵ According to Pak Suryono, higher disbursements would lay too much financial pressure on the UKK. Furthermore, people also receive support from a variety of other sources, such as friends, relatives, and the social funds of other financial self-help organisations and PWB. Usually, the members of UKK also collect voluntary contributions among themselves in case of a death (usually Rp.500 per person), and this is also done in cases of illness. Especially the members of UKK often have a large number of acquaintances in and outside the ward, and when there is a funeral in their household, they often break even or there is money left.

The social fund is filled by contributions from all the members, who pay Rp.500 per month. Furthermore, at the end of the year, the equivalent of this amount, Rp.500 per member per month, is deducted from the annual profit, for the benefit of the social fund. Pak Parman keeps the social fund at the bank, but has a safe amount in his home in case it is needed. But he also does not keep too much: "I only keep a small part of it here because the temptation can be high to lend the money to someone, and then you are in trouble when you suddenly have to pay it back." The annual account of the social fund over 1997 shows that in total, there were 18 cases where members or their relatives received Rp.60,000 after a death. The social fund also gives money to ward festivities on the 17th of August (Independence Day), and *Shawallan* (Islamic feast). Rp.500,000 had been given to the committee for the 17th of August, and Rp.150,000 to the *Shawallan* committee. In this year, all groups except for

¹⁵ One informant estimated the average costs at the day of the funeral to be somewhere between Rp.400.000 and Rp.500.000. The most important costs are for the food and drinks at the *selamatan* (ritual meal). An additional

UKK 10 had also borrowed money from the social fund to increase their own working capital. These loans are taken out almost every year, when the demand for loans is high, and they are repaid at the end of the year.¹⁶

UKK as a social organisation

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

The close connection that exists between UKK 7, the women's group, and the PKK can also explain the presence of many wives of leaders. Becoming strongly involved with the PKK very much depends on your status as a woman. That status is in Bujung, as in many other parts of Indonesia, strongly linked with the status of your husband. Men who either have higher education and a job as a civil servant, or belong to one of the established families in the ward, also have a higher chance of becoming an RW leader. That way, the chances of their wives to become important in the PKK grows as well.

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

On the other hand, the participants of UKK themselves do not consider their association to be for the *wong gede*. According to them the *wong gede* are really the few Chinese families who live at

Rp.200.000 is needed for each following *selamatan*, on the 2nd day, the 3rd day, the 7th day, the 40th day, the 100th day, after one year, and the 1000th day.

¹⁶ De Swaan (1996:11) argues that it is a crucial distinction whether a financial self-help organisation is based primarily on a solidarity principle, or on *suum cuique*. Are the funds redistributed on basis of needs or on basis of contribution? The social fund of UKK signifies that there is an element of the solidarity principle present. However, the size of the social fund is severely restricted, and a considerable part of the money is used for the collective needs of ward festivities. Also in the loan fund, the emphasis is not only on giving the opportunity to borrow to all people who want to borrow. Because it is considered 'not right' that some people take their share of the profit when they never borrow, members who are not in need of a loan are forced to do take one. This proportionality principle is widespread in Bujung's *simpan pinjam*.

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

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

Another social aspect is laid down in moving the meetings of the UKK from the house of one member to the other. According to one member of the board, that practice has been started to strengthen the social relations between the different members. In the lower middle-class families, which are the backbone of UKK, it is not very common to invite neighbours and acquaintances in the house, unless they have some specific matter to discuss, this in stark contrast with the behaviour of the lower class ward residents. Most houses have a small bench in front of the house where people can sit with less important visitors and passers-by. To have entered someone's house is generally felt as a sign that you have become closer to that person (*lebih akrab*), and that is also what the leaders of UKK wanted to achieve when they started having a tour of meetings. However, for practical reasons not all members do receive the meetings at their house. Some people are a more popular choice for hosting a meeting than others, whereby the size of the guestroom is of crucial importance. The larger houses generally belong to the older families and the richer participants. In a sense, the meeting for them is

also a way to show off their wealth. Unfortunately, most of the furniture needs to be removed for the meetings, but usually, they can leave the aquarium, the paintings, and the glass cabinet in which decorative objects are displayed. Most attendants do not fail to have a look around the observable belongings of the host.

Another element of the social aspect of UKK is found in the irregular trips. In 1995, for the first time a large recreational trip to West-Java was organised, and in the beginning of my fieldwork I was able to join the second trip, this time to the area around Solo. All members were allowed to join the day-trip at a cost of Rp.10,500, which would be deducted from their annual dividend.

On a Sunday in October, at 6.00 AM all people came together at the entrance gate of the ward. It was immediately clear that many members had passed on the right to join the trip to other people. There were hardly any men present. Furthermore, there were much more people who joined the trip than the 223 who were member of UKK. Eventually it would take several months before the organising committee had found out who had and who had not joined the trip, and the financial part of the story was even more of a mess. But anyway, at that morning there were four shabby touring-cars standing in front of the entrance, and seats were distributed according to the different RTs. The trip was an exciting event for most people. We visited the lake of Wonogiri, the waterfall of Tawang Manggu, and the very popular grave of Ibu Tien, the wife of Suharto. The biggest attraction of the trip were the various little shops we came across, where people bought fruit, and other souvenirs. Another surprising part of the visit was the way in which it showed how seldom these people came very far out of the confines of their ward. Especially the rice terraces near Solo made many people stand up from their seats and gaze through the windows. And even when we had already re-entered the city of Yogyakarta, the woman sitting next to me asked me, of all people, where we were. Still for many weeks people were talking about this trip as a tremendous event.

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

The members

The UKK has 223 members and they all have their own personal attitude towards the association. That these members are not all the same is clearly demonstrated by table 1., which shows the different purposes of the loans taken out from UKK. The information is derived from the UKK loan application forms. On these forms the applicants are asked to mention the purpose of the loan they want to take

out. From the archives of the UKK, I was able to check 746 forms over the period between 1988 and 1992. On 153 of the forms the question was not answered, but from the other forms there is a clear preference for the purposes education, family, and business. What is striking is that the purpose of business is especially important in UKK 7, the group which only has female members, and which each year has the highest dividend. The purpose of business is least important in UKK 10, the group with the lowest proportion of women. The business activities in which women are active are predominately small trade and home production, activities that often require financial investments well within the range of UKK loans.

Table 1: UKK-loans 1988-1992

	UKK 3		UKK 7		UKK 10		UKK 13		TOTAL	
education	26	13.9%	70	25.5%	17	17.5%	48	25.7%	161	21.6%
family	47	25.1%	42	15.3%	27	27.8%	34	18.2%	150	20.1%
business	37	19.8%	82	29.8%	14	14.4%	37	19.8%	170	22.8%
house	4	2.1%	6	2.2%	6	6.2%	9	4.8%	25	3.4%
medical treatment	5	2.7%	8	2.9%	4	4.1%	8	4.3%	25	3.4%
other ¹⁷	26	13.9%	15	5.5%	6	6.2%	15	8.0%	62	8.3%
no purpose mentioned	42	22.5%	52	18.9%	23	23.7%	36	19.3%	153	20.5%
total	187	100.0%	275	100.0%	97	100.0%	187	100.0%	746	100.0%

The figures in table 1. should be treated with extreme care. As one informant, and member of the board of UKK, told me: “The information on the loan requests does not always coincide with reality. ‘Family’ can really mean everything. Maybe people put it that way because they do not want to appear as a person who is consumptive or is throwing his money away. That is also a reason why some people do not answer the question at all. However, when people say that the loan is for ‘school’ or ‘business’, you can trust that they really use the money for that purpose.” What is clear is that the three most frequent questions are all socially desirable. They coincide with the advice given by the UKK leaders. Purposes which are not socially desirable, and therefore appear less frequent than in reality, are lending money to others, repaying debts, and buying luxury goods. Table 1. also does not give an adequate picture because people who often take out loans are over-represented as compared to people who never or rarely take out a loan.

To show the way in which membership of UKK can have different meanings, serve different purposes, and have different positions in the household economy, it is useful to present the cases of a number of members.

¹⁷ The category “other” refers to a variety of purposes. The following purposes were mentioned on the application forms: marriage, important, land registration, rent, private importance, pedicab, child’s need, a variety of things, bank repayment, travelling, opening instalment for a motorcycle, increasing needs, registration, clean uniforms for RT 44 and 43, *perumahan* (housing scheme), private, repayment, very important, *Lebaran* (Islamic holiday), celebration, sudden need, land, repairs, digging a well, what cannot be postponed, and tent floor.

Marsudi

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

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

Didi

Didi has dropped out of university. He studied geology, but now he works as a labourer in the small *kroepoek* factory of his father, which is also in Bujung. “We follow UKK three times. My wife follows 7 and I follow 3 and 10. When I was still a student, I was very active in the youth scene of Bujung, and that way I came to attend many ward meetings. Eventually I was asked to join the UKK. I joined because I wanted to mix with these people (*ingin kumpul-kumpul*).”

“I could use the UKK very well in the past when I was still a student. I was already grown up, so I did not dare to ask for money from my parents, it would make me ashamed. The only problem was that the repayment of the loan took 10 months and a semester only has 6 months. On top of that I also needed money for the lab equipment for my research. Therefore, I was forced to ask money from my brother in Bekasi [close to Jakarta] and from my parents. In the end this became too much of a burden and I also had to take my family into account, and that is why I stopped. I always paid the repayments to the UKK with the pocket money I received from my parents for working in the factory. (...) Nowadays I hardly borrow. Most of the time I borrow because I feel obliged to when not the whole fund is taken. It even happened that I put the money on the bank account after taking it. This is not to look for profit, but because it is a safe place. Because of my religion I am not allowed to ask for a high interest and that is why I put it on a simple *tabanas* account [savings account with very low interest]. But sometimes I use it for something else. When I am broke, I sometimes borrow money from my sister, and then I repay it with a loan from UKK. Once or twice I also took a loan as working capital for the factory.”

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

Yuli

Pak Yuli also belongs to one of the original families in Bujung. He is a pedicab driver, and a parking guard. His wife sells sweet rice bags on Jalan Magelang. Since he became a member of the UKK he has used all his loans to buy second hand pedicabs. Yuli improved them by himself and rented them out to other pedicab drivers. “It is quite easy to rent them out because they are well kept.” For the purchase, he took loans both on his own name, and on the names of others. Over the years he managed to buy 15 pedicabs. Now, Yuli and his family live in a fine house, which they just built two years ago. To finance the construction of the house Yuli sold all the pedicabs he owned, but that was not enough to pay everything. He also took loans from the UKK and got money from his brothers and his children. Yuli was badly in need of a house because his rent contract was due to finish. After he had sold his pedicabs, Yuli continued to work on a rented pedicab. He follows the UKK twice and every time he could borrow he again bought an extra pedicab.

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

Bu Latif

Bu Latif is born from a poor family. She married an orphan who was adopted by a civil servant from Bujung. Her husband has a low-paid job as a driver for a government department. Bu Latif herself occasionally has catering jobs. Other women in the ward accuse her of having an inferiority complex.

According to them she has arranged to become a *komisaris* in UKK in order to look more important. It is clear that she does not have a lot of friends.

Bu Latif very much wants her children to get good education. Her first two children only have senior high school, but now Bu Latif has managed to send her third child to higher education. “I only follow it once because I do not want to have too many debts. (...) I generally borrow money twice a year to pay the school fee for my son Erwin. The school fee is Rp.450,000 per semester. It is very nice that at this moment we have only one who is going to college. We would not be able to pay two.” In fact, one child is already too much. Also for Bu Latif a semester is too short to repay the loans and that is why she took a large 1 million Rp. loan with a local moneylender. Bu Latif is very much troubled by the question of how she could repay that loan, especially since her last child is already in the last year of senior high school.

Santoso

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

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

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

However, next to his loan from Santoso, Nugroho had also borrowed an even larger amount from his younger brother, Mas Kuncoro, in order to build a new house. And Nugroho had also promised the *arisan* to Kuncoro. Inevitably, this created an embarrassing situation on the day that Santoso wanted to collect his money, one day after the *arisan* had come. Santoso and I were welcomed in the house and right from the start the atmosphere was not relaxed. Nugroho seemed to be avoiding us; he was watching television, taking a bath, and visiting the neighbours; certainly not the way one should treat visitors in Java. For a long time Santoso engaged in all kinds of small talk, until at the end of the evening Santoso finally dared to raise the subject of the loan. Nugroho called his wife and she paid some money to Santoso, though by far not enough. Nugroho told him that he could get the next 600,000 Rp. in May, when they would receive another *arisan*.¹⁸

Santoso knows that people are taking advantage of him. "People who ask for loans are often labourers or pedicab drivers from the lower section. They often have problems with their earnings. Sometimes it is just bad luck, but sometimes they are also lazy. They say: "Oh I have such a pain here and there, I cannot work." Or: "I am so tired I am going to rest for the afternoon." They are simply too consumptive. (...) Indonesian people are already very used to living with these problems, for they have been living in this situation for a long time already. Therefore, they are already very smart (*pintar*), in looking, not for money, but looking for loans. They know the people from whom they can borrow. In the past there were always rumours about me in the lower section. People said: "Santoso has a very high income, and he is only alone, not married. We can ask him for a loan." Now that I am married the rumours are probably less. Anyway there are a lot of people who want to borrow from me." In a way Santoso is also bitter about his experiences: "In the past I helped everybody because I thought that they would repay. I trusted them from the start. The Javanese say: *wong nulung kudu wani kepentung* (a man who helps should be ready to take a blow). The problem with helping people is that you always have financial losses, but apart from that they can also discredit you. An example is that someone once was asked a person from the lower section whether he sometimes borrowed money from me, and that person said: "Yes, but he also borrows from me." That sort of gossip gives me a bad name, but I do not really care."

Nonetheless, Pak Santoso does get something in return for the help he gives, although it is not money. In the case of one woman who was severely indebted with Santoso, she repaid this by doing his laundry for free. Rumours are that she is also giving him sexual favours. From most others Santoso only receives a certain respect. Bu Jadiyo, who is living in the RT where most of Santoso's debtors live summarises the general attitude as follows: "He was often cheated by people from here who say that they do not have the money, while they in fact do have it. Pak Santoso was always very relaxed about that. When he finally married, the people of the lower section all contributed Rp.5,000 per family to give him and his new wife nice household utensils. Pak Santoso is really a good man."

¹⁸ One should take into account that Santoso in many respects stands higher in the social hierarchy than Nugroho does. Santoso is older, from the upper section and a civil servant, all of them things that Nugroho is not.

Discussion

The UKK is definitely a product of its time and place. Its existence and growth reflects the thirty years of economic growth under the New Order regime. As in other parts of Indonesia, the standard of living of the people of Bujung has increased over the past decades, and they have been increasingly looking for ways to facilitate the purchase of luxury goods such as motorcycles, televisions, radios, and refrigerators. More people have been able to build better quality houses. Improved medical services allowed for better and more expensive medical treatment. Furthermore, the aspiring classes, which have emerged, have a large demand for education. Schooling has become increasingly important for getting a job and earning an income. Although incomes have increased, the ability to acquire lump sums remains a crucial problem, and financial self-help organisations like UKK play an important role.

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

The UKK also reflects the character of the Indonesian state in various dimensions. In the first place, there is a direct connection between the existence of the UKK and the strong attention of the Indonesian government on credit cooperatives. After independence, the initiatives of the Dutch Popular Credit System have been taken over by the establishment of the Bank Rakyat Indonesia, after which the cooperative ideas have been spread more rigorously and on a larger scale. The most eye-catching initiatives, also for Indonesians themselves, was the promotion of office cooperatives and the rural KUDs of the Bimas programs (Schmit, 1991). Even though these institutions have never been true cooperatives, in the sense that they were really governed by their members, it has brought most Indonesians, directly or indirectly, in contact with the idea of a collectively owned loan fund. The undemocratic character of these institutions has silently been accepted by most members, just like people have accepted the New Order regime as a given. It has allowed the leaders of UKK to self-confidently wield the sceptre, and manipulate the UKK for their own purpose in many subtle ways. In that sense, the UKK is very much a political enterprise.

The ordinary members simply appreciated the financial and social opportunities provided, and benefited from them in the way they found most desirable. It is clear that what people do with the UKK and with the loans that come with it, is not determined by the association. In some cases members even break the rules, and the board is often unable to do something about it. However on the other hand, the UKK has come to limit the possibilities to a considerable degree, so that there is a discrepancy between what is possible with UKK, and what is most appropriate for the needs of the members and their families. There are plenty examples of this. Repayment takes too long to fit the payment of college fees. Members are coerced to take out loans when they really do not need them. Loans are not instantly available. Some members are in search for bigger loans than 500,000 Rp. Every time I asked a member whether nothing could be done about these problems, they only responded that those were the rules. The UKK proves to be not as flexible as ASCRAs are sometimes argued to be, and there is nothing that an ordinary member can do about it.

And finally, the UKK also clearly reflects the result of state penetration into the ward. The first post-independence government already started bringing the state closer to the people, but the New Order government further elaborated this. The major objective was to gain stronger control over the potentially disruptive forces, which they thought existed in Indonesian society. In the meantime, it also created a local level unpaid bureaucracy, which soon came to be a local level elite. Even though these people do not have strong political power, their position gives them such a social status that they are certainly a prominent social group. It also legitimised their right to control some important cash flows in the ward. Without RT, RK, and RW, the UKK would have never come into existence.