

# People That Count

Changing Savings and Credit Practices

in Ambon, Indonesia

Otto Hospes

# **People That Count**

promotor:

dr. F. von Benda-Beckmann

hoogleraar recht, in het bijzonder het agrarisch recht van de  
niet-westerse gebieden,

Landbouw Universiteit Wageningen

# **People That Count**

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**Changing Savings and Credit Practices  
in Ambon, Indonesia**

# **Mensen Tellen**

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**Veranderende Spaar- en  
Kredietpraktijken op Ambon, Indonesië**

(met een Nederlandse samenvatting)

Proefschrift

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People of substance, savings in kind. A young Butonese girl standing next to one of the seven sacks of nutmeg stored in the house.

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**Maps of Indonesia, Central and Southeast Moluccas  
and Ambon island**

## Preface

It is hard to say when exactly the production of this book started. Various thoughts and threads that are interwoven in the book had been of my concern before I started to work on this particular research project. The research proposal to legitimize my field work on "Changing Credit Relations in Rural Ambon, Indonesia" with a view to contribute to the policy and scientific discussion on rural finance in developing countries, was drafted in the beginning of 1987 and submitted to the Netherlands Foundation for the Advancement of Tropical Research (WOTRO) in May 1987. The proposal was an advanced summary of my Master of Science thesis (April 1987) entitled "Credit in Relations: Some Implications of Fundamental Aspects of Social Theory for the Analysis of Credit and Credit Relations" (my translation). This thesis was an attempt to unravel backgrounds and analytical-methodological biases on which my field research activities in 1985 on urban credit societies and indigenous savings clubs in rural Sangli, India, was based. In my view the research in India – and the research of many others in the field of rural finance – lacked an actor-structure perspective to broaden the analysis of the significance and change of institutions.

My encounters with the local culture and economy of rural Sangli also definitively put me on the track of rotating and accumulating savings and credit associations (see Bouman 1977, 1989, 1990 and 1994) that I much later and much more explicitly conceptualized as expressions of self-regulation and mirrors of socio-economic change – again inspired by an actor-structure perspective. Another field of research in rural Sangli that has been taken up again as part of my doctoral research project in Indonesia concerns the relationship between agro-economic change and financial landscapes. In Sangli, public and private investment in irrigation, sugar factories and cane cultivation stimulated a local sugar boom in the 1950s with banks, cooperatives, moneylenders, pawnbrokers and particularly savings and credit associations dramatically increasing in numbers (Bouman 1989). All these different suppliers of financial services were much more active in the green belt than in those areas not enjoying irrigation facilities. However, I also learnt that agro-ecological conditions could not explain how an individual supplier of financial services was managed. The best managed Non-agricultural Credit Society attracting many visitors from all over the region, for instance, was situated in a dry area. People from a minority caste used this Society to demonstrate their management abilities vis-à-vis people from the majority caste and all others who wrongly believed that they were incapable and powerless. This case somehow increased my eagerness to study complexities, minorities and migrants, and to view finance as a human

affair emphasizing that, "Finance often seems to be all in numbers, but it is fundamentally social rather than mathematical. Like language, finance is a product of society" (Von Pischke 1991: 41).

A number of people have played a very distinctive role in the production of this book. The first to mention is F.J.A. Bouman, retired senior lecturer of the Department of Agrarian Law. He not only stimulated me to undertake doctoral research in Indonesia but also wrote many detailed letters challenging me to discover what is nice to know. He edited every chapter of the book, dwelling on each word and warning against too grandiose and unfair criticism. His worldwide reputation as an authority on informal finance only became clear to me when I was introduced to his colleagues and friends all over the world, among them two eminent economists: Dale W. Adams and J.D. Von Pischke. A rather unique but valuable asset of F.J.A. Bouman, which I consider important as part of my pursuit of interdisciplinarity or genre-mixing (Benda-Beckmann 1990a: 51-52), is that he is one of the few sociologists who is on speaking terms with economists specialized in rural finance.

Dale W. Adams, retired professor of Agricultural Economics and Rural Sociology at the Ohio State University, accepted Frits Bouman's suggestion to invite me instead of him to present a paper at the international conference on "Informal Finance in Low-Income Countries" in October 1989 in Washington D.C. This provided me with an opportunity to present some first results of my yet unfinished field research and thereby to follow the main objective of the research, that is, to contribute to the policy and scientific discussion on rural finance in developing countries. Dale W. Adams edited my paper. He much improved my English, reducing the number of pages by one third, and added conclusions on general features of informal financial systems that could be grafted onto formal finance programs to improve their performance. Chapter 4 is the result, bearing the imprint of a modest, yet ambitious and dedicated man.

Another economist who has inspired me greatly is J.D. Von Pischke, formerly senior financial analyst of the World Bank, now senior manager of the Policy Economics Group, KPMG Peat Marwick, Washington D.C. He edited all the chapters that have been previously published as an article or chapter in a book. A very fine expression of his curiosity is his interest in insights from other disciplines. He has even included, for instance, anthropological notions on "personal hierarchies of creditors" (Shipton 1992: 28) into his sophisticated assessment of debt capacity and risk management (Von Pischke 1994: 63-64). Also, he sometimes explained to me how a particular type of behavior described in one of my cases is characterized in economic theory, elsewhere adding "whatever that may be" (*ibid*: 4).

In November 1992 F.J.A. Bouman, Dale W. Adams, J.D. Von Pischke and many other colleagues and friends, participated in the international conference "Financial Landscapes Reconstructed", held in Wageningen,

organized by the Department of Agrarian Law. A volume edited by Bouman and myself, entitled *Financial Landscapes Reconstructed: The Fine Art of Mapping Development* (1994), including Chapter 2 of this book was the result. The volume contains views and experiences regarding the reconstruction of financial landscapes in developing countries in both the analytical-descriptive and normative-political sense. Maybe it has been rather foolish to organize such a conference and to edit 20 papers whilst working on a dissertation. However, I thought it worthwhile to 'situate' the specific features of my Ambon case and, more basically, to contribute to the policy and scientific discussion on rural finance by organizing a seminar and through "reflexive monitoring" (Giddens 1979: 43) of papers. The volume outlines issues and landscapes of rural finance that have not been and/or could not have been outlined in this book. One central concern, however, connects the two: to develop approaches and concepts going beyond structural-functionalistic analyses of institutions. The metaphor of financial landscapes and the spelling of multiple contracts and contexts affecting savings and credit behavior are expressions of this concern in both publications. *De facto*, the volume and book are part of one and the same doctoral project. In a way they complement each other, yet they can absolutely not be seen as complete works, only providing contours of complexity of financial landscapes and their cultivators.

Shirley Ardener and Sandra Burman, senior staff members of the Centre for Cross-Cultural Research on Women, University of Oxford, were kind enough to invite me to present a paper at a seminar on "Women's Use of Rotating Credit Associations", held in Oxford, January 7-9, 1991. In 1995 my contribution appeared in nicely edited form in *Money-Go-Rounds: Women's Use of ROSCAs*. The editors, Shirley Ardener and Sandra Burman, had earlier accepted that the paper that I had presented in Oxford would be published in an integral form in 1992 in the *Journal of Savings and Development* – provided, for their purpose and book, that I would shorten the policy and general discussion on ROSCAs and provide more cases from Ambon on women's use of ROSCAs. Chapters 5 and 6 are the result. These two chapters, like the others, illustrate that, "A text is therefore not to be regarded as a "fixed form", which is then somehow related *en bloc* to particular intentions; it should be studied as the concrete medium and outcome of a process of production, reflexively monitored by its author or reader" (Giddens 1979: 43).

Franz von Benda-Beckmann, professor of the Department of Agrarian Law, helped me to draft the research proposal and taught me how to come to grips with social theory and interventionistic thinking from a legal-anthropological perspective. It is amazing how great the similarities are between debates on rural finance and development and debates on law and development, both full of dualistic thinking, mechanistic notions, formula shopping and blind promotion of technologies, whether government-

regulated or 'market-driven' (cf. Benda-Beckmann 1981, 1983a, 1983b, 1985, 1989 and 1993). A legal-anthropological perspective can be extremely useful to identify the shortcomings of such debates and to develop a better understanding of complexes that regulate savings, credit and insurance behavior of people. Many of my choices of concept and approaches have been inspired by the legal-anthropological works of Franz von Benda-Beckmann. I also much enjoyed his turning up-side-down of the 'normality' of rulers and raiders in village politics at the university.

A person who has been like three professors for me (and many others) is Abraham van Eldijk, staff member of the Department of Agrarian Law. His strategic thinking and ability to discover interrelationships between social practices that seem worlds apart, have very much impressed me. I am also very grateful that he and his colleagues of the Department of Agrarian Law allowed me – even stimulated me – to undertake the field research on Ambon starting January 1989 as a newly appointed staff member of their Department. In addition, they provided me with valuable information on how to combine my teaching and writing efforts after the field work period ended in April 1990. More than five, quite intensive, years followed, in which I combined office and non-office activities: writing, teaching, organizing an international seminar, editing a voluminous book, serving for two years as the departmental secretary, acting for four years as a member of a local church council, monitoring financial-political affairs as treasurer of the International NGO Forum on Indonesian Development, and drafting new research proposals. Members of the Department of Agrarian Law, with cheerful and supportive people like Lida Menkman and Ellen Wegkamp, have enabled me to do so. They sustain a place where informality and initiative are highly regarded, strategic and 'independent' thinking are well-developed and the fine art of mapping development is learnt.

The field research period consisted of two parts separated by a period of teaching at the Wageningen Agricultural University: January till April 1989 and July 1989 till April 1990. I am grateful for the financial support provided by the Netherlands Foundation for the Advancement of Tropical Research (WOTRO) and the help of the *Lembaga Ilmu Pengetahuan Indonesia* (LIPI) in getting together the necessary documents from many Indonesian authorities that allowed me to undertake the field research. After my first rounds of introduction with Indonesian officials at the national, provincial, district and sub-district level, a wonderful period of research and living in the village of Tulehu began.

Speaking the Indonesian language, learning the basics of the local one, living in one of the central quarters of the village, and participating in many events, I was soon considered *orang Tulehu*, a man from Tulehu. What happened was that many 'informants' and 'interviewees' became like kin and friends, such as neighbors, my research assistant, market women, fish traders, the chairman of the village cooperative, bus drivers and many

migrants. As a migrant myself, I was given a lot of space to interact with different categories of village society: men and women, migrants and natives, with diverse social-economic positions varying from bus entrepreneur to sago tree cutter and from regional clove trader to street vendor. On some occasions – usually in government offices and banks – I too easily assumed possibilities for communication, as when I directly addressed the treasurer of a government office. His superior felt passed over and immediately called me to his room. He wanted letters from this person who seemed not to be aware of how one properly makes a request for information. When I asked him what kind of letters, he responded angrily: "from anywhere". Fortunately, I happened to carry eight official 'letters' with me and at the view of the first letter he was already satisfied. The boss became a very pleasant person and called his treasurer to provide the very detailed information I was looking for.

Someone who is not immediately satisfied at the view of a bundle of letters is Ann Long, who much improved the English of a major part of the thesis. I would also like to express my gratitude towards Jaap Bijkerk, who was prepared to draft complex figures for this book at any time of the day.

Finally, I want to thank my wife Yolanda and my son Stefan for accompanying me to Indonesia, often changing my academic discourse to words that make sense and anticipating events I much later observed. They - and my daughters Marlou and Laura - have constantly reminded me that one day still does not count more than 24 hours and that one life has but limited time to play, to be creative and to respect the small ones.



# 1

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## Introduction

This thesis is about the impact of agro-ecological conditions and increase of money circulation during the last 20 to 25 years on savings and credit arrangements of villagers of Tulehu, Ambon, an island of Indonesia. The main objective of the thesis is to contribute to the political and scientific debates on rural finance in developing countries on the basis of an actor-structure perspective, and field research on Ambon in which this analytical-methodological perspective was used. A secondary objective of the thesis is to contribute to a better knowledge of social-economic changes in rural Ambon during the last 20 to 25 years. The thesis is a compilation of five papers, published earlier in different books and a journal, and two lengthier descriptive accounts. They are now seven chapters to the book, like seven shoots of a tree, with their leaves providing together a structured pattern of shades.

### Diverging Perspectives

To introduce the undercurrents of this thesis and to refer to broader, normative-intellectual struggles that sustain and change different 'reproduction regimes' of social-scientific labor on rural development in African, Asian and Latin-American countries, I want to briefly characterize two basic perspectives here: reductionistic versus anti-reductionistic perspectives. They explain fundamentally different views on why and how to document various domains of social life.

Those taking a reductionistic perspective easily accept the adagium of 'other things being equal'. Homogeneity of man and nature is often symbolized in their figures and projected 'overhead', which literally means 'over people'. Dichotomous notions characterize their discourse, dividing the world into modern and traditional, sustainable and unsustainable, developed and underdeveloped sectors. Popularity in policy circles is often their



purpose and prize. Government regimes, reforms and regulation are among their major concerns or are their points of reference as highly normative and/or static concepts such as 'good governance', 'good institutions' and 'the formal sector' suggest. Their mission is usually wrapped up in mechanistic terms, reducing normative-political problems to an objective-technical affair. Social-scientific labor and its organization should be directed at the question of how to make 'it' work, leaving non-experts wondering what works and who works.

Those taking an anti-reductionistic perspective would feel embarrassed to accept any *ceteris paribus* clause. Heterogeneity of man and nature is unfolded in their endless reconstruction of histories. Dialectical views on structure and agency, actors and institutions, shape their discourse, characterized by words of duality, like enabling and constraining relations, continuity and change of normative structures, processes of globalization and relocalization, conceived as the products and counterproducts of one action or series of actions. If they are on speaking terms with policymakers at all, they emphasize the importance of political-economic, agro-ecological and social-legal conditions (see Chapter 2) instead of universal formula, often making themselves even less popular in policy circles. They are not looking for shortcuts to progress but for a greater understanding of different normative-cognitive and materialized lifeworlds of people using different rules and resources to introduce and adapt to changing conditions. It is the combination and interwovenness of different regulative complexes that is their interest. Social-scientific labor and its organization should enable the study of these lifeworlds and complexes, explaining why 'interdisciplinarity' is often the utopian mission of those taking a non-reductionistic perspective.

The distinction between those taking a reductionistic and non-reductionistic perspective, does not correspond to a distinction between the bad and the good guys – if possible to define at all. For instance, interdisciplinarity is one of the most charming but exclusive tools in social science. Also, those who might be praised for views based on either a reductionistic or anti-reductionistic perspective in one particular debate, might very well be accused of expressing too limited or too comprehensive a view in another, though telling the same history or showing the same overhead sheet. Finally, the perspectives might concern or tear apart the mind of a person, as he/she switches from one to the other perspective through time or believes that both perspectives should be used simultaneously.

This thesis takes an anti-reductionistic perspective, but reproduces several reductionistic notions. A number of factors explain this paradox: first, beyond every unit of analysis there is another one, forcing researchers to make choices and to leave a number of black boxes unopened. Second, reference to reductionistic thinking and notions is necessary if one wants to be on speaking terms with their users, to demonstrate the clumsy character

of their analytical tools, to describe complex situations and prepare better-informed policymaking. The use of reductionistic notions implies confirmation and change of their significance. My purpose has been to critically and constructively contribute to reductionistic thinking, showing what is assumed and easily overlooked, and what are its many constraints if one wishes to get a better understanding of social practices related to savings and credit and/or improve conditions of those with limited access to financial resources.

### **The Cacophony on Rural Finance and Development**

Rural finance is about the complex of decisions of individuals and groups regarding savings, financing and insurance; institutionalization of financial services; and changing relations and conditions that affect the decisions and institutional arrangements of people related to savings, financing and insurance (cf. Schmidt and Kropp 1987). Most of the discussions on rural finance, however, have concentrated on the institutionalization of financial services – and, as such, in very odd ways. The quests for sustainable formal financial institutions (Adams, Graham and Von Pischke 1984; Adams and Fitchett 1991), replicability of successful credit schemes (Hulme 1992), linkage-building between formal and informal financial intermediaries (Seibel 1985; Seibel and Marx 1987) and good institutions (Krahn and Schmidt 1994) are examples of the dominant interest in institution building. Repeated discussion on the pros and cons of cheap credit, easy money, savings mobilization and different mechanisms of allocation of financial resources result from these quests and explain the cacophony that exists on rural finance and development, to which scholars as well as representatives of many international funding agencies like the World Bank, International Monetary Fund, Asian Development Bank, Food and Agriculture Organization, International Fund for Agricultural Development and a growing number of non-governmental organisations contribute. I will not deal with every issue of their debates in detail here but articulate a number of basic features and fallacies that characterize most of their discussions on rural finance and development.

First, it is hardly recognized that the debates on rural finance and development, in which many speak of 'policies', 'technologies', 'guidelines' and 'lessons' on how to provide credit to the poor masses without going bankrupt, are very much a normative-political affair. Many participants of these debates assume that development is something equal to improvement and expansion of the formal banking sector. This might be even the main reason to study and learn from 'informal finance' (see Chapter 2; Adams and Fitchett 1992), which is a cover term referring to a wide variety of financial and quasi-financial arrangements based on self-regulation. Others conceive

development primarily in terms of financial integration and economic growth, presupposing monetization (and thus standardization and indirect control) of labor output as well as better possibilities to mobilize (monetary) savings. They recommend that these savings are mediated by banks to those 'in need of capital', which is very difficult to define indeed. What usually happens is that,

Bulk of these resources, however, are generally invested in urban sectors – away from the rural community which provides the savings. It is also known that, being risk averse, the extent of agricultural credit offered by formal financial institutions continues to be marginal. Many commercial banks prefer to hold their surplus assets in very liquid form with no return or in Treasury Bills and government securities with low return (World Bank 1991: 10).

Still, Krahnen and Schmidt (1994), inspired by the economics of information of Stiglitz (1986) and others, believe that "economic development depends more on the availability of 'good institutions' than on anything else; institutions are called good if they provide the type of incentives which promote savings, capital accumulation and allocation in such a way that they lead to growth" (p.22). This brings us to a second general feature of the debates on rural finance and development.

Institutionalization of financial services very much seems to be a matter of planning in the debates on rural finance and development, and finding the right incentive structure for people to behave according to the plan or institutional model. Market-based rates of interest have been traditionally promoted as the right incentive for people to save money, to put it in a bank and/or to use bank loans for productive purposes (see Chapter 2). For managers of development and commercial banks such rates of interest are supposed to stimulate their eagerness to mobilize savings and organize effective repayment mechanisms. In many of these incentive structures, the image of the rational peasant (Popkin 1979), the calculating micro entrepreneur wishing to become a large one (Reed and Befus 1994) or the free rider is somehow included. Human behavior is qualified or quantified as a quasi-constant which is predictable and fixed; if plans do not succeed, another plan is designed (cf. Benda-Beckmann 1993: 116-117) or more training is organized for people to 'understand' the institutional model.

I am not sure whether economists who take a new look at rural organization and claim to go beyond the traps of neo-classical economic models (assuming that all individuals have the same information and that there are no transaction costs, Hoff and others 1993: 2) offer a much broader perspective in this connection, better recognizing the complexity of human behavior and the very diverse conditions under which they live. Their

quantitative methodologies are very abstract whereas many of their conclusions seem either outdated or common sense to me.<sup>1</sup> Their interest in different types of institutions, such as "markets and property rights, systems of land tenure, obligations of mutual insurance within lineage groups, and other systems of exchange that are determined by implicit contracts or social norms" (ibid: 1) is exciting, but their disqualification of diversity of rights on land and trees and of sources of savings and credit hampering development, is old-fashioned and disappointing. Development is then narrowly defined in terms of planned commoditization and monetization<sup>2</sup> and thus increased possibilities for indirect control and 'optimal' redistribution of scarce resources. Economics of rural organization runs the risk of evolving as an ordinary branch of legal engineering whose fallacies have been articulated by legal anthropologists for a decade or two (see Benda-Beckmann 1983b, 1992 and 1993; Trubek and Galanter 1974).

A third general feature of the debates on rural finance and development is the underestimation of the significance of what might be called 'multiple contexts' (cf. Bouman and Hospes 1994) of transactions of individuals and institutional actors regarding savings, financing and insurance. These contexts include relational, social-spatial and (other) transactional contexts such as kinship, friendship, neighborhood, an office, buying and selling transactions (see Chapters 3, 6 and 8). Also, normative-cognitive and authority structures, such as distribution of rights on land and trees, consumption standards, subsistence and commercial ethics, provide contexts of transactions regarding savings, financing and insurance (see Chapter 2). Finally, multiple contexts refer to broader material and societal conditions such as agro-ecological environment, physical infrastructure, economic change and political-administrative regimes (see Chapters 2 and 4). All these contexts affect transactions of individuals and institutional actors regarding savings, financing and insurance and, herewith, the institutionalization of financial services. Such institutionalization thus refers to very complex processes that are structured by many different actors, their transactions and contexts. The price of not taking such a broad view on institutionalization of financial services but assuming separability and timelessness of savings and credit transactions instead (Crow 1994), are simple classifications and static

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1. And I am not the only one. Three economists who have devoted a lot of their time to develop economics of rural organization admit that, "It has long been remarked how uncommon common sense is, and perhaps nowhere this is more true than in economics (Hoff, Braverman and Stiglitz 1993: 22).
  2. "Commoditization is the historical process by which exchange-value comes to assume an increasingly important role in economies. This normally implies monetization since the development of commodity exchange leads to the necessity to fix a universal form of value representing the general social estimation of particular commodities" (Long et al. 1986: 9).

views of institutions or institutional arrangements with a financial (intermediary) function (contrast Chapter 5), our fourth feature of the debate on rural finance and development.

Many researchers and policymakers on rural finance and development make the distinction between informal and formal suppliers of financial services – whereby informal finance is usually defined as something like "all financial transactions, loans and deposits, occurring outside the regulation of a central monetary or financial market authority" (Adams and Fitchett 1992: 2). This definition leads one easily to ignore important indirect effects of the regulative practices of these authorities. When the Central Bank changes its directives on interest and branching policies, most of the managers of development and commercial banks take notice, possibly affecting the financial arrangements of friends, relatives, traders, money guards, landlords, pawnshops, members of savings and credit associations. Also, two specific institutions that are both called a credit union or rotating savings and credit association might only have their official and/or local titles in common (cf. Chapter 6) – adapting to member preferences and wider contexts in totally different ways. Reference to a central monetary or financial market authority is only one of the many ways to classify institutions with a savings, insurance and/or credit function.

Furthermore, to speak of 'dual' or 'segmented' financial markets is misleading as it directs our attention away from existing, direct and indirect relations between so-called informal and formal suppliers of financial services. Examples include traders who on-lend money from banks to farmers (Harriss 1994), members of savings associations who deposit their accumulating fund at a bank that happens to be nearby and reliable, and micro-entrepreneurs who have feet in 'both camps' (McLeod 1980). Finally, concepts such as formal and informal are often wrongly situated in a spatial sense, suggesting that informal transactions take place in dark alleys and formal ones in offices only. This is misleading as many important 'formal' decisions are made at parties or in corridors, based on hidden agendas and/or the outcome of political negotiation. Besides, government offices might very well be the scene of savings and credit associations that are or are not part of official mandates (see Chapters 4 and 5; Baydas et al. 1993, Hospes 1994).

### **An Actor-Structure Perspective**

To circumvent many of the shortcomings in the debate on rural finance and development, I have used an actor-structure perspective inspired by the structuration theory of Giddens (1979). The structuration theory is not a substantial theory that outlines how society evolves or should evolve – based

on a set of empirical generalizations, reconstruction of historical change and/or a more or less sophisticated ideology. It is a formal theory that logically conceptualizes social action. The central message is that human action and structure presuppose each other: structures enable and constrain human action whereas human action sustains and changes structures.

Giddens thought it necessary to elaborate such a common thought into a sophisticated theory on the basis of his study of nineteenth century social science. According to him, the great divide of this century concerned voluntaristic, subjectivistic or actor-centered interpretations of social reality on the one hand and deterministic, objectivistic or structure-centered interpretations on the other (Munters et al. 1985, Spaargaren et al. 1986). Giddens wanted to go beyond these one-sided perspectives that have much affected scientific labor and its organization far into the twentieth century. He characterized his structuration theory as a *non-functionalist manifesto* (1979: 7) to undermine dualistic views and concepts resulting from use of structural-functionalist perspectives, like objective and subjective, culture and structure, idealism and materialism, macro and micro, structure and action, 'Erklären' and 'Verstehen'. Also, in much of the post-colonial development studies, dualistic concepts have been very popular: top-down and bottom-up planning, formal and informal markets, urban and rural development, modern and traditional law.

Here I want to briefly characterize a number of central concepts of the structuration theory that I found inspiring in order to provide a fundamental critique on the debates on rural finance and development. First of all, Giddens conceptualizes human beings as 'knowledgeable actors' with 'transformative capacities', which neither means that they know or can explain everything nor that all their ambitions and plans come true. Giddens' qualifications should not be taken too literally (and too quickly used for action-research purposes) as they are abstract methodological notions. Knowledgeability refers to different sources of knowledge that are used in human action, such as routines, intuition, short-term or long-term exposure to specific problems and/or dramatic events, memories, orders. As a result of this use, social relationships and patterns of social interaction are sustained and transformed. Because human beings are neither able to rationalize and/or articulate all consequences of their action, nor their behavior as 'automatic pilots' in particular situations (following a 'discursive conscience'), unintended consequences of human action result. Also, intuitive action as well as changing conditions for actions, including those of others, affect the 'outcome' of human action.

A second set of logical assumptions of the structuration theory concerns social systems and structures. Human beings do not act in a vacuum but participate in a multitude of – what Giddens describes as – interactional or social systems with different time-spatial dimensions. These social systems

vary from a queue of people lining up in a refugee camp to a queue of friends and relatives congratulating the just married couple; from a group of kin living in one house to a group of contract employees temporarily working in an office; from the Dutch colonial administration to the post-colonial United Nations. While shuffling after each other, living in a particular space, or being employed by whatever administration, people somehow refer to different and possibly contradictory regulative complexes (cf. Benda-Beckmann 1993) on how to behave, how to think, what to disqualify and whom to obey, or to borrow from Giddens' discourse: people use a plurality of normative-cognitive and power structures. This does not mean that these structures live their own life and remain constant. Structures -- or as Giddens puts it more precisely: the structural properties of social systems -- are both sustained and changed when they are used (cf. Moore 1973). Also, relationships that are involved are subject to continuity and change. Increasing and decreasing regularities of interactions between individual actors ('social integration and disintegration') and between institutional actors ('system integration and disintegration') characterize structuration processes.

If we now screen popular discourse and common views on rural finance and development with insights from the structuration theory, we can easily identify their lacunae and conclude the following:

1. It is misleading to assume that financial technology development (and any other technology development) is based on something like objective criteria. Such technology development reproduces normative-cognitive (see Benda-Beckmann 1989 and 1990c) and power structures (see for instance, Quarles van Ufford et al. 1988), such as the view reproduced in knowledge networks and employer-employee relations of poverty-oriented bankers, economists and consultants, that development equals expansion of the formal banking sector or a commercial ethic.
2. Human beings can certainly not be conceptualized as machines or Pavlovian dogs that only need the right stimuli or incentive structure to respond in the proper way. They cultivate and combine knowledge systems about various domains of social life (see Benda-Beckmann and Velde 1992; A. and N. Long 1992). Ignoring knowledge of human beings on possibilities and functions of savings and credit, or isolating this knowledge from other sets, is to do violence to social reality.
3. A multitude of structures and systems constrain and enable savings and credit transactions of individual and institutional actors (cf. Bouman and Hospes 1994). Such transactions imply the start, consolidation as well as erosion of different social relationships (see Chapters 2 and 5). It also

means, to refer to a more concrete problem from the world of development finance, that those targeted by international lending agencies, assess possible changes and continuity of social relationships when offered an alternative credit facility or facing claims of different creditors and other pressures on their scarce resources.

4. Structuralism and functionalism are easy to disregard, yet prominent structural features of networks, seminars, research schools and other social systems, sustain debates on rural finance and development.<sup>3</sup> Quite deterministic views on incentive structures and the application of financial technology as well as mono-functional qualification (such as contribution to economic growth, capacity of term transformation) and one-dimensional classification (such as formal versus informal) of different and changing suppliers of financial services, illustrate this point.

One might say that insights from structuration theory have been part of my 'practical conscience' when assessing the debates on rural finance and development. I have articulated some fallacies of these debates referring to structuration theory. However, it is much more difficult to say how and when I have used insights from structuration theory during the interpretative collection of 'data' during my field research on Ambon. A theory does not speak and unfold itself, let alone a formal social theory that cannot be 'applied' or 'tested' in a mechanical way. Besides, structuration theory does not 'stand alone' and has or has not been incorporated by other authors whose analytical-methodological constructs have influenced my works, like the semi-autonomous social field of Moore (1973), the actor-oriented paradigm of Norman Long (1989; 1992) and the social-scientific studies of law of Franz von Benda-Beckmann (see References for a selection).

The methodological concept of the semi-autonomous social field has certainly needed further refinement, recognizing much more legal pluralism and the multiple contexts of social groups (Benda-Beckmann 1983b: 9-10; Bouman and Hospes 1994), but it has provided a basis for a dynamic perspective on law and institutional development, referring to rule generating processes of social fields and their vulnerability to "rules and decisions and other forces emanating from the larger world by which it is surrounded" (Moore 1973: 720). The concept of the semi-autonomous social field sustains dualistic notions but makes one 'sensitive' to, for instance,

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3. Benda-Beckmann (1993) comes to a similar conclusion when reviewing debates on law and development that much resemble those about rural finance and development. According to him, "structural-functionalism is not only an (inadequate) scientific model but also an important folk model in the social groups which they study" (p.118).



parallel or symbiotic systems such as public and private forms of cooperation in the field of agricultural trade (see Chapter 8; K. von Benda-Beckmann 1987). The actor-oriented paradigm mirrors the more system-oriented perspective of Moore and enables one to differentiate and recognize the significance of 'interaction settings' in which various 'knowledge systems' are produced and reproduced (see, for instance, Chapter 5; Hobart 1993; A. and N. Long 1992). Social-scientific studies of law have combined and further refined both system and actor analysis (Benda-Beckmann 1983b; Benda-Beckmann et al. 1989: 205-220) – helping one to go beyond dualistic divides of financial landscapes; to assume combinations of club law, local government directives, commercial ethic and religious concerns as regulative complexes of savings and credit associations; and to understand why law – whether definitions of how to assess a loan application, pre-harvest arrangements or illiquidity preferences<sup>4</sup> – does not behave.

This all means that a combination of more or less abstract notions has been part of my practical and/or discursive conscience when assuming 'the field of research' on Ambon, looking at people and their situation, interpreting what they are doing, not yet doing or not doing anymore. In addition, the restructuring of data in writing efforts has been much colored by my presentation of research findings from Ambon at international seminars elsewhere, organized by people with their own definitions of central problems. Still, I think that in many chapters of this book insights from structuration theory can be recognized, as they have been implicitly used to formulate a methodological argument that is substantiated with data from my field research on Ambon.

### **Chapters of a Myriad: Ambon Island**

Very few social-scientific studies have been done on Ambon in the post-colonial era (Fraassen 1972; Benda-Beckmann 1990a, 1991, 1992), none of them taking rural finance as the main entry. Rural finance studies from Indonesia are mostly Java-based (McLeod 1980 and 1992; Moll 1989 and 1995), which is a pity as very interesting places characterized by dramatic changes and/or location-specific conditions of the financial landscape, are situated outside Java. One of these places is Ambon island, Central Moluccas, where a number of mutually reinforcing processes have taken place during the last 20 to 25 years that are directly related to the circulation of money,

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4. "Illiquidity preferences refer to savings practices that constitute a socially acceptable argument to deny claims for financial assistance from people belonging to the same social or socio-spatial unit (household, clan, lineage, neighborhood)" (Hospes 1994b: 8).

financial needs and supply of financial means. Generally speaking, possibilities to get money have increased enormously, while changes of consumption standards have implied an increased use of money. Villages and villagers have not been similarly involved in the general increase of money circulation. An important parameter in this connection has been the position of a particular place in evolving regional transport and trade networks.

Another reason why Ambon is a particularly interesting scene to study the 'structuration' of savings and credit arrangements, has to do with its specific agro-ecological conditions, of soils and forests where a unique combination of pure subsistence and pure cash crops grows. These conditions have very much affected perceptions and possibilities of rural people to make particular savings and credit arrangements. To a large extent the natural resource 'structures' of Ambon also explain the unintended consequences and changes of plans of the official lending agencies that have tried to improve the lot of the rural population of Ambon during the last 15 years.

Finally, the tiny island of Ambon, that covers not more than 800 square kilometer, hosts different religious and ethnic communities. Most Moslim villages are located in the northern hemisphere or peninsula, whereas most Christian villages are situated in the southern one. Animist beliefs may well be mixed up with Christian and Moslim beliefs, activated at home celebrations to honor the ancestors or for other 'holy missions' such as the killing of a neighboring villager who is accused of breaking the rules on use of their land and trees. Also, ethnically speaking, Ambon and its villages are spatially congregated and segregated. Ambonese live in one or more core quarters, with some Chinese, Javanese and/or Sumatran shopkeepers living among them. A very large ethnic minority, that traditionally lives on the fringes of the village areas, consists of Butonese migrants who make up about one third of the total rural population.

Villages and villagers have been differently involved and affected by economic change, natural resource conditions and socio-legal structures. Small-scale diversity and variation characterize rural Ambon. To provide some insights into the interrelated effects of increased money circulation and agro-ecological conditions on the making and remaking of savings and credit arrangements of Ambonese and migrants, enjoying 'structurally' different rights on land and trees to make a living, I conducted field research (starting) in the village of Tulehu. Tulehu has been extraordinarily involved in wide time-spatial processes of commoditization and monetization. It is situated on the northeastern coast of Ambon island, counts large numbers of shops, schools and offices, and connects Ambon City with the islands of Ceram, Haruku, Saparua and Nusalaut. Tulehu is an Islamic village with numerous mosques, Islamic classes for children, praying groups of elderly and an Islamic faculty. There are three Ambonese core quarters (where also

Sumatran, Chinese and Javanese entrepreneurs work and live), three Butonese quarters at some distance from the Ambonese ones, and two quarters of mixed Ambonese-Butonese composition in between.

The following chapters contain some results from my field research. I will introduce them now – outlining how they relate and what are the methodological arguments vis-à-vis the debate on rural finance and development. I will also – if possible and appropriate – sum up changes of social practices in an abstract way, using the perspective language of structuration theory.

Chapter 2 explains why the relationship between particular agro-ecological conditions on the one hand, and savings strategies, credit transactions and protection against risk of all sorts on the other, has been so poorly addressed in policy discussions on agricultural credit and rural financial markets. My argument is that this poor handling is one of the consequences of the institutional and instrumentalist bias of the participants of these discussions. I suggest developing 'integrated approaches' and looking at the impact of location-specific agro-ecological conditions on savings and borrowing behavior in a double sense, that is, strictly speaking and in relation to (changing) legal, institutional, social and economic contexts. The chapter contains the case study of Ambon, providing its own and specific answers to this two-fold 'agrarian question' of financial landscapes. The particular combination of sago and clove cultivation has implied labor and loan arrangements that greatly differ from similar arrangements in rice producing areas and also, other silvicultures, such as rubber and coconut. Sago trees provide a minimal basis in terms of food security and housing, and can be harvested every day of the year. Cloves are a pure cash crop and have a production cycle in which bumper harvests occur every three to four years. The non-mechanized collection of sago as well as the harvest of cloves by Ambonese requires rather ad-hoc forms of cooperation, reproducing broader social relations between relatives, neighbors and friends. As a result of the dramatic increase of money circulation and changes of consumption standards during the last two decades, traditional forms of cooperative food collection and house construction among Ambonese have eroded. Parallel to this development, new types of relationships and forms of cooperation have emerged, including credit relations between Ambonese and Butonese, savings and credit associations among different ethnic and/or economic segments of village society (see Chapters 4, 5 and 6), and networks of official clove-trade agencies, Chinese shopkeepers, professional agricultural traders and Butonese tenants (see Chapter 8). As such, these processes are examples of social and system (dis)integration (Giddens 1979).

Chapter 3 provides a more detailed 'photograph' of processes of commoditization and monetization involving villagers of Tulehu. Different ways villagers get and use money at a time of enormously increased money

circulation and money needs on Ambon, are dealt with. The chapter shows how the various ways of getting and using money reflect different and changing social relationships, that become more or less multiplex. These ways include different ways of saving and sources of credit, that likewise, mirror social change. Numerous case studies from different domains of social life show that the meaning of saving, borrowing and lending depends on the type of relationship and transaction in which saving, borrowing and/or lending takes place. Chapter 3 is much lengthier than other chapters, of which all but Chapter 8, have been published earlier as articles. Such publication does not usually allow extensive description of various domains of social life or much ethnographical detail. Chapter 3 (and also Chapter 8) fill this gap to some extent.

Chapter 4 briefly outlines different economic sub-sectors in which villagers of Tulehu have become increasingly involved, no longer relying on the forests to guarantee food security and housing. Economic change in Tulehu has not only convinced bank officials to open a village unit in this 'boom town' but has also directly and indirectly spurred different forms of mutual finance and types of money guards – meeting illiquidity preferences, insurance needs and needs for small loans. It is concluded that three of the most impressive features of informal financial systems of Tulehu are their flexibility, proximity and the fact that these 'systems' have been entirely designed to meet the needs of their users. It is suggested that these and other features of informal financial systems should be grafted onto formal finance programs to enhance the chances of improving the performance of these programs. The case of a rotating fund of a praying society of women teaches us, however, that one should not overlook or underestimate the significance of existing social and/or economic relations for providing a basis for (new) savings and credit activities. Whether financial technologies or services can be stripped from these relations to be inserted into formal-bureaucratic structures, is highly questionable. 'Informal financial systems' (but also formal financial systems) cannot be defined in terms of technologies or services only. Financial systems are social systems sustained by actors who are not only participants of these systems but also of other social systems, such as an ethnic community, an extension program, an office, a neighborhood, a religious society, a group of entrepreneurs, that affect or somehow embed 'financial systems' – as shown in Chapters 5 and 6.

Chapter 5 and 6 are twins, both providing more background and details of forms of mutual finance dealt with in Chapter 4 and of 'other forms of cooperation' drawn attention to in Chapter 7. Chapter 5 explains why the apparent praise of Rotating Savings and Credit Associations (ROSCAs) has to be interpreted with great caution. It is not the self-regulative, savings and organizational capacities of people that are acclaimed but rather the ROSCA as a model or mechanism to mobilize rural savings. To circumvent such a

reductionistic perspective on the significance and dynamics of ROSCAs, I suggest that we conceive ROSCAs as products and producers of different time-spatial processes of social transformation, as flexible forms of cooperation reproducing social relations in changing contexts. I also emphasize that actor analysis cannot be ignored or bracketed (Giddens 1979) when doing an institutional analysis of ROSCAs (cf. Ardener 1964). One should not underestimate the self-regulative character of ROSCAs: their participants make rules, adapt rules and compare rules and resources of different savings and credit arrangements. An outline of the different backgrounds and roles of rotating savings and credit associations in Tulehu and relative importance of these associations vis-à-vis other arrangements for the Sumatran community of Tulehu, illustrate my point that a contextual analysis of ROSCAs can be a very interesting methodology to explore societal change as well as financial infrastructure, financial needs, and the changing roles of the different suppliers of financial services in particular.

Chapter 6 explains that one of the consequences of the lack of an actor perspective in the analysis and promotion of ROSCAs as a model or mechanism, is the production of quite general and simplistic ideas on the significance of rotating savings and credit associations for particular groups or categories of people. Probably the most dramatic example in this connection concerns women, or rather different classes or categories of women. My cases from Tulehu show that the study of women's use of rotating savings and credit associations is an exciting but demanding attempt to understand change and continuity within different sets of relationships – migrants and their hosts, government employees and their clients, and small-scale entrepreneurs and their relatives.

The earlier versions of Chapters 7 and 8 were part of one paper, in which the first half provided a general background for the second half which focussed on cooperative marketing of cloves on Ambon. Chapter 7 emphasizes that cooperatives should be conceived as historical and location-specific products. It is concluded that the identification of the essentials of 'the cooperative' is a dubious affair that tells us more about the interests and ideas of those who try to do so than diverse forms of cooperation and practices of cooperative managers and members. Our limited understanding of the location-specific significance of cooperatives will be greatly improved if we study the struggle of different interest groups using 'cooperatives' as a bundle of rights, privileges and resources to further public and private goals.

Chapter 8 explains why village cooperatives of the Central Moluccas have failed to realize their official mandate: to buy cloves from farmers at a fixed price. Excessive and standard amounts of bank credit to buy cloves from farmers, not taking into account the irregularity and spatial variation of clove production, partly explain this failure. Also, farmers' distrust of state cooperatives and their pre-harvest arrangements with private buyers-cum-

lenders have long declared the mandate of cooperatives a mission impossible. To be able to offer cloves at the auction organized by the central cooperative of Ambon city, many chairmen of village cooperatives have made deals with urban wholesalers. These wholesalers are top players in chains of buyers and sellers from the village up to Ambon city level. A number of wholesalers are prepared to supply cloves to the auction in the name of a village cooperative.

The final chapter also relates changes of credit relationships to changing conditions of clove marketing. As a result of the increase of transport facilities and money circulation in the Central Moluccas during the last two decades, the possibilities of private traders and shopkeepers to secure the output of cloves with the supply of credit to farmers have eroded. Credit is no longer the instrument to control relations and realize monopoly profits but rather a resource to sustain working relations with a selected number of people, farmers or small buyers of cloves.

### Methodologically Speaking

Methodologically speaking, three spheres can be distinguished in my works 'contributing' to the debates on rural finance and development, and gathering data from rural Ambon for that purpose. The first is the attempt to relate insights from social theory to debates on rural finance and development, and to practical research. The second has been my participation in international conferences (see Adams and Fitchett 1992; Ardener and Burman 1995) and in organizing one myself (see Bouman and Hospes 1994), presenting findings from Ambon, shortcomings of the debate on rural finance and development and features of actor-context or actor-structure perspectives. The third sphere of methodological encounters concerns the practical research. I want to share here some field research experiences. The other two spheres have been dealt with above or elsewhere (*ibid*).

To obtain a deeper understanding of social practices related to savings and credit transactions, I thought it unwise to pay short visits to a large number of villages interviewing some officials, like the chairman of a village cooperative, village head or branch manager of a bank. I thought it more appropriate to live in a village, to see and talk with people, women and men, natives and migrants, old and young, as they harvested crops, transported agricultural produce to a village market, moved to a new house, took care of the ill and old, went to school and/or participated in the annual meeting of the village cooperative, etc. This did not mean that I stayed the full 14 months of research in 1989-1990 in Tulehu. Villagers were involved in different economic activities and networks stretching beyond village boundaries. Neither did the choice of a village-based study imply that I

would be able to collect 'all available data' about Tulehu and its more than 12,000 inhabitants, living in eight different quarters and participating in various social, economic and religious systems.

The empirical knowledge and personal comments of F.J.A Bouman on where to assume particular savings and credit arrangements and/or types of financial intermediation were very helpful in starting concrete research activities. My earlier experience with collecting data about rotating savings and credit associations proved very useful with regards to my research on *arisan*, Indonesian vernacular for such associations. I had consumed, as it were, the questionnaire of Ardener (1964) that enables one to systematically research institutional characteristics of rotating savings and credit associations. As a result, it was not necessary to walk around with long questionnaires. Besides, the members and meetings of these associations proved very accessible (in contrast to official lending agencies, like the village unit of the BRI), enabling one to correct, complete or differentiate data at any time. Much more difficult was my task to reconstruct the different backgrounds and changes of rotating savings and credit associations. The methodological idea that the development and diversity of these associations mirror different time-spatial processes of social transformation was, however, helpful in assuming these associations in very different places. Village administrators who were sure that there were no *arisan* on the vegetable and fish markets right behind their office, did not convince me. Indeed, many fish traders and market women confirmed my intuition.

A very important resource person at the research location was the chairman of the village cooperative of Tulehu. He showed me the way to many different actors of clove marketing chains. I visited the secondary cooperative of Ambon city, urban wholesalers, high officials in Ambon city working on the problem, and representatives of *kretek* cigarette companies. Nowhere did I appear with or used a questionnaire. Only on one occasion was I thrown out within two minutes by a high official, putting my nose into this very delicate affair. My neighbors and research assistant brought me to the few women who still change cloth for cloves, or one of the many who used to do so. At the level of Tulehu, I also frequently visited professional agricultural traders and Butonese tenants to discuss their role and place in clove trade networks.

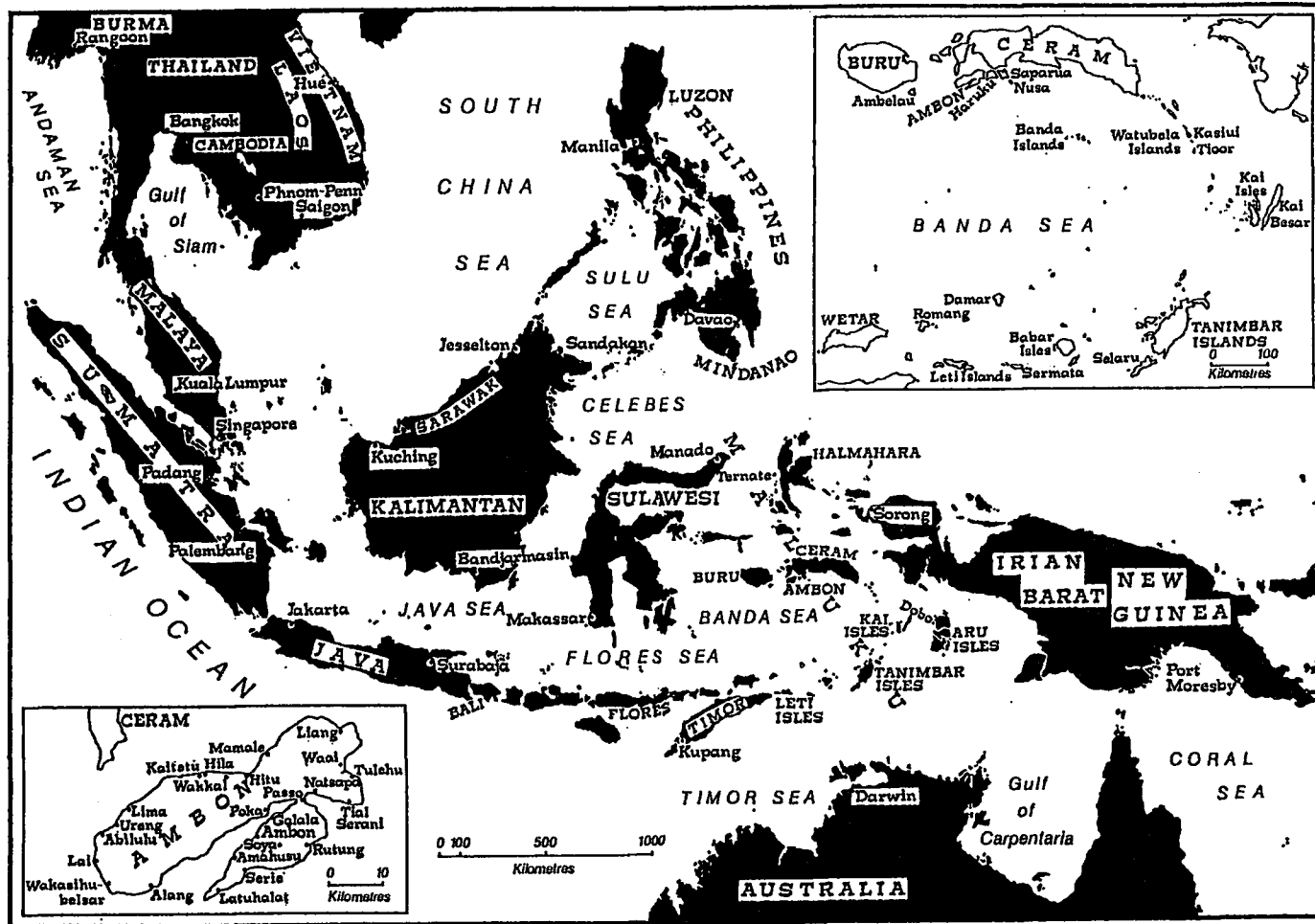
Getting insights into the 'agrarian question' and 'the struggle for cloves', presupposed, among other things, data collection from Butonese migrants. Because I assumed Butonese, who do not enjoy traditional ownership rights on land and trees and also have few political rights, to be extra wary of paperwork and officials, I did not consider structured interview lists when approaching them, but posed a number of related questions about one of their common practices: the buying of rights to harvest trees from Ambonese. Quite paradoxically, my visits to their houses occasionally evoked quantitative

data. Some of the Butonese migrants, the larger traders, became like friends for me. They entrusted their written records (see Chapters 3 and 8) to me, spelling details of their pre-harvest arrangements with Ambonese. These 'hard' data and estimates from other Butonese and Ambonese on the percentage of trees in particular gardens that are leased by Butonese (varying from 40 to 100 percent), taught me that many Ambonese conclude pre-harvest arrangements with Butonese. Also, observations like those of the chairman of the village cooperative pointed in that direction, saying: "Wait and see a good harvest season: our gardens will be full of Butonese". However, it was not possible to document the many (tree-specific and term-specific) pre-harvest arrangements of Butonese and Ambonese of Tulehu, which made me wary of drawing firm generalizations. Besides, averages and overall figures hide diversity and change, in which I am basically interested. In this connection the hesitations of many Butonese, for instance, to buy the rights to trees for a number of good seasons were very telling: these feelings pointed to changes in their perception of risks and relationships with the Ambonese from Tulehu.

For my on-going investigation of different economic activities and expenditures of villagers, I happened or planned to meet many different people in many different places. For the analysis of the financing of the purchase of luxury goods, I collected documents from offices, a village unit of a bank and a consortium of urban shopkeepers. Structured interviews were held in the field of higher education, housing, shops and smoking of tuna fish. Participatory observation of fishermen and fish traders was very exciting – leading one far beyond village boundaries. Frequent travelling and visits to owners of buses provided much insight into the financing of bus enterprises and the dangers involved. Very fine sources of information proved to be my neighbors and friends – both Ambonese and migrants. Through personal observation, daily conversation, structured inquiries and working with them, they provided me with a wealth of information. They kept asking me *ke mana?* (where are you going?) with me responding: *ke sana* (that way). People make you wonder.



Maps of Indonesia, Central and Southeast Moluccas and Ambon island



## 2

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### The Agrarian Question of Financial Landscapes: The Case of Ambon<sup>1</sup>

Every agro-ecological situation implies a specific pattern of production and a particular combination of savings, borrowing and insurance behavior of producers. Likewise, the strategies and services of agricultural traders and other financial intermediaries depend very much on the agro-ecological situation. Soil conditions, cropping patterns, water supply and drought might have a strong impact on the nature and number of financial services in rural areas of developing countries. Predictability, periodicity and diversity of agricultural production directly affect decisions of producers related to savings, borrowing and insurance.

Platteau and Abraham (1987) argue that credit has evolved as a hunger insurance mechanism in fishing communities in India as a result of daily fluctuations of fishing incomes: a fisherman with surplus income lends money to his less fortunate fellow fishermen, who are supposed to help him in return when short of money and food. Southwold (1990) describes how coconut evolved as the major form of collateral for credit for securing food in a period of drought, failure of the paddy crop and restricted money circulation in rural Sri Lanka. The regular and relatively predictable income from coconut proved a solid base for copra traders and shopkeepers to supply credit in cash or goods to farmers. Borren (1986) reports the existence of different flows and forms of credit in three ecological zones in the Great Scarcies Area of Sierra Leone, each characterized by a particular cropping pattern. Van Nieuwkoop (1986) finds that in Malaysia, "Paddy farmers who have an income that is generated only once or twice a year use more informal credit than rubber farmers who have a much more regular income" (p.60).

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1. Originally published in the book of F.J.A. Bouman and Otto Hospes (eds.), *Financial Landscapes Reconstructed: The Fine Art of Mapping Development*, pp. 223-248. Reprinted with permission of Westview Press.

These observations would lead one to expect that the relationship between particular agro-ecological conditions and savings strategies, credit transactions and redistribution of risk, has been the subject of much research and policy debate. However, only a few empirical studies have explored this relationship, and it is questionable whether their findings have influenced policy debate at all. Of course, this question is only one of many issues which arise in the field of rural finance, that is, the complex of decisions of individuals and groups regarding insurance, savings and credit; services of financial intermediaries; and existing relations and conditions that affect these decisions and services (cf. Schmidt and Kropp 1987).

However, even at a time when the role of agricultural credit as a development tool was widely discussed, this 'agrarian question' was hardly addressed (AID Spring Review of Small Farmer Credit 1973). Yet the considerable difficulties in defining 'the small farmer' would have provided ample reason to do so. Rice (1973) mentions that, "no single satisfactory definition is available to distinguish small farmers from medium and large farmers in all parts of the world" (p.3). However, this conclusion was not followed by a call for a more contextual approach of the credit problematic that takes into account location-specific ecological and agro-economic environments. Instead, Rice reassures us that:

The small farmer syndrome is generally recognized – families owning or leasing small, often discontinuous plots and trading in a local village market without access to supplies and services essential to modern technologies, without expectations of living much above the subsistence level, and without political influence. The problems are sufficiently similar to justify a common research program and look for transferable lessons (Rice 1973: 3).

Only in a rather casual way he finally adds, "But heterogeneity must be recognized: a 20 acre rainfed maize farmer on a Brazilian hillside is a different economic animal than a half acre Bengali paddy farmer on the flood plain of Bangladesh" (Rice 1973: 3). Yet the notion that specific agro-ecological conditions, and agro-economic changes, explain variation of savings and borrowing patterns among the heterogeneous farm households, has not been worked out. Neither do more recent policy-oriented studies suggest taking a close look at agro-ecological conditions and savings and credit behavior. For instance, Quinones' APRACA paper (1985), called "An Overview of Agricultural Credit Systems in Selected Asian Countries", concentrates on agricultural credit policies and institutional systems for agricultural credit. He does make a very general distinction between cereal production and other sub-sectors of agriculture in Asia, but even this distinction is not part of his further analysis of appropriate credit policies.

This paper addresses the agrarian question of financial landscapes of developing countries from both an analytical-methodological and descriptive-analytical point of view. My first objective is to explain why this agrarian

question has been dealt with so poorly in policy discussions on agricultural credit and rural financial markets. This poor handling has a wider background and is one of the consequences of the institutional and instrumentalist bias of participants of these discussions. My argument is that integrated approaches are needed that look at the impact of location-specific agro-ecological conditions on savings and borrowing behavior in a double sense, that is, strictly speaking and in relation to (changing) legal, institutional, social and economic contexts. The use of the metaphor of 'financial landscapes' is meant to stimulate a more environmental approach to borrowing, saving and lending behavior of institutions and individuals.<sup>2</sup>

My second objective is to describe and analyze the impact of agro-ecological conditions of rural Ambon, Indonesia, on savings strategies and credit transactions. This island is characterized by a particular combination of food and cash cropping that has strongly affected social life and economic development. Of course, one cannot assume simple and straightforward cause-effect relations. The agro-ecological environment is just one of the many contexts of savings and credit transactions, which in turn are just some of the many types of human interaction. Therefore, my case study of rural Ambon includes descriptive analyses of how political-institutional, economic and socio-legal developments have weakened, reinforced, transformed or differentiated the impact of agro-ecological conditions on savings and borrowing strategies.

### **Out of the Question: Agrarian Contexts of Savings and Credit**

In this section I review the policy discussion on small farmer credit and its follow-up on the construction of sustainable rural financial markets. Both discussions are characterized by more or less similar questions and perspectives, such as the price of credit and its impact on the effectiveness and efficiency of supplying financial services to the poor.

In the early seventies the United States Agency for International Development (AID) collected project information on the history of its investments in agricultural credit since the early fifties. These project files provided the basis for the voluminous Spring Review of Small Farmer Credit (1973). The collection of source material focussed on three principal themes: "(1) the role of institutional credit in small farmer development, (2) the major institutional alternatives for delivering small farmer credit, and (3) certain policy issues, such as interest rates, that appear to be critical to the success of these programs" (Rice 1973: 5). The general idea, with respect to agricultural development, was that

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2. For a broader assessment of the metaphor of financial landscapes: see Bouman and Hospes, 1994: 3-16.

credit is supplied in the first place to be used for the purchase of high-yielding inputs, so that small farmers can overcome their poverty themselves. As a result of the strong emphasis on credit as a tool to upgrade the small farmers' sector in the "general direction of modernization" (Geertz 1962), little attention was paid to the diversity of agro-ecological contexts and its implications for credit programs. Even worse, the debate on the role of credit was based on a specific type of agro-ecological context. The most important features of this context are: the small-farmer population is primarily concerned with the production of food-cum-cash crops (like e.g. rice). The agricultural cycle is characterized by regular, but inadequate and insecure food production, with one annual harvest preceded by a difficult period of shortage of food and/or money. This agro-ecological context has seldom been questioned in the debate on the role of agricultural credit, and has been wrongly assumed to be a kind of constant. For a number of reasons, the rate of interest on loans, rather than different and changing agrarian contexts, became the main variable in this debate.

### *The Price of Credit*

During the AID Spring Review (1973) the growing concern about the need for and policy of providing loans at low rates of interest to small farmers was strongly expressed. The Review triggered a long series of publications that disqualified this cheap credit policy as a 'grant theory' that was neither of help to small farmers nor conducive to building sustainable and efficient financial intermediaries. The case against cheap credit shows a high internal consistency and is easy to summarize: low rates of interest on loans from specialized farm credit institutions (SFCIs) create an artificial credit demand among the well-to-do. Bank managers and credit agents are very much inclined to meet this demand and discriminate against small farmers: they face low incomes from low rates of interest and ration their loan portfolio because it is much cheaper to provide one large loan rather than a hundred small ones. The distribution of cheap credit implies great losses to the SFCIs: default is high because cheap credit is easily mistaken for a grant. The demise and resurrection of SFCIs through new financial injections is the result. The limited possibilities of mobilizing rural savings, as a result of low rates of interest on savings, further reinforce financial dependency from above.

Although the case against cheap credit has become the basis of a follow-up discussion on the construction of sustainable rural financial markets, the case itself is quite narrow and needs to be critically reviewed from both actor- and environmental perspectives:

First, the case seems to be based on the assumption that rural people behave more or less according to a universal and uniform (high) price-elasticity of the supply and demand of capital. However, the rate of interest is only one of the determinants of savings and borrowing behavior: many rural people associate banks primarily with complex procedures, hard collateral requirements, many

photocopies, limited opening hours, bribery and so on. Therefore, one might better speak or calculate – if quantifiable at all – in terms of "service elasticity" (cf. Huppi and Feder 1989: 49) and expect the significance of such elasticity to be great for rural poor. Even in economic terms, when we take total borrowing costs into account, it is hard to consider the rate of interest as the major determinant of savings and borrowing behavior. Also, the inverse expectation underlying the case against cheap credit, that rates of interest at market levels would make banks eager to lend to small farmers, is over-optimistic. It expects banks to do the impossible, as McLeod argues elsewhere in this volume (p.87): "banks simply are not good at competing for this kind of business." Even worse, the differential response to changes in rates of interest and the relative importance of those rates versus other financial services has been very poorly researched and documented from an actor perspective.

Second, the case against cheap credit has long directed the attention of policymakers and researchers away from the different and changing environments of rural financial intermediation (cf. Schmidt and Kropp 1987: 49-55) and how these environments affect people's decisions on monetary and non-monetary forms of savings, borrowing and repayment. Fortunately, many rural producers seem to have developed comprehensive views and practices with respect to official credit programs, agricultural price policies and monetary instability. Two examples suffice.

The first example concerns agricultural price policies. Although it is recognized that the cheap credit policy is meant to compensate small farmers for low agricultural prices, this insight (Adams 1986) has long been ignored by national governments and has hardly been further developed in research on institutional sustainability of rural financial agencies. Gentil (1991), who briefly describes the background of quasi-groups of borrowers and their default behavior, suggests that peasants have a more comprehensive view in this respect: "In the eyes of the peasants, it is nothing more than a simple form of recovery from the outside of a part of the surplus that has been withheld from them through taxes, the price system and other forms of levying" (p.4, my translation).

The second example is the disregard of one of the main features of many developing economies: high inflation (cf. World Bank 1989). Inflation makes the almost axiomatic recommendation for savings mobilization programs contestable: high inflation implies a sharp reduction of purchasing power of those who save in cash. When inflation soars, conversion of savings in cash into savings in kind might result. However, the background and motives for conversion of money into valuables, grain, house construction material or cattle have been largely ignored, or disqualified as hampering development of the financial infrastructure:

Even the poorer members of the population, surprising as it may seem, have savings which they hold either as real assets or in monetary form. Usually, however, their savings are not placed at the disposal of others for investment purposes and, if the households have no investment opportunities, remain unused, or are even squandered for economically and socially dubious purposes. At the same time, there are individuals with investment opportunities and a desire to invest who, however, lack the financial means because their own resources are insufficient. The lack of capital for investment in the presence of unused capital which could be invested is a sign of an underdeveloped financial infrastructure (Schmidt and Kropp 1987: 7).

For these poorer members of the population, however, savings in kind make sense when facing high inflation. Besides, savings in kind serve as a protection against family claims or as a bank of last resort in case of emergencies. It is misleading to emphasize the need of savings mobilization in cash and to blame people who save in kind for the underdevelopment of a financial infrastructure, when these same people simply adapt their decisions to insecure economic and demanding social environments.

My conclusion is that the debate on agricultural credit and rural financial markets has not only distracted attention away from the significance of agro-ecological conditions, but has also largely failed to assess the differential impact of (changing) political, economic and socio-legal conditions on borrowing and lending behavior. Not surprisingly, the discussions on the role of agricultural credit and financial institutions as instruments of development have constantly fostered the need to 'look for generalizations' during the last two decades (cf. Rice 1973; Adams and Fitchett 1992: 355), calling for sound policies or winning formulas of financial intermediation that should preferably be appropriate under any circumstance. Because of this call for generalizations, descriptive case studies that include contextual analyses of financial intermediaries (Platteau and Abraham 1987; Bouman 1989; Southwold 1990) are easily neglected. Maybe even worse – at least from the point of view of policymaking – is that the search for the winning formula erodes abilities and knowledge to develop location-specific approaches to location-specific problems.

The now popular call for 'sustainable' or 'durable' financial markets among policymakers and policy-oriented researchers might have similar effects. My impression is that sustainability or durability are usually treated as an 'internal' affair of a financial institution or market. Such an approach is to close one's eyes to changing and location-specific conditions of financial intermediaries, at the expense of exploring ways to increase their diversity, flexibility and adaptability.

### *From Institutional to Integrated Approaches*

To circumvent the inherent shortcomings in the discussion of the price of agricultural credit and the need for sustainable rural financial markets, the

development of more integrated approaches to savings and credit behavior is needed. An integrated approach does not reduce rural actors to interest-led supernumeraries, but recognizes different types and combinations of savings, borrowing and lending preferences. It combines actor and institutional analysis, but leaves open whether and where the demand and supply of different financial services meet. One of the main reasons to study savings and credit transactions from both actor and institutional perspectives is that "not every financial decision of rural households and enterprises leads directly to a demand for the services of financial institutions" (Schmidt and Kropp 1987: 25). An integrated approach to savings, borrowing and lending behavior includes analysis of the background and motives for non-monetary transactions and the conversion of cash to kind and vice versa. An integrated approach does not analyze savings, borrowing and lending decisions of actors and institutions in isolation, but in relation to (changing) legal-institutional, social-economic and agro-ecological environments.

### **The Significance of the Agro-Ecological Complex of Rural Ambon**

Since the sixteenth century the economy of rural Ambon has been characterized by a specific combination of subsistence-oriented and (world)market-oriented production. Sago and fish are the most important subsistence crops; cloves are the main cash crops. This combination has strongly affected processes of monetization and commoditization under different political-economic systems. Somehow, the early exposure of the Ambonese population to merchants and the proceeds of clove sales did not result in a smooth and quick incorporation into capitalist world economies. Although Ambon island has been part of national and international trade networks for centuries, it was not until recently that for many rural people making money has become more important than gathering subsistence goods like sago and fish. Knaap (1981a) argues that the traditional economy, in particular sago and fishing, remained the backbone of economic life in Ambon in spite of the introduction of clove cultivation and linking-up with the world economy in the sixteenth century. One might say that agro-ecological conditions have retarded and filtered processes of monetization and commoditization of rural Ambon and many other parts of the Moluccan archipelago.

To get an insight into the 'internal' mechanisms that have affected these long-term and uneven processes, I will describe the main features of the agro-ecological complex of rural Ambon and its general implications for food security, housing, organization of labor, intensification and marketing of produce. This suggests an outline of the basic patterns of non-monetized agrarian relations and forms of cooperation that have regulated the demand and supply of labor for traditional house construction, food collection and harvesting



of cloves. One further step is to explain the absence of credit (in monetary form) as a hunger insurance mechanism, credit as a labor-tying device and – until recently – credit as an output-securing device (cf. Platteau and Abraham 1987). Admittedly, this descriptive analysis from 'within' results in a somewhat static and one-sided explanation of retarded 'processes' of commoditization and monetization in rural Ambon. However, it might well complement the more historical description of 'external' mechanisms of the same retarded processes in the next section. Both sections together form an excellent starting point for describing the social dynamics related to the recent erosion of non-monetized agrarian relations, and the sudden increase of credit needs and the emergence of savings and credit groups, and production-specific credit transactions as output-securing devices – all in monetary form.

### *Soils and Silviculture*

In contrast to Java, the soils of the Ambon islands have limited fertility, which reduces technical options for agricultural development. According to Knaap (1981b), Ambonese soil is not appropriate for export-oriented agriculture on a large scale. He concludes that silviculture, that does not affect the soil fertility in a dramatic way, offers the best opportunities given the environmental constraints. Moreover, the planting of trees enables soils to recover from the cultivation of tuberous plants that exhaust the soil rapidly. In the ecological system of Ambon only clove and nutmeg trees were successfully introduced, primarily because they seemed to fit soil conditions.

The most salient feature of the agro-ecological complex of rural Ambon is the forests that cover nearly the whole area. These forests have a great cultural and economic significance. In fact, rural Ambon might be conceived as a silviculture including different sets of rights on trees and land as main determinants of social and economic life (cf. Benda-Beckmann 1990a; Benda-Beckmann and Taale 1992). The production features of the two main crops, cloves and sago, are a second important element of the agro-ecological complex that has far-reaching socio-cultural and economic consequences. In this article I concentrate on the specific production features of these main crops, together with their contrasting roles as cash or subsistence crops.

Cloves are a perennial crop that takes five years to reach maturity. However, this is not the beginning of a rather constant and predictable pattern of annual or two-monthly yields, such as with coconut production. On the contrary, the production of cloves is irregular and almost unpredictable. Godoy and Bennett (1990) note that, "cloves have a production cycle in which bumper harvests occur every three to four years, with insignificant yields between bumper harvests" (p.63). In addition, large variations in production can occur in a small area, even within village boundaries. The clove buds ripen between August and December, but again there is much variation in dates. Picked clove buds,

however, properly dried, are not perishable and can be stored for years without losing much of their aromatic quality.

The production features of sago trees differ sharply from those of other food crops like rice and maize. Sago trees have no annually recurrent growth pattern. After 20 to 30 years sago trees have reached maturity. Mature trees are not harvested annually but simply cut down to collect the pith of the tree. Properly processed sago pith can be kept for many years. Another important feature of sago is that mature trees can be harvested all through the year and the collection of sago is, therefore, considered part of the gathering economy (Taale 1988: 5).

Sago is a subsistence crop involved only in regional barter networks (Taale 1988) and not a commodity – such as rice or maize – to be sold at regional or national market places. In contrast to sago, cloves are a pure cash crop initially exclusively produced for the world market. During the last 40 years cloves have been produced mainly for the national Indonesian market as an ingredient of the very popular *kretek* cigarettes. The contrasting roles of cloves and sago together explain the dualistic or ‘janus-faced’ economy of rural Ambon.

### *Food Security and Housing*

The basic food products of the Moluccan archipelago, sago and fish, guarantee a minimal subsistence basis in food and housing. The sago palm in particular is a blessing: its pith is used to make porridge and bread. The long nerves of the palm and its huge leaves are useful for building walls and a roof that need no repair for at least five years. The lack of protein and taste of sago flour are compensated for by fish, copra and chillies. The most important feature of sago production is the absence of a particular harvest season. As a consequence, there is no hunger period nor a shortage of house construction material. This explains the absence of bridging loans or types of credit and credit relations used as food security mechanisms in the sago economy of Ambon. Also, there is no tradition of daily savings among women as there is in rice growing areas in Indonesia where women used to save a spoonful of rice each day for the difficult period preceding the harvest.

### *Organization of Labor*

The processing of sago does not demand a large labor input. In one week a group of six persons is able to collect a three months sago supply. The construction of sago houses also does not require much labor input. With the help of relatives, neighbors, and friends, a house can be built in one day. Cooperative building of sago houses (*masohi*) takes place on demand and lacks a distinct rotation pattern and regular intervals. The paradise-like availability and durability of sago provides no reason to sustain daily labor groups and to develop highly institutionalized forms of cooperation. There are virtually no

"risks of falling short of the required labor" (Platteau and Abraham 1987: 473) and, consequently, no need to develop mechanisms to ensure "ready availability of labor in times of peak operations" (Platteau and Abraham 1987: 473) because peak seasons simply do not occur. The harvest of sago palms is not seen as a question of organizing people at the right time and the right place because – to speak in abstract terms – scarcity of time and places is hardly felt. Strangely enough, this also applies to a large extent to traditional low-technology fishing. Although the availability of fish is insecure and subject to fluctuation, it is still considered large enough over time to meet subsistence requirements. Chauvel (1981) speaks of "little efforts that are required to meet daily needs of sago, fish and vegetables" (p.33, my translation). As a consequence, there is no need for intensification of fishing technology and labor relations, and credit which serves to tie labor has not been developed as a necessary device to organize the harvest of sago and fish.

In contrast to sago, cloves cannot be harvested every day of the year. Just before the clove trees begin to blossom, the many bundles of cloves have to be picked one by one to maintain their aromatic value. Intensive production of cloves suggests the existence of more or less sophisticated mechanisms to commit labor in peak times and/or highly institutionalized forms of cooperation among owners of clove trees. However, production of cloves is subject to large and uneven fluctuation. As a result, there is hardly any possibility to organize and sustain cooperative labor groups, in which participants help each other on a balanced reciprocal basis, to harvest their cloves. In the harvest season the labor of relatives, neighbors and friends is mobilized. The collective harvest does not so much reproduce specific labor relations, but rather more encompassing social relations between these relatives, neighbors and friends. It is exactly this family mode of collection that also characterizes the harvest of subsistence goods, like sago and fish.

### *Intensification and Marketing of Natural Produce*

Sago and clove production do not require capital-intensive inputs pre-financed by agricultural traders. The most important tools for the sago harvest are an axe to cut down the palm and a special hatchet to cut its pith. The cultivation of cloves requires only choppers to cut brushwood between the trees from time to time. The most important tools for the harvest are ladders and baskets. Sago needs no fertilizers because of the large number of sago palms and the absence of seasonal blossoming.

The relative abundance of sago trees or – to put it differently – the absence of a particular harvest season, do not necessitate the use of credit to secure its marketing. Quite the opposite applies to the harvest of cloves that should take place at the right moment in the right place. However, the use of credit to secure the output of clove trees is of recent origin. It was simply not necessary

during the long colonial period when rulers used force, monopoly and 'slash-and-burn' policies to control the production of cloves.

### **The Uncaptured Paradise Under Different Political-Economic Regimes**

In this section the case of rural Ambon is put in a historical perspective to yield insights into how political-institutional and economic developments have constrained or enlarged money circulation. This historical description serves several purposes: it is useful to broadly assess the significance of the agro-ecological complex under different political-economic rule and economic change. Further, it provides a necessary background to reconstruct the impact of money circulation on the evolution of forms of savings and credit. This will enable us to comprehensively deal with the question of the impact of agro-ecological conditions on these forms in the next section.

The political-economic history of Ambon can be roughly divided into four parts: the period preceding the hegemony of the Dutch East Indies Company in the Moluccas, the period of Dutch monopolistic policy for clove cultivation that began in 1656 and remained in effect till 1863, the late colonial period from 1864 till 1950, and independent Indonesian rule.

#### ***Small, Short and Insecure***

With regard to the first period, Knaap (1981a) mentions that,

The Dutch, through the Dutch East Indies Company (VOC), aimed to control the whole clove trade and for this purpose made contracts with local authorities to stipulate that the entire harvest be sold to the VOC against a price yet to be determined. [...] The price that the VOC wished to pay would turn out to be a constant source of conflict. The VOC was the first in the spice trade to pay their suppliers in cash. However, these suppliers were not prepared to pay for the rice and textile sold by the VOC because of its poor quality. The money in the hands of the Ambonese attracted Javanese and Makassar merchants and their goods to the Ambon Islands (p.27, my translation).

In spite of the contact of the Moluccan population with traders and their money, the traditional economy was not transformed into a cash economy. Knaap assumes that the trade with foreign merchants was subject to sharp fluctuations because of the irregular production of cloves. He therefore believes that the traditional economy and dependence on sago cultivation in most parts of the Ambon islands was not affected. Knaap also notes that the supply of rice to the islands was relatively insignificant in the seventeenth century. Therefore, it is unlikely that the rural population became dependent on imported rice,

which might have kick-started monetization, as rice was and is not cultivated on rural Ambon. Finally, the largest share of the money ended up in the hands of local authorities: "The producer did not enjoy the largest share, because the headmen dominated the trade" (Knaap 1981a: 27). Probably, monetization did not take place on a large scale among masses of people but was stifled – in an abstract sense – in the exchequer of the local head.

In 1656 the clove monopoly was established by the Dutch VOC. After many years of struggle, this Company with strong military powers had definitively broken the resistance of Makassar and Portuguese traders and their coalitions with local rulers. The VOC forced the population to sell cloves to the Company only. In return, the Company offered to buy all cloves at a fixed price. During the seventeenth century this price was set at 56 rixdollars per bahar (550 pounds): five for the local rulers, one for transport and 50 for the producer (Knaap 1981b). This meant that the producer should be paid about 45 cents per kg of cloves. The farmgate price remained about the same during the whole seventeenth and eighteenth century and was, for instance, 48 cents per kg in 1824 (Knaap 1981b: 18). To get an idea of the exchange value of cloves and rice at that time, the following figures are illustrative: in 1824 50 clove trees, together yielding 500 kg of cloves, would buy more than four tons of rice that, in turn, might feed 20 people for one year.<sup>3</sup> The annual import of rice in Ambon was not more than five to seven hundred tons, to feed not more than 3,500 people for one year.

In principle, a lot of money could be earned by owners of clove trees from the sale of their produce. However, it is not clear whether the prescribed price of 50 rixdollars was actually paid to the producers and how much income was extracted as a result of unfair weighing practices (cf. Knaap 1981b). Also, the clove production policy of the VOC was responsible for a fluctuating and uncertain income for producers: the VOC ordered the planting of clove trees when prices were high and their burning when prices were low. Because of a time lag of about five years between the planting and maturity, this drastic policy was an inappropriate response to international price developments. This policy only aggravated the uncertainties of irregular clove production, reinforced the subsistence orientation of the rural population, and confirmed sago instead of rice as the standard staple. The circulation of Dutch guilders, cloves and rice was simply too small, too concentrated with a few people, and too irregular to replace fishing and the collection of sago as the bases of rural life.

In 1863 the VOC was forced to abolish its clove policy because international market prices had sharply decreased, as a result of the expansion of clove areas

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3. The table of Taale (1988: 182) with annual prices of rice in the period 1744 to 1863, shows that 100 kg of rice in Ambon cost 5.77 Dutch guilders in 1824. In 1744 the price was 4.05 guilders, whereas in the first half of the eighteenth century the price varied between 3.19 and 10.61 guilders.

outside Indonesia. One of the consequences was that the rural population no longer faced the insecurity related to the 'slash-and-burn' policy of the VOC but, instead, new insecurity as a result of the strong fluctuation of prices of spices. Spices could not provide a stable economic basis. Basic life needs were easily met in Ambon, and spices were sold only to meet "small money needs" (Chauvel 1981: 35). The basis of the economy remained unchanged. "At the end of the colonial era, no one had found the key to escaping the pattern of sago, fish and coconut" (Chauvel 1981: 35, my translation).

The change of political leadership as a result of independence did not turn the subsistence economy of Ambon upside down. Until 1965 Ambon was rather the stage for political turmoil and guerilla war. Ambonese emigrants, who had enjoyed higher education in the Netherlands, declared the South Moluccan Republic (RMS) shortly after returning to Ambon, causing military intervention by the national government. According to Fraassen (1981: 31) the RMS was "an economic disaster". The political turmoil did not stimulate the national government to invest in peripheral Ambon, while conflicting views among Ambonese people about a Moluccan republic were a further impediment for regional economic growth. Again, the significance of sago and fish as subsistence crops and their profound effects on rural life were not reduced, but rather reinforced.

### *The Increase in Money Circulation*

During the last 25 years a number of mutually dependent changes occurred that are directly related to the circulation of money, financial needs and access to financial means. These changes strongly affected the subsistence economy of rural Ambon, which for centuries had remained a basically unchanged and uncaptured paradise, in spite of early exposure to international commodity markets. In the first place, money now circulates faster and among many more people than 25 years ago. Possibilities to earn money from farm and off-farm activities have greatly improved, due to both an increase in the area of cash crops and an expansion of government staff and the number of commercial enterprises. Sharply increased prices of cloves have resulted in enormous cash flows into village economies. Up to the 1960s (cf. Fraassen 1972) cloves yielded prices equal to only a few 10-cent pieces per kg. However, in the seventies the price of cloves soared, until 1 kg yielded 30 Dutch guilders in 1976 (Fraassen 1981), or about 100 times the pre-war price. Secondly, the supply of money to villagers by (semi-)government credit institutions has increased enormously. In the seventies the People's Bank of Indonesia (BRI) launched a credit program for the intensification of clove production (KIC), and in the eighties a program (KUPEDES) of special credit facilities for small entrepreneurs and government employees. Thirdly, the demand for money has increased, too: for daily consumption, housing, school expenditures and the pilgrimage to Mecca. The restrictive codes on consumption behavior that, for instance, once allowed only

village heads to wear shoes, have faded (Fraassen 1981). Access to schools is no longer a privilege of a tiny elite.

One cannot underestimate the significance of changes in the consumption standards of rural Ambon. The use of sago trees for housing and food, in fact, maintained the agrarian relations and forms of cooperation of a subsistence economy, and did not involve money transactions. Now that rice and concrete houses have become the new consumption standards of most Ambonese, the key to escaping the pattern of sago, fish and coconut – to speak in Chauvel's terms – has been found. It is in the minds of the people themselves who are much more concerned with earning and spending money than was possible in the colonial era. Rice consumption necessitates small daily cash flows. The construction of a concrete house requires a huge amount of money, equal to the proceeds of a good clove harvest.

Large-scale and regular money flows in and through rural communities are part of monetization and commoditization processes that can hardly be compared with the colonial era, when rural money flows were relatively small, short and insecure. Because of the central role of sago for traditional food supply and housing, the change of consumption preferences has had a dramatic impact on rural life. New consumption standards and related money needs have implied the erosion of traditional Ambonese patterns of cooperative food collection and house construction. Parallel to this break-down of traditional agrarian relations, new types of relationships and forms of cooperation between villagers have emerged, that include new and different forms of savings and credit (cf. Chapters 4, 5 and 6).

### **Changing Positions in the Market of Money and Trees**

The general processes of monetization and commoditization did not affect all rural Ambonese in the same way, but went hand in hand with more social-economic differentiation among villages and villagers. The position of a village in regional trade networks proved an important factor in this respect. At intra-village level, the different positions of villagers in terms of rights to land and trees explained and reinforced the differentiating impact of the increase of money circulation.

One of those places in rural Ambon where money circulation has extraordinarily increased and has much affected intra-village relationships is Tulehu. In this section, I will concentrate on changing social and economic relations between Butonese migrants and their Ambonese hosts, and their credit relations in particular. In Tulehu these migrants have become important as traders and credit suppliers in the market of cloves and nutmeg. My purpose is to analyze how the combination of economic change, different rights on land

and trees, and location-specific cropping patterns have affected Ambonese-Butonese relations, including their credit arrangements.

### *A Place Where Money Grows*

The village of Tulehu is situated on the Northeastern coast of Ambon island. It has evolved in the last 20 years as a regional transport and trade center, linking the city of Ambon and the hinterland of the Central Moluccas. It attracts many people who want to earn an income or enroll in classes at one of the many schools. Local officials even say that Tulehu now belongs to the urban society. This would have been an unrealistic statement 20 years ago when Tulehu did not differ much from other villages. Students describe the local economy as a cash economy where money has to be paid for school fees, breakfast snacks and transportation. Farmers have their own way to describe complex processes of commoditization and monetization: *biar daun kasbi, bawa ke pasar, jadi uang* (even casbee leaves turn into money when you bring them to the market). Adults complain that young boys now demand payment in cash for plucking their coconut trees.

Nowadays, even those families who are still primarily involved in sago cultivation and subsistence fishing, spend at least Rp.3,000 (or US\$1.70 in 1989) per day to buy rice, some vegetables, a few cigarettes, pay school fees and – if necessary – buy fish. Fortunately, Tulehu offers many opportunities to earn money: street vending, bus driving, fish trading, boat driving, vegetable selling, and loading and unloading busses and boats. The villagers speak of *cari uang*, which literally means searching money, as if the money is already there but only has to be found, like the many sago and fruit trees that have only to be located and harvested.

### *Invisible Hands*

Kennedy (1950: 25) described Tulehu as "the biggest negeri population in Ambon" of about four thousand people. According to the local government, Tulehu had nearly 12,000 inhabitants in 1990 and is the largest village of Ambon. Villagers agree that Tulehu has become densely populated. The actual number might even be a few thousand higher because it is rather doubtful that all Butonese migrants are included in the official count.

Upon their arrival on Ambon, Butonese migrants settled at the fringes of the villages and became subsistence farmers and fishermen like many of their Ambonese hosts. The paradise-like Ambon islands have been a popular destination of many Butonese, who have migrated from the rocky and barren areas of Southeast Sulawesi since the end of the last century. Today, they form about one third of the rural population. Many of the Butonese migrants are now entrepreneurs who dominate non-mechanized and mechanized sago processing, as well as fishing and the clove trade.



Migrants, such as the Butonese, have no local-traditional land use rights: they are not allowed to cultivate perennial crops, like cloves and nutmeg, or to build concrete houses on land owned by Ambonese clans. According to customary law, such actions would imply more or less irreversible ownership rights on the land. Therefore, many Butonese typically live in simple wooden houses and cultivate annual crops, like tuberous plants and vegetables.

The particular role of Butonese in clove production and trade on rural Ambon is very much dependent on location-specific relationships with the Ambonese. A major determinant of the nature and change of these relationships has been the enormous increase in the circulation of money. In Tulehu this increase has led to disintegration of agrarian relations and of cooperation among the Ambonese. Parallel to this development, the Ambonese and Butonese seem to have become closer in a two-fold sense. First, the economic position of many Butonese has improved vis-a-vis Ambonese in terms of investment capacities, bargaining power and ownership rights. The growing importance of Butonese tenants and traders as moneylenders has reduced the 'distance' between the privileged and powerful Ambonese land owners and the landless, submissive Butonese migrants. Butonese and Ambonese have also become closer in a spatial sense. Whereas the early settlers were allowed to build small and simple houses only in the hills, current generations of Butonese migrants encroach on the Ambonese center of the village. Many of them build concrete houses that match Ambonese standards.

The enormous increase of money circulation and money needs on Ambon has affected the social-economic life of the Butonese in many ways. First, the typical subsistence production of the Butonese has obtained an extra dimension. It is no longer a survival strategy only: the Butonese, through frugal living, succeeded in saving much money. My cashflow research among Butonese and Ambonese indicates that average daily expenses of Butonese are structurally lower than those of Ambonese.

Further, social-economic differentiation has taken place among the Butonese themselves. Most of the migrants started on Ambon as subsistence farmers and fishermen; now the Butonese have developed other agro-economic activities as well. Some, especially those who live close to small rivers and large sago forests, have recently specialized in mechanized sago processing. Others have built large wooden fishing rafts (*bagan*) or have become important clove traders. Although there still is a large class of survival-oriented farmers and fishermen, it would be wrong to consider the Butonese as a homogeneous class of people in terms of agro-economic activities. In every *kampong* the Butonese have exploited the particular opportunities of nearby natural resources, roads and rivers.

The role of the Butonese in clove production and marketing has drastically altered. Whereas in earlier times they only helped to process cloves (*bantu petik*) in the gardens, they are now the largest category of itinerant buyers of cloves and credit suppliers of rural Ambon. According to the chairman of the village

cooperative of Tulehu that is officially in charge of the purchase of cloves from the farmers since 1980, the need of Ambonese to sell the usufructuary rights of their clove trees, arose in the seventies when periods between bumper harvests increased. The increase of money needs as a result of new housing and food standards only reinforced this need. The Butonese met this demand and quickly became popular tenants-cum-creditors. Their activities soon began to yield financial benefits. In 1974 the Butonese migrants bought the first pieces of land to build concrete houses and so consolidate ownership rights. The Butonese also started at that time to fish with the quite expensive wooden rafts (*bagan*). Both the concrete houses and the wooden rafts can be seen as turning points in the economic position and activities of the Butonese migrants of Tulehu.

### ***Finance and Risk-Minimizing Strategies of Butonese Clove Traders***

Butonese traders employ various strategies to buy cloves from Ambonese owners of clove trees. In the Indonesian language they are called *beli cupa*, *panjar uang*, *beli buah* and *sewa pohon*.

*Beli cupa* literally means 'to buy a tin', and refers to the purchase of fresh cloves using an old tin of condensed milk as the standard unit. After the purchase, the Butonese dry the cloves in the sun: 12 to 14 tins of fresh cloves yield about 6 to 7 tins of dried cloves, or 1 kg. As the drying process only takes one or two days, the buyers hardly bear the risk of a fall of prices. The profit margins are usually small, but keen entrepreneurs can make a handsome profit. In general, Butonese women seem to be the primary buyers of cloves. They live close to the clove gardens and can simply wait for the Ambonese farmers to come down from their gardens to the village. They also move in small groups to those gardens where a harvest takes place. There are distinct advantages in selling the freshly picked cloves right away to the Butonese women. After a hard day's work it is very satisfying to cash your cloves immediately and not to worry about the drying. Also, money is easier to hide from greedy relatives than some buckets of cloves.

*Panjar uang* means 'to advance money'. According to La Macid, who is reputed to be the largest Butonese clove trader of Tulehu, *panjar uang* is similar to *cengkeh kilo*, which means a kilogram of cloves. It refers to a relatively low fictive price of cloves, used to calculate the amount of cloves needed to repay the advance at a future date. In rather isolated villages on the large island of Ceram, small shopkeepers supply advances based on a similar agreement. However, it is not money that is supplied in advance, but consumer goods.

*Beli buah* means 'to buy the fruit'. It refers to a pre-harvest arrangement in which the right to harvest a tree is bought when or after the very first signs of the inflorescence of a clove tree are visible. These signs, very small and light-green leaves, are visible about seven to eight months before the harvest and show which trees might produce well.

*Sewa pohon* is also a pre-harvest arrangement, and means 'to lease a tree' through buying the usufructuary rights of one or more good seasons. Another main difference with *beli buah* is that *sewa pohon* implies the purchase of one or more good harvest seasons. In fact, the lessee provides a medium- to long-term credit to the owner of the clove trees. The arrangement implies that the creditor does not have to accept a poor harvest as repayment of the loan, only a good season counts. In case of not easily definable harvests, the lessee and owner usually agree to share the yield on an equal basis. Both parties might also agree to define a poor or moderate harvest as repayment of a 'half season'. These rules and decisions are ways to deal with the risks related to the fluctuating and unpredictable production of cloves.

There are some other interesting differences between *sewa pohon* and *beli buah*. They all refer to an inverse relation between risk and profit-making in the clove trade. According to La Batini, a very knowledgeable and respected Butonese farmer, the following rule of thumb applies to *beli buah*. A tree that will probably yield about 10 kg of cloves should be bought for the price of 8 to 9 kg; in case of *sewa pohon* one does not pay more than the price of 3 to 4 kg. Other Butonese farmers suggest that the price of a *sewa* contract should not exceed half the expected yield, to cover all the costs (maintenance of the clove garden and hire of harvest laborers) and make a small profit. One explained that "we have already won" at a price of one million rupiah to lease 50 trees with an average yield of 7 kg per tree and a current market price of Rp.7,000 per kg. In comparison to *beli buah*, *sewa pohon* represents a much larger price and yield risk, but also the promise of a larger profit. The risks of *sewa pohon*, however, are differently assessed by Butonese farmers. La Batini, for instance, describes *sewa pohon* as to save in a tree. According to him, one cannot make a loss with *sewa* contracts. It is very striking that La Batini calculates in absolute terms and not on a time basis (cf. Shipton 1992).

Butonese traders seem very aware of the uncertainties and risks in clove production. The location-specific and evolving credit or credit-like arrangements with the Ambonese tree owners, mirror these uncertainties and risks, making them resort to additional adaptations in strategies. The working area of Butonese clove traders is not necessarily restricted to their own neighborhood. Just before and during the harvest period they can be found at places where bumper harvests are expected, and making long term pre-harvest arrangements with owners living in another village or even sub-district. Some Butonese migrants have become much more reluctant to make long term pre-harvest agreements after clove prices started to fall dramatically in the second half of the eighties. Others emphasize that such a development only requires an adjustment of the price in a new agreement.

### **Lessons and a Look for 'Localization'**

Agro-ecological conditions and economic change in rural Ambon have not only affected the historical development of Butonese migrants and their lending strategies in particular, but those of other marketing agencies and financial intermediaries as well, like village cooperatives and rural banks. In this final section I will describe quasi-official adjustments and informal practices of bankers and cooperative chairmen, who have realized that the implementation of the official standard programs is not possible. In my view, disregard of the specific agro-ecological conditions explains much of their problems. National planners ignore these specific conditions, and so frustrate the rural bankers and cooperative chairmen, who are supposed to finance the clove production and buy cloves directly from farmer members. I believe that a closer look at agro-ecological conditions might produce useful insights to make location- or region-specific credit programs and so save a lot of money.

However, it should be emphasized that this brief analysis is not another attempt to extract a financial technology that guarantees the success of rural banks or cooperatives as official suppliers of financial services. Their success, defined in terms of either internal sustainability or delivery of financial services to rural poor, depends not only on agro-ecological conditions, but also, for instance, on political-administrative and economic environments. I also do not want to suggest that official suppliers of financial services are the sole agents of change of financial landscapes, and would only need the proper technology to bring prosperity to the poor. One should have few expectations of the effect and use of 'appropriate' financial technologies in official policies and programs. Adams's 20 years of experience with problems in rural financial markets taught him that the attempts to establish sustainable agricultural credit programs in the past two decades have largely failed "despite the tens of billions of dollars committed to hundreds of these efforts" (Adams 1992: 5). He also found that these generous financial commitments sharply contrast with the piecemeal use of new insights in rural financial markets.

#### ***Lessons***

Since 1980, village cooperatives (KUDs) have the official mandate to buy cloves directly from the farmers for a fixed price. The province of Ambon belongs to the six provinces officially classified as clove producing areas in 1980. During the last decade this number has grown to 14. Several agencies are supposed to provide supportive services to the KUDs, such as control of the quality and the marketing of cloves at district level, horticultural extension and the supply of working capital. The Bank Rakyat Indonesia (BRI) is responsible for supplying financial services. Just before the harvest season, the BRI lends the so-called Kredit Tata Niaga Cengkeh (TNC) to individual cooperatives, to be repaid at the latest three months after the harvest season that ends in January.

In the first half of the eighties, cooperatives borrowed enormous amounts of money, that is, 90 to 120 million rupiah or US\$50,000 to 70,000 per cooperative. However, many cooperatives were unable to buy the equivalent in cloves and to wield their monopoly powers in the clove market. The first cooperative managers, who were only familiar with village shopkeeping – if at all – lacked the management capacities to run a million enterprise. Private traders were much better equipped and/or better informed. In addition, many traders offered credit as part of a pre-harvest arrangement. As a result, cooperatives were unable to increase their market share to more than a few percent (cf. Godoy and Bennett 1990). Last but not least, there were simply not enough cloves to buy in the own village area of the cooperative during the slack seasons between bumper harvests. To sum up, the BRI had overestimated the entrepreneurial capacities of cooperative officials and had been unaware of, or at least had underestimated, risks related to marketing of cloves as a result of its irregular production. In addition, embezzlement of excessive credit took place on a large scale. The result was that many cooperatives got heavily indebted.

The directors of the BRI of Ambon have lost faith in the cooperatives, and have adjusted their lending strategies accordingly. New credit applications from heavily indebted cooperatives are now simply refused. According to cooperative officials, more than one third of the 72 registered cooperatives of the Central Moluccas belonged to this category in 1990. Next, the volume of the Kredit TNC has been reduced to 8 to 12 million rupiah per cooperative. More importantly, the BRI has put more faith and finance in urban shopkeepers and wholesalers involved in clove marketing.

The failure of the direct financing of clove farmers by the BRI has led to a similar response. The program Kredit Intensifikasi Cengkeh (KIC), meant to increase clove production in Indonesia, started in Ambon in 1975. The BRI supplied credit to smallholders<sup>4</sup> in cash and kind with the help of the horticultural department. A farmer borrowed a standard amount of money and fertilizer per tree to be repaid after the harvest. However, the use of fertilizer did not lead to an increase in production and, more importantly, did not end the irregular production. As a result, repayment records were embarrassingly poor. The decision in 1980 to make KUDs responsible for the collection of cloves and the repayment of loans also did not work out very well and, in the end, the program was stopped in 1983. The 'target group' that has proved most attractive to the BRI are private traders, that is, professional traders and shopkeepers who are typically part of family businesses, or family-like trade networks that combine urban and rural areas.

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4. According to Godoy and Bennett (1990) in 1983, "The area under cloves was less than one hectare for 96 percent of all Indonesian clove smallholders, and for 95 percent of clove smallholders in Maluku. The average number of trees per household was 62 nationally, and 76 for Maluku" (p. 66).

The village cooperatives, that is, the chairmen and their assistants, have also been much more inclined to develop sound working relations with private traders than with farmer members living in their own village. The opportunities for cooperative officials to develop stable working relations with farmers are very much restricted, due to the irregular production of cloves and its very labor-extensive cultivation outside the harvest season. The working area of private traders is not restricted or bound to a village area. As a result, traders are much more able to secure the supply of cloves than are cooperatives. Wholesalers sell their cloves at the central cooperative (PUSKUD) via the KUDs, at times when market prices are much lower than the standard price offered by the PUSKUD. Some cooperatives even place their Kredit TNC at the disposal of these wholesalers. Other cooperatives imitate the strategies of private traders and have started to operate in a larger area, contacting farmers of other villages and buying their cloves well in advance.

### *To Look for 'Localization'*

A closer look at specific agro-ecological conditions is not to produce generalizations that might be useful to policymakers calling for formulas that cut across countries. Many generalizations do not take into account location-specific variations in the political-administrative, socio-legal, economic and agro-ecological conditions that affect financial decisions of individuals and institutions. Therefore, I expect that the 20-years-old litany on the failures of governments to establish sustainable credit programs to the benefit of rural poor, will be heard for the next 20 years as well. To draw generalizations from case studies of financial intermediaries as a way out of these failures, will at best lead to substitution of formulas, but will not stimulate a better analysis and understanding of location-specific situations and problems. Therefore, I believe that what is needed in policymaking and research is not the pursuit of generalization but the pursuit of 'localization'.

With regard to policymaking, 'localization' implies that national plans are adjusted to regional or local conditions, including agro-ecological conditions. 'Localization' also suggests decentralization of planning, down to lower levels of administration, such as provincial and district levels. If there is to be an interest among researchers in studying agro-ecological conditions, with the specific aim of drawing lessons for policymaking on rural financial intermediation, this study should include the analysis of processes of policymaking and its political-administrative constraints. It is quite embarrassing to find that policy-oriented research has hardly given any attention to these processes of and barriers to policymaking.

From an analytical point of view, I feel that the pursuit of 'localization' fits perfectly in the broad concept of rural finance outlined by Schmidt and Kropp (1987). Such a pursuit would question how agro-ecological conditions affect the financial decisions of individuals and institutions in a particular area or

'locality'. It also raises the question how (changing) economic, political-administrative and socio-legal conditions affect these decisions, and at the same time weaken, reinforce, transform or differentiate the impact of agro-ecological conditions.

The case of Ambon provides its own and specific answers to this two-fold agrarian question of financial landscapes: the particular combination of sago and clove cultivation has implied labor and loan arrangements that greatly differ from similar arrangements in rice producing areas (cf. Ghate 1992: 43-57) and also, other silvicultures, like rubber and coconut. Cloves are a pure cash crop and have a production cycle in which bumper harvests occur every three to four years, with insignificant yields in between. In addition, large variations in production can occur in a small area. As a result, highly institutionalized forms of cooperation among owners of clove trees, and the use of credit as a labor-tying device, have not been feasible. The processing of sago does not demand a large labor input and provides a minimal basis in terms of food security and housing. Furthermore, there is no particular sago harvest season. As a result, types of credit and credit relations that either guarantee food security or ensure ready availability of labor, have been absent in the sago economy of Ambon. The non-mechanized collection of sago as well as the harvest of cloves by Ambonese required rather ad-hoc forms of cooperation, reproducing broader social relations between relatives, neighbors and friends.

The cultivation and consumption of sago have structured rural life on Ambon for centuries, and have proved very important in times of hardship. Under different colonial regimes, the subsistence role of sago, in combination with fish and coconut, was not weakened, but rather reinforced. Rigid clove-production policies caused relatively small, short and insecure income flows that could not provide a stable economic basis. In the post-colonial period, however, the subsistence-oriented economy was turned upside down. As a result of the dramatic increase in the money circulation and changes of consumption standards during the last two decades, the subsistence role of sago weakened. The sharp increase of clove prices in the seventies provided a major impulse in this connection. Concrete houses and rice became the new consumption standards. Consequently, traditional forms of cooperative food collection and house construction among Ambonese eroded. Parallel to this development, new types of relationships and forms of cooperation emerged, including credit relations between Ambonese and Butonese. Butonese migrants quickly responded to the increase of money needs of Ambonese and supplied credit in exchange for the right to harvest their clove trees. In this connection, these trader-cum-moneylenders have done much better than official cooperatives, who have failed to gain a large share in the marketing of cloves. This is largely due to the diverse financial and risk-minimizing strategies of Butonese, who have developed much better insights into location specific agro-ecological conditions than have cooperative officials.

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## **Social Changes in a Place Where Money Grows: The Village of Tulehu**

Tulehu is located on the north-eastern coast of Ambon island, Central Moluccas, Indonesia. Social-economic life in Tulehu, as in many other coastal villages of the Central Moluccas, has been affected by its agrarian base, characterized by a specific combination of subsistence- and market-oriented production.<sup>1</sup> Sago palm trees and fish are the most important subsistence crops, guaranteeing minimal subsistence in terms of food and housing. Cloves are the most important cash crop with bumper harvests taking place once every two or three years. The production patterns of sago and cloves sharply differ: sago palm trees can be harvested all through the year whereas the production of cloves is irregular and almost unpredictable. This irregular production of cloves has been of a special concern to many Ambonese since the 1970s, when the price of cloves per kilogramme soared, enabling people to finance a journey to Mecca or the construction of a house made of concrete. The production pattern of cloves has even a decisive influence on the regional economy as a whole explaining why farmers, tenants and shopkeepers speak of periods of (temporarily) economic decline following periods of economic growth.

The increase in money circulation as a result of the 'clove boom' in the 1970s, in combination with increased possibilities to transport people and goods in the Central Moluccan archipelago, clearly affected the social-economic life of villagers and those of Tulehu in particular. Generally speaking, these processes implied a complex restructuration of villagers' relations and their use of natural resources. New consumption standards and

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1. See chapter 2 for a more comprehensive account.



possibilities to earn money evolved. Also, more social-economic differentiation among villages, taking different positions in regional trade and transport networks, occurred.

Unlike most other coastal villages, Tulehu evolved as a regional centre in terms of trade, transport, administration and education. It is now a large and densely populated village with 12,000 people.<sup>2</sup> The head of the subdistrict Salahutu, who has his office in Tulehu proudly says that Tulehu already belongs to the urban zone. Nearly 90 private bus companies connect this small town with Ambon City; there are about 120 shops, wholesale as well as retail, that stock consumer goods; also, consumers and village shopkeepers from the other side of the bay frequently visit the large shopkeepers of Tulehu. Large ships, small motorized vessels and speedboats connect Tulehu through one of its two major harbors with villages of the islands of Ceram, Haruku and Saparua. According to the statistics of the harbor master of Tulehu, about 10,000 people arrive by ship at the newest and largest harbor of Tulehu every month – equalling the number of passengers that embarks at Tulehu port (see Appendices 3.1 and 3.2). More than ten thousand tons of copra, cloves, nutmeg, wood and mixed cargo are imported at Tulehu every month; similar amounts of cement, rice and mixed cargo are exported from Tulehu (*ibid*) – with two labor groups of 25 men loading and unloading the ships. In the old harbor of Tulehu large ships bring tuna fish while the smaller ships and speedboats supply small fish on the shores to be sold in Tulehu and/or Ambon City. The old harbor and its alleys are also the scene where professional agricultural traders buy cloves (see Chapter 8) from visiting farmers from the region.<sup>3</sup>

The hospital, the 18 public and Islamic schools from primary to university level, and a dozen district government services are located at a respectful distance from the two harbors but also attract many people from the region in search of treatment, education, permits and jobs.<sup>4</sup> Right behind the old

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2. In 1949-1950 Tulehu was recorded as having about 4,000 inhabitants (Kennedy 1950: 25). Fraassen (1972: 74) estimated their number at 5,500 in the early 1970s. According to the Office of Statistics of the District of the Central Moluccas, the small town numbered 11,775 inhabitants in 1988 (Kecamatan Salahutu Dalam Angka 1988).

3. Kennedy (1950) reported of Tulehu that, "There is no market place here and there are no travelling traders. There are no large boats that sail to distant ports" (p.101). Shops were few and mostly in the hands of ethnic minorities: "The six toko in Tulehu are owned by Chinese, one Arab, and one local shopkeeper. There are no other local businesses" (p.208).

4. In 1949-50 "in the big kampong of Tulehu, there is only one school and it is very poor" noted Kennedy (1950: 57), who further concluded that Christian villages were much better off. About two decades later Fraassen (1972) observed that access of Ambonese Muslims to educational facilities had been improved but was still worse than those of Ambonese Christians: "Only recently the urban Islamic movement has gained powers with the strong support of forces from outside; large numbers of Ambonese Muslims have just started to follow higher education and to compete for middle class positions in the city" (p.260, my

harbor, bus station and vegetable market, the village government and the largest mosque of Tulehu are situated. They are both without a head, that is, there is no *raja* (with a local-traditional authority) or village head (since 1987) nor an *imam* (since 1981). Potential candidates and ex-rulers have instead devoted much of their time and energy to pursuing an academic career elsewhere, trying to give new economic life to the village cooperative, or earning a lot of money in Tulehu by renting places to migrant shopkeepers, running a movie theater and transporting people in speedboats.

This chapter provides a picture of the processes of commoditization and monetization involving villagers of Tulehu. It is of a photographic nature, based on my field research in 1989-1990, describing 'outcomes' and 'expressions' of dramatic processes of commoditization and monetization that have taken place since the 1970s. Different ways for villagers to get money and to use money at a time of enormously increased money circulation and money needs on rural Ambon, are dealt with. The neutral concept of 'getting money' has been chosen to include transactions that can best be described as the exchange of kind for cash as well as other ways of getting money such as earning money as a civil servant, borrowing money from a bank and making money as a petty capitalistic entrepreneur. 'Using money' is also a broad concept and includes connotations and practices such as spending money for daily subsistence, investing money, giving money, lending money and even saving money. My purpose is to demonstrate that although in an abstract sense one could say that money "is a means of bracketing time and so of lifting transactions out of particular milieux of exchange" (Giddens 1990: 24), both the getting and using of money in contemporary Ambon have different purposes and meanings, varying from securing daily subsistence (*cari hidup*) to daily capital accumulation, from providing social security to avoiding the money claims of relatives. I would argue that the various ways of getting and using money reflect different and changing social relationships, that become more or less multiplex, involving people living in the same neighborhood but also those living at greater distance from each other. These ways include different ways of saving and different sources of credit, that likewise, mirror social change. A specific objective of this chapter is to show that the meaning of saving, borrowing and lending depends on the type of relationship and transaction in which saving, borrowing and/or lending takes place.

The getting and using of money often refers to two sides of one transaction or relationship, like those of borrower-lender, employer-employee, caretaker-ill, migrant-native, husband-wife, trader-farmer, shopkeeper-customer – also

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translation). With regards to wage-earners of Tulehu, Kennedy (1950) remarked that, "Perhaps not more than two percent of the population work for wages" (p.208).

explaining the actual non-fluent character of money 'circulation'.<sup>5</sup> The using and getting of money can also refer to the respective input and output of an investment object of one particular person, such as the harvest rights of trees, a sago processing machine, fish, a fishing boat, a shop or a minibus. And, of course, using money simply presupposes getting it. This implies that a change of actor perspective or time interval is enough to change from describing ways of getting money to ways of using money and vice versa. It also means that the starting points for my description of these ways are rather arbitrary. Despite this, the chapter has been organized as follows:

First, I describe the different ways in which Ambonese people living in one neighborhood, most of them kin, get and use money. This description not only allows me to analyze social and social-spatial impacts of such financial ways but also contains starting or reference points for the following sections in which I describe social processes and networks involved in various domains of social-economic life, such as house construction, higher education, civil service, harvest arrangements of crops, fishery, shops and shopkeepers, and transport businesses.

The description of different sources to finance the construction of a new house with concrete walls and a roof of zinc, follows after my case studies of a group of neighbors and kin: financing of such a house proves to be one of their main concerns. Next, I deal with higher education because it is a popular investment priority of Ambonese, along with housing, forcing parents to make a choice or develop a long-term perspective for their investments. Civil servants and their popularity as borrowers from banks and shops, are the subject of the following section, as many Ambonese youngsters follow higher education and want to become white collar workers earning a regular income. This section also provides a wider background to one of the case studies of 'Old and New Neighbors' dealt with earlier. The same applies to the harvest arrangements for crops, such as nutmeg and sago, of which fragments have been included in the case studies on 'Old and New Neighbors'. The significance of these arrangements both in the practical-financial and social sense, are dealt with in a special section. The following sections on fishery, shopkeepers and owners of minibuses include more regular ways of getting money, contrasting with the once-only ones that characterize the sale of the (right to harvest) trees.

The final section pulls some lines together – based on the domain-specific conclusions drawn in the other sections. To put the recent changes of social relationships as described in these sections into a longer term perspective on social change, I relate my findings with those of Fraassen (1974) who some

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5. Giddens (1990: 25) citing R.S. Sayer: "No asset is in action as a medium of exchange except in the very moment of being transferred from one ownership to another, in settlement of some transaction."

25 years ago met the inhabitants of Ambon island and Tulehu, and depicted for us their ecological conditions, economic development and cultural change.

### Old and New Neighbors

'Neighborhood' and 'kinship' bring to mind images of social or social-spatial proximity, and they often refer to daily interaction and mutual help. But neighborhood and kinship do not automatically imply such interaction and mutual help. On the contrary, neighbors and kin might increasingly 'live together' in separate lifeworlds and do their best to deny the claims and rights of other neighbors and kin in need of care, labor, pocket money and/or large sums of cash. Some patterns of interaction (or the lack of it) might erode and change the meaning of particular neighborhood and kinship relations of a person or group of persons, while other patterns for the same person or group of persons might simultaneously give a quasi-kin dimension to non-relatives making money in a market place (see also pp. 88-96: 'Fishery, Fish Trade and Migrants').

The traditionally collective harvest of sago palm trees and the cooperative building of sago palm houses have long confirmed relations of kinship and neighborhood among Ambonese villagers of Tulehu. These relationships, however, have been strongly affected now that rice consumption and concrete houses with zinc roofs have become the new consumption standards (see Chapter 2). Many mothers buy snacks early in the morning for breakfast and give their children *uang jajan* to buy sweets during a break at school instead of eating a self-made meal at home or taking such a meal to school. Also, many more people, both young and old, are busy looking for money in and/or outside Tulehu – sometimes leading to new quasi-kin relationships. The following cases<sup>6</sup> illustrate the social impact of these wider changes on brother-sister, parent-child, husband-wife and neighborhood relationships.

*Pak Achmad Ohorella and Ibu Ja.* Pak Achmad Ohorella is 34 years old and head of the library of Universitas Pattimura. He travels almost every working day to his office in Poka with a minibus and is proud of going there wearing his official suit. His wife, Ibu Ja, is a civil servant too, but seldomly goes to her office. They have five children, all of them at school in Tulehu, except the youngest.

Pak Achmad earns Rp. 122.750 per month and the monthly salary of Ibu Ja is Rp. 92.000 (see Case 6 of Appendix 3.3). In addition, they get 50 and 10

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6. The case studies of this section concern my neighbors when I lived in kampong Baru at the time of the field research. For an overview and impression of household budgets and the contributions of husbands and wives to the household income, see Appendix 3.3.

kilogrammes of rice per month respectively. Every month Pak Achmad gives his parents and parents-in-law 10 kilogramme of rice each. Pak Achmad raises cattle too. When the respected father of a former *raja* of Tulehu died, he sold one of his cows to the organizers of the funeral ceremony at a low price (Rp. 300,000). He had bought the bull-calf two years earlier for Rp. 50,000.

Artisans built Achmad's new house. He did not mobilize mutual support systems of relatives and neighbors (called *masohi*) for this purpose because he thinks they are not qualified enough to build a house with concrete walls and a zinc roof. Also, he is not supposed to reprimand relatives and neighbors if they have built something wrong. Besides, organizing a working party among family members is not much cheaper than hiring artisans: the monetary payments are low but the cost of food, drinks and cigarettes can be quite substantial. Finally, a working party of 10 to 20 people is not efficient. For these reasons Achmad has chosen to hire two to three artisans who only have to be paid their piece-wages, are quite good at their work and do not argue so much. He estimates the total cost of house construction materials and labor for his new house to be Rp. 5 million. He and his wife saved money while living at their old sago palm house from their income as civil servants and the sale of agricultural produce and cattle. In addition, they have led a rather sober life during the last six years. The house construction material was bought in bits and pieces.

The old house of Pak Achmad was situated right behind the (concrete) house of his parents in one of the core Ambonese wards: *kampung* Baru. Further down the alley from the street to the shore, the sago palm houses of his older brother and parents-in-law were located. The new house of Pak Achmad has been built in *kampung* Pahlawan. It is a new *kampung* situated in between the rather peripheral Butonese *kampung*, called Air Panas, and *kampung* Baru. Both Ambonese and Butonese have moved into *kampung* Pahlawan building houses with concrete walls.

Pak Achmad is the second man on the committee to collect money from the local community and mobilize labor for the construction of a mosque in *kampung* Pahlawan. The chairman is the secretary of the village government. Inhabitants of the *kampung*, Ambonese and Butonese, were helping to build the mosque.

Shortly after moving to *kampung* Pahlawan, Pak Achmad lent Rp. 10,000 to one of his Butonese neighbors. The man offered to pay back Rp. 11,000 but Achmad accepted Rp. 10,000 only. He has never borrowed money from or lent money to one of his colleagues at the library of Universitas Pattimura. But he and five of his colleagues, three men and three women, monthly contribute Rp. 25,000 to an *arisan*, a rotating savings and credit association (see Chapters 4, 5 and 6). According to Achmad, their father is approached first when he or his brothers or sisters are in need of money. Small amounts of money do not have to be paid back. Amounts of more than Rp. 10,000 can

be repaid when money becomes available. Every now and then Achmad borrows money from his youngest sister Salma who is a petrol vendor in the old harbor of Tulehu.

*Ibu Jija* is an elder sister of Pak Achmad. She is 41 years old and lives in the house of her parents together with these parents and her five children, three girls and two boys. She speaks of herself as a widow because her husband, called "the father of his children", left her a few years previously to work as a driver in Saudi-Arabia. According to rumours he has married another woman.

Although she speaks of herself as a widow, her far-distant husband sends her money every now and then. He sent her a cheque of USD 700 in February 1990. She immediately bought 40 bags of cement (at a price of Rp. 6,100 per bag) and hired two carpenters (at a price of Rp. 300,000) from a neighboring village, called Tengah-Tengah, to plaster the walls of the future house of Oki, her oldest but yet unmarried daughter. The house is situated next to the new house of her brother Achmad in *kampung* Pahlawan. In 1988 her ex-husband had sent her USD 1,000 to 1,250 every three months. She used the money to build the foundation, walls and roof of the new house. (Small amounts of these 'remittances' were used by *Ibu Jija* to buy clothes for her children and herself). She also has once borrowed Rp. 200,000 from her younger brother Achmad for the construction of the new house.

The household consumption of rice is 1.5 kilogrammes per day, that is, 45 kilogrammes per month at a market price of Rp. 27,000. Her children are the largest consumers. *Ibu Jija* and her parents usually eat sago porridge or a tuberous plant (*ubi kayu* or *ubi jalar*). She does not buy one big lump (*tumang*) of sago flour, which would be enough to feed all household members for one month, but "takes so long to consume". Instead, she buys sago porridge packed in banana leaf at the vegetable market. A big lump is about Rp. 2,000 whereas the snack costs Rp. 50.

Her children, the youngest one in particular, called Bea, can be quite demanding with regards to pocket money. Once I found *Ibu Jija* resting in the house of one of her neighbors because she could not stand Bea crying all the time: the little girl was angry because she was not given money (*uang jajan*) to buy sweets, snacks and what else besides.

To meet daily food expenditures, *Ibu Jija* (Case 4 of Appendix 3.3) often smokes tuna fish (*asar ikan*) at the homestead. It is one of the few income-generating activities that can be combined with her role as primary caretaker of her parents and children. Still, sometimes *Ibu Jija* is too late buying fish when washing clothes has taken too much of her time. Also, when a close relative has died, she helps at the funeral ceremony instead of smoking fish. She brings home fish to smoke when the supply is not too large, enabling her to make a profit. She pays her regular supplier, shortly after selling the fish, usually within one day. The mother of *Ibu Jija* and the mother of one of her suppliers are sisters. The net income of *Ibu Jija* varies between Rp. 3,000-

7,000 per smoking session, but can be much more when she goes to Ambon City to sell her fish. Once, Ibu Jija bought 45 tuna fish at Rp. 600 each in the late afternoon and smoked them in four and a half hours. At night she travelled to Ambon City to sell the fish. She came back in the early morning, paid her supplier, and realized a net profit of Rp. 18,000.

Every now and then relatives give Ibu Jija the opportunity to make use of the ownership or user rights of her 'husband'. An older brother of her husband asked Ibu Jija to guard the *durian* trees situated on *tanah pusuka* (inherited land) for one night during which the fruits began to fall from the high trees, which meant they were ripe.<sup>7</sup> The heavy and thorny *durian* fruit smells terrible but is a delicacy in the Moluccas. That night Ibu Jija and four of her children collected 50 fruits. In the early morning Butonese women, passing their plot with baskets, offered to buy all the *durian* at Rp. 1,000 for six pieces. However, she did not want to sell to them. She wanted to give a number of fruits to acquaintances who had asked for them. Others she would sell directly in front of her house at Rp. 1,000 for four pieces.

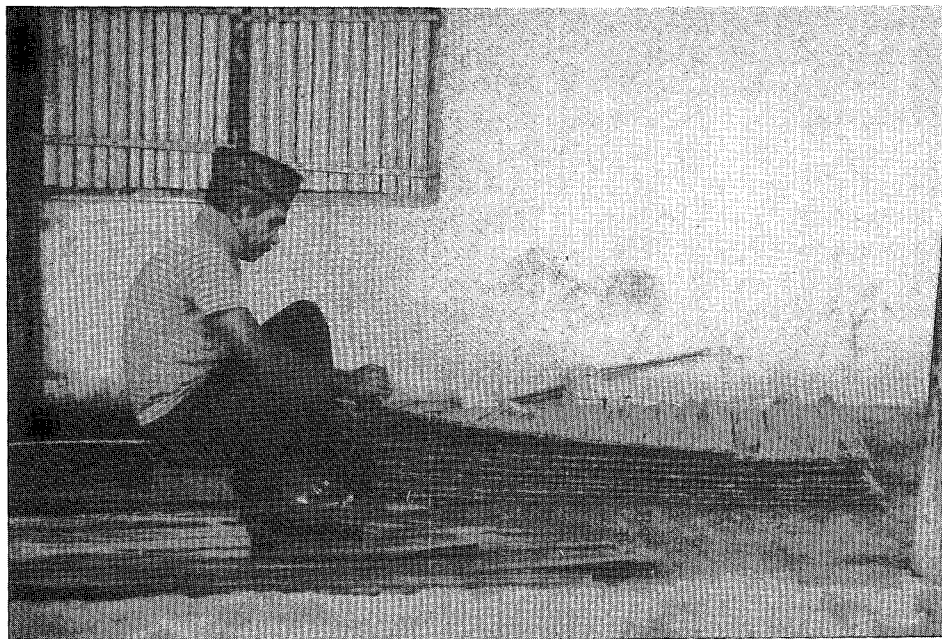
Her closest kin do not so much provide her with opportunities to make money but give her food and assistance to ease her role as the primary caretaker of her parents: every month her parents are given 10 kilogrammes of rice from their son Achmad. Before the fasting month, Ibu Jija is given a lot of rice, onions, wheat, white sugar and canned milk from relatives, and from her brothers and sisters in particular. When her father got ill during the fasting month in 1989, her oldest sister, Ibu Amina, came to help Ibu Jija in the house. Her oldest brother, Pak Nasar, who is a blue-cap soldier of the presidential guard, even came to fetch his mother and sick father for a long stay on Java.

The 'ugly duck', *Pak Arib*, the second oldest of the six brothers and sisters of Ibu Jija, lives in a shack behind the house of his parents. His children have physical handicaps and look very neglected. His wife cannot handle money adequately and is not entrepreneurial. Pak Arib cultivates tuberous plants, some vegetables and maintains clove gardens. He is also one of the few Ambonese who regularly cut sago trees to sell the produce. Per working day he collects 2 to 3 buckets that are worth about Rp. 2,000 each. Pak Arib also makes plates of *atap* to be sold at a price of Rp. 125 to 150 per plate. Every now and then he is paid money to make bricks. Although his house is very close to the shore, he is not a fisherman. He built the house (of wood and sago leaves) himself. He did not mobilize *masohi* for this purpose because that would have been too costly in his eyes.

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7. The fruit season begins in March-April every year and lasts a few months; not only do *durian* trees fruit in that period but also *mangistan*, *lansa* and *pacang* trees. According to local wisdom, a good fruit season means that a good clove season can be expected.

Our neighbors *nenek Sitti Kotta and Pak Ibrahim Laguama* (Case 12 of Appendix 3.3) are of the same generation as the parents of Ibu Jija. However, there is no one in the house to take care of them. Pak Ibrahim is more than 80 years old and is nearly deaf. He was in the military but does not enjoy pension rights as he left the army without permission in order to take care for his sick mother. Now he spends most of his time visiting the big mosque in the centre of Tulehu and making *atap* roof plates at home. *Nenek Sitti* buys groundnuts at the shore and sells them in front of her house *untuk hidup*, that is, to finance daily food requirements. Every now and then she borrows some money from her neighbor across the street. She calls it *uang gampang*, that is, easy money to supplement daily income. She borrows small amounts of rice from a nearby shop.



Photograph: An old Ambonese man is making roof plates from sago palm leaves to be sold for Rp. 125 a piece.



Another source to finance food needs are nutmeg trees. The old couple pawned 13 nutmeg trees to the Butonese La Batini (see pp. 79-88: 'Cash Crops') at a price of Rp. 40,000 for a period of three years from May 1986 onwards to buy food only (*untuk makan saja*). Pak Ibrahim is too old to harvest the nutmeg trees and their one and only son lives in Kailolo, Haruku island. They extended the contract by three years till May 1992 for another Rp. 40,000.

The son of *nenek* Sitti and Pak Ibrahim is a primary school teacher. From his modest income of Rp. 115,000 per month, he also financially supports his parents. He pays their electricity bill and gives them household money every now and then. In 1990 he borrowed Rp. 1,500,000 from the Bank Pembangunan Daerah Maluku (BPDM) to buy a TV, some furniture and to financially support his poor parents. Every fasting month *nenek* Sitti and Pak Ibrahim enjoy the presence and help of their son, his wife and three children.

*Ibu Muna and Pak Ucu* have four children and are expecting a fifth. Their house is one of the funniest of Tulehu and consists of a mixture of sago palm stalks (*gaba-gaba*) and lime walls, with zinc and sago palm leaves (*atap*) on top of them. It cannot better express the very diverse sources of food, income and relations used by Ibu Muna and Pak Ucu to make a living (see also Case 1 of Appendix 3.3).

For a while Pak Ucu was a sailor on a 500 ton Taiwanese fishing boat. Because he thought he was paid too little and missed his wife and children, he resigned in 1989, just before the fasting month. He immediately started to make *atap* plates to replace older ones. Pak Ucu and Ibu Muna have to continue their search for money during the fasting month in contrast to the 'old days' when the cost of living was still minimal and everyone could indeed rest and fast. The fasting month is a difficult period, particularly as their children keep on begging for *uang jajan*, money to buy sweets. New clothes for their children and expensive food should also be bought. According to local rules with regard to the religious alms (*zakat*), Pak Ucu and his wife should give 2.25 kilogrammes of rice per household member to the poor and needy. However, because they feel they are not able (*mampu*) to do so, they buy only one portion and ceremonially hand it over from the eldest to the youngest of their household. The latter then gives the *zakat* to the head of the big mosque of Tulehu who is supposed to distribute all *zakat* among widows, orphans and other needy people.

Pak Ucu helps to construct houses on a piece rate basis or goes fishing in a canoe with fish lines or a net. Relatives and friends provide Pak Ucu with the means to fish: a son of an *adik* (younger brother or sister) of the mother of his wife financially helped Pak Ucu to buy a large canoe (*koli-koli*) and a net on the promise of a fifty-fifty share in the harvest. Another canoe used by Pak Ucu is owned by a Butonese friend who also 'lent' him four fishing lines. A third but smaller canoe next to the house of Pak Ucu belongs to an Ambonese friend. Finally, Pak Ucu wanted to buy a small motor boat from a

friend in Ambon City at a price of Rp. 750,000 to trade fish and wood between Ceram and Ambon island, suggesting that he and Ibu Muna repay the debt in monthly instalments of Rp. 50,000.

Pak Ucu and Ibu Muna mobilize the help of relatives also for other purposes. Sometimes Pak Ucu simply sends his children to one of their uncles or aunts to ask for money for school or food expenditures. One uncle always buys new shoes for the children. Pak Ucu has a younger sister who is a primary school teacher, and an older brother who is employed as a driver by the Office for Religious Affairs. Ibu Muna has one brother who is a subsistence fisherman, and five sisters married respectively to a soldier, the captain of a fishing boat, the driver of a truck transporting fuel, and a civil servant working at the Office of the Governor. While we did not use or discuss the concept at all during our conversation, Pak Ucu concluded after some reflection about the help of their friends and relatives: "yes indeed, there is still *gotong royong* here".<sup>8</sup> Ibu Muna added in this connection that her mother who is a widow living in Tulehu, owns a house in Ambon City that she rents out for Rp. 750,000 per year. Part of this sum she uses to financially support her daughter.

Through the sale of self-made cookies and fish (caught by Pak Ucu) Ibu Muna every now and then supplements the household income. When three of her children were in hospital, she had to use her savings from the petty trade of cloves (*beli cupa*) to pay the bill. When her husband was ill for some time, she intensified the sale of self-made cookies. Petty but still important activities of Pak Ucu are raising goats and collecting honey. The next subsidiary activity of Pak Ucu will be to show up at regular intervals at an office somewhere in Ambon City: the kin of his wife have arranged letters that will enable him to become a civil servant. Pak Ucu does not care where he is stationed but he thinks a regular though minimal income is important.

*Pak Mad and Ibu Ica* (Case 5 of Appendix 3.3) have nine children: seven boys and two girls. The four oldest are married and live elsewhere. The married boys live in Tulehu, the girls on other islands. The five youngest children still live at home. One of them is married but still lives in his parents' house with his wife.

Somewhere in the kitchen Ibu Ica keeps seeds of *durian* in a basket. According to her, these seeds are good enough substitutes for groundnuts if you clean, dry and roast them. However, she apologized saying that it was the food of the poor. Likewise, the juice of *belimbing* fruits (carambola) is her substitute for *asam*, "which I then do not have to buy in the shop". Every

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8. The common translation of *gotong royong* is mutual assistance. John Bowen (1986) warns, however, that the concept of *gotong royong* has "entered into local category systems with a highly specific meaning (obligatory labor), in striking contrast to the all-encompassing sense (mutual assistance) given to it in national discourse" (p.549).

now and then Ibu Ica sells cigarettes and home-made cookies in front of her house. She cannot smoke fish behind the house anymore because her (married) daughters now live elsewhere. Her youngest two boys are not of much help to her. Jamilu, the married son who still lives in their house, is also not very helpful. Sometimes he works as an assistant on a minibus but this is not to financially support his mother. Another son of about 14 years once used the canoe of one of their neighbors to catch fish, without informing the owner. The man got really furious and Pak Mad had to step in, explaining that his son was only *cari hidup*, which literally means 'to search to live'.

The married son Hasim, who lives one block further, is a fisherman. Every now and then he brings fish to his mother. More importantly, he and his wife take care of their grandmother. Hasim is a very active fisherman who earned more than Rp. 100,000 in three weeks from the sale of fish. In the same period his wife earned Rp. 60,000 as a fish trader. Another child of Ibu Ica is also helpful: before the fasting month her daughter Awia who married a primary school teacher of Kulur, sent her several fruits, coconuts, tuberous roots, a bag of rice, wood and some money. Finally, her eldest son, Yakhya, sometimes gives his mother a share of his income from the harvesting of sago trees.

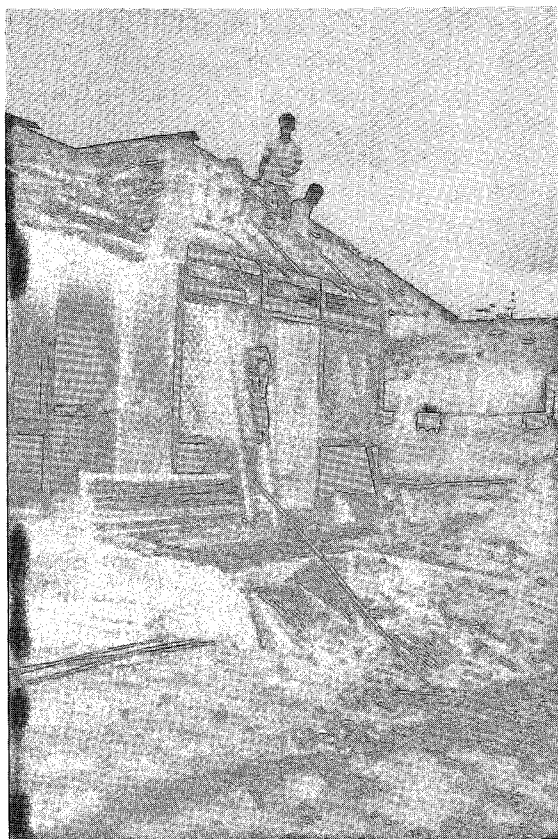
The husband of Ibu Ica, Pak Mad, primarily makes money from harvesting of sago trees. He has worked together with his neighbor Pak Lem, his son Yakhya and the Butonese La Pari (who was adopted by an Ambonese when he was still a child). It takes (at least) two to do the job: one for cutting the tree, one for washing its pith. The owner of the trees gets two fifths of the total harvest. The rest is for the contract laborers. When Pak Mad and his partner have produced five baskets, they go home to rest from the hard work. Most of the buyers of their share come from the neighboring village of Tengah-Tengah. One basket costs Rp. 2,000 to Rp. 2,250.

Pak Mad is a fisherman, too. One cannot continuously cut sago trees as this is too exhausting. He was once a crew member of a fishing boat but was fired by the owner who accused him of theft. With a canoe, fishing line and sometimes a fishing net, he catches small fish not far from the shore. The owner of the net is one of his relatives. The front room of the house of Pak Mad is completely covered with another, thick and huge net. He bought it many years ago with credit from his brothers at a price of Rp. 2 million. On very rare occasions Pak Mad used this net, keeping him much indebted to his brothers.

Not only his unmarried children, but his married ones also give him concern every now and then – forcing him to suspend his search for money and/or to find extra ways to make money. When his daughter on Ceram was seriously ill (malaria), he fetched her to rest in his house. We gave her our strongest medicines and, fortunately, she gained some of her strengths. After a few days at home, Pak Mad brought her to the nearby hospital to

recover. A few months previously she also paid a visit to her parents: she had delivered a baby but unfortunately her child had died after a week and was buried next to the house.

His son Jamilu wanted a divorce from his wife as he had found another lover. Jamilus wife was furious and hurt the new lover very badly. Four lads carried the wounded woman to the house of Pak Mad. The local police put Jamilu instead of his wife into prison because "we cannot jail a lady". Pak Mad asked Jamilu who still lived in the house of his parents to make up his mind and proposed to him that he should go to his uncle in Ujang Pandang. Pak Mad sold *tanah pusuka* for Rp. 700,000 to finance the journey and the cost of living expenses of his son and new lover in Ujang Pandang. This sale greatly upset his younger brother, Pak Mance, as he was not informed at all.



Photograph: Pak Mad is repairing the sago roof of his house with the help of two of his sons and one of their friends.

*Pak Mance* knew everything about his brother, *Pak Mad*, as he used to live directly behind him. However, not long before *Pak Mance*, his wife *Ibu Radia* (Case 3 of Appendix 3.3) and their five young children, had moved to a new concrete and zinc roofed house in *kampong Pahlawan*, mirroring the growing social distance between the two brothers. *Pak Mance* is very often on the road as a driver, reducing his contacts with his brother to a minimum. *Pak Mance* used to be a bus driver bringing home 'shopping money for mother' every working day and a large sum at the end of the month. Now he is the chauffeur of the Head of the Sub-district *Salahutu*, the *Camat*, and gets Rp. 6,000 to 10,000 per day.

*Ibu Radia* is a fish trader earning about Rp. 6,000 per working day. She seems to know how to make and save money as the financing of her new house illustrates. *Ibu Radia* estimates the total costs of the nearly finished house (excluding sand, cigarettes and food) to be in the region of Rp. 4 million. For this purpose she has saved money in a tin, kept underground, with which she has bought construction materials every now and then. *Ibu Radia* is also a member of an *arisan* of 11 women who trade in fish or vegetables. All members, except one who has two shares, contribute Rp. 2,000 per day to a fund that is distributed every 5 days. When she draws her lot (amounting to Rp. 120,000 every 60 days in 1989), she largely uses it to buy house construction materials. From the start of this *arisan*, she has received the fund seven times.

*Ibu Radia* is very business-like. This does not mean, however, that kinship relations no longer matter. On her way from the shores and old harbor of *Tulehu* to her new house, she often passes her old neighborhood to chat with relatives and to discuss business with her niece, *Ibu Jija*, who is one of her regular retailers.

### Conclusions

The different ways of getting and using money, resulting in differences in living conditions, and related processes of social integration and disintegration of these neighbors and kin are striking. Whereas *Pak Achmad* has moved to a new house with concrete walls and proudly walks around in his official suit, his older brother *Pak Arib* seems not to have the financial means to pay costs involved in the traditionally cooperative construction of a sago palm house or to replace his worn out clothes and those of his children. Both brothers get money through a combination of activities that, however, sharply differ: *Pak Arib* sells subsistence goods and his labor on an ad-hoc basis whereas *Pak Achmad* raises cattle and is a civil servant earning a monthly income and payment in rice. Their wives are even more of a contrast: *Ibu Ja* 'works' as a civil servant and acts penny-wise whereas the wife of *Pak Arib* does not even sell home-made cookies on the street and, according to her neighbors, only wastes the little income from her husband.

Pak Achmad and his wife seem to have understood how to save and invest money — avoiding or minimizing the money claims of relatives by transferring money into house construction materials and by participating in a savings club. Pak Arib and his wife are not able to put effective money claims on Pak Achmad or his wife, but neither they do want only to live a 'pure' subsistence life harvesting and eating fish and sago. They are selling sago produce more as a means to survive in an evolving money economy.

The ways of getting and using money of the brothers Pak Mance and Pak Mad also greatly differs. Pak Mance earns a daily income as a driver whereas Pak Mad sells subsistence goods and jointly owned land without even consulting his brother Mance, symbolizing the growing social distance between the two. Ibu Radia, the wife of Pak Mance, earns a daily income as a fish trader and accumulates money as a participant of a savings club. Ibu Ica, the wife of Pak Mad, only occasionally sells cigarettes and cookies in front of the house. Pak Mance and Ibu Radia have regularly invested in house construction material, like Pak Achmad and Ibu Ja. Both these two thriving and team-like couples have moved from an Ambonese core quarter to a new Butonese-Ambonese one as if to distance themselves (potentially) demanding kin and subsistence-based life-styles. The refusal of Pak Achmad to accept the interest payment from a new neighbor, a Butonese, suggests that Pak Achmad wants to develop friendly and 'equal' relations with his Butonese neighbors. Generally speaking, this refusal reflects the wider processes of social-spatial integration taking place among the Butonese and Ambonese of Tulehu.

The ways of getting and using money of the 'movers' seem to differ greatly from those of the 'stayers'. Ibu Jija has also invested a lot in house construction material, using remittances from her ex-husband to build a house for her yet unmarried oldest daughter (see Appendix 3.4 for an overview of postal remittances from relatives living elsewhere in Indonesia or in the Netherlands). At convenient times she smokes fish behind her house. Her ways of getting and using money much reflect her role as the caretaker of her old parents and young children. Relatives enable her to fulfil this social security function: brothers and sisters, including a 'mover' like Pak Achmad, provide food and/or domestic help; relatives of her ex-husband give her temporary harvest rights; and her niece, Ibu Radia, who is another 'mover', provides her with fish to smoke at home.

Other 'stayers' are the two old people, *nenek* Sitti and Pak Ibrahim, who do not enjoy the presence of relatives nearby. They make a little money themselves selling peanuts and *atap* leaves. They also borrow money from neighbors, buy goods on credit from shopkeepers and sell the right to harvest their nutmeg trees to a Butonese. Their one and only son, who is a civil servant, gives them regular financial support and has given his parents a part of his bank loan.

A final 'character' in terms of getting money and mobilizing social networks is Pak Ucu, another stayer. He is a jack-of-all-trades, fishing at sea, laboring as a carpenter, collecting honey for sale, and joining the ranks of civil service, without knowing where he will be working. He borrows fishing equipment from relatives and Butonese friends living in other quarters. Some of his relatives, and those of his wife, provide Pak Ucu and his wife with money to pay for food and school expenses, and they have helped Pak Ucu to become a civil servant.

Relations of kinship and neighborhood, of autonomy and dependency, have been restructured as a result of the different ways villagers get and use money. It would be a mistake to conclude that general processes of commoditization and monetization have reduced the significance of social relations of kin and of contacts between neighbors to nil. The social and socio-spatial impacts of these processes can, however, not be denied. For some villagers, getting and using money has implied a strengthening and greater dependency on kin and friendship relations at a time of increased money circulation and money needs. Other villagers have developed ways of getting and using money that result in decreasing dependency on kin-cum-neighbors.

I would argue that the ways of getting and using money of the neighbors and kin described in this section give a fairly good impression of the variety of such ways among Ambonese villagers of Tulehu. Still, there are some large omissions – again underlining the endless ways of Tulehu villagers to get money. First, a very small minority of well-to-do Ambonese involved in transport has not been included (see pp. 103-107: 'Buses and Bosses'). Second, the cases lack data on migrants who together make up about one third to a half of the village population and are very active in agricultural trade, mechanized sago processing, fishery, shopkeeping and transport (see pp. 79-107).

### Houses with Concrete Walls

One of the largest expenditures for the villagers of Tulehu is the construction of a house with concrete walls and zinc roof. This section outlines the different sources and strategies of Ambonese to finance the construction of such a house, including some of the more recent and rather unique ones in Tulehu, and summarizes their social implications.

Whereas some 20 to 25 years ago nearly all villagers lived in a house with walls of *gaba-gaba* (sago palm stalks) and a roof of *atap* (sago palm leaves), nowadays many more people live in houses with concrete walls and zinc roof as Table 3.1 illustrates. I have arbitrarily selected three blocks of houses in three Ambonese quarters: *kampong* Baru, *kampong* Tengah and *kampong* Lama. Every block is bordered by a street or small river.

Table 3.1: Features of houses of three blocks in Tulehu<sup>1</sup>

Walls/roof	Block I	Block II	Block III	Totals
C/Z	16	21	26	63
G/A	20	8	20	48
C/A	9	9	14	32
G/Z	1	0	0	1
totals	46	38	60	144

<sup>1</sup> C means concrete and/or lime-stone walls; Z means zinc roofs; G means *gaba-gaba* walls (sago palm stalks); A means *atap* roofs (sago palm leaves).

Source: Own field research.

The combination of concrete and/or lime-stone walls with a zinc roof is the most popular. Most walls are made of concrete or lime-stone. Lime-stone walls can be 30 to 40 years old and, more importantly, made of locally available material. Walls of *gaba-gaba* last no more than 5 to 10 years. The most popular material for the construction of a roof is still *atap*.

For a common house with concrete walls and a roof of zinc, one needs 100 to 150 bags of cement and 100 to 150 plates of zinc. This implies that total costs for cement and zinc (in 1989) varied between Rp. 1,250,000 and Rp. 1,850,000 (see Table 3.2 and Table 3.3). The total will amount to a few millions more when one has paid the artisans and the next phases of the

Table 3.2: Retail prices of a sheet of zinc in the period 1982-1989

Year	18 mm	20 mm	22 mm	35 mm
1982	1,750	1,800	1,900	2,750
1983	1,750	1,850	1,900	2,900
1984	2,100	2,200	2,300	3,500
1985	2,850	3,000	3,150	4,300
1986	3,200	3,250	3,400	5,000
1987	4,000	4,200	4,500	6,500
1988	5,000	5,200	5,650	8,250
1989 <sup>1</sup>	oop <sup>2</sup>	6,100	6,750	oop

<sup>1</sup> 1989 means November 1989; all other years: January.

<sup>2</sup> 'oop' means out of production; the sheet of 22 millimetre was to be replaced by a sheet of 25 mm.

Source: The administration of an ironware store, Jalan AV Patty, Ambon City.



Table 3.3: Retail Prices (in Rp.) of Cement per Bag (40 kgs.)

Year	Price
1974	1,650
1978	2,150
1982	2,500
1983	4,350
1988	4,800
1989	5,550

*Source:* The accounts of ironware store owners of Ambon City, except the figure for 1982 that was mentioned by a villager of Tulehu who built his house in that year.

house construction, such as the plastering of the walls, the laying of a concrete or tiled floor, ceiling, window-frames and doors.

Two students assisted me in interviewing 29 owners of houses with concrete walls and a roof of zinc. All couples living in these houses were Ambonese except in six cases: in five of these cases both husband and wife, or one of them, was Butonese. In one case a Sumatran man lived in the house with a Chinese women. Only 12 of the 29 houses were finished completely. In the other houses the ceiling had still to be constructed (17 cases), the walls plastered (9 cases), window frames put in place (7 cases), floor yet laid (7 cases) and in one case even zinc plates were not put on top of the house. Still, the construction of most houses had started more than a few years ago: eight owners started in the 1970s, ten in the first half of the 1980s, ten in the second half (one in 1986, five in 1987, four in 1989) and one in 1990. The average number of bags of cement bought per house is about 137 whereas the average number of zinc plates bought per house is about 122. None of the 29 owners, except one, had borrowed the house construction material from the supplier (in contrast to the Sumatran shopkeepers) but had paid in cash. However, the material was bought in piecemeal and, consequently, the house was built in phases.

### *Finance Strategies*

At least seven sources and strategies can be distinguished among the Ambonese to finance the construction of a new house, of which I suspect at least three to be more widespread in Tulehu than in other villages: the sale of agricultural produce (notably cloves), the sale of the right to harvest clove trees for a number of 'good seasons' (see Chapter 2) to Butonese migrants, the sale of land, Dutch salaries or social security payments, the hiring of

houses to students, daily income from non-agricultural activities, and the hiring of houses to Sumatran and Chinese shopkeepers. The latter three sources seem typical for Tulehu, as it hosts many migrants, students and opportunities to earn a daily income from non-agricultural activities. I will now provide some cases of the (combined) use of sources to finance house construction and then provide more details about two typical sources in Tulehu.

The following three cases illustrate the different ways of financing house construction by people living next to each other. Pak Hassan Tuasalamony has been working on his 'new' house on a step-by-step basis since 1977. It is the first house after the pillars that welcome you to Tulehu village. The ceiling, floor, windows and plastering on the walls are still lacking. Now three students from the Kei islands live in the house and each pay a rent of Rp. 6,000 per month. To buy construction material he sold the right to harvest clove trees to Butonese and, after consultation with his brother, some of their land (*tanah pusaka*). The building of the house has cost him Rp. 3.5 million. Pak Hasan is now repairing engines of minibuses.

The house next to Pak Hassan was built in 1980. The owners have eight children and are both teachers. The construction of their house cost Rp. 3 million. In 1979 they had a very good clove harvest: they sold four bags of cloves (60 kilogrammes each) at a price of Rp. 11,000 per kilogramme, totalling about Rp. 2,640,000.

The next house belongs to Pak Hi. Kadir. He is 70 years old and has been to Mecca seven times. He was born in the neighbouring village of Tengah-Tengah but did not return to his birth place after his stay of nearly 40 years in the Netherlands. He does not want to live too close to his relatives because then 'gossip will start'. His house is a small palace, locally called a *rumah Belanda*. It has cost him about Rp. 15 million. In 1980 he came back from the Netherlands with Dfl. 13,000 to build his house. He now enjoys two pensions (one as a former KNIL-soldier, one as a former employee of a Dutch industrial plant) and his wife also has a pension, together these amount to Dfl. 2,000 per month.

### **Step-By-Step House Construction**

The overall picture from the interviews with the 29 owners is that their daily income from non-agricultural activities is either the one and only source to finance house construction or is the main source of income next to income from the sale of agricultural produce, that is, cloves and in one case, nutmeg. This is surely a shift from the time when for many villagers the clove harvest provided the single opportunity to buy all the material to construct a new house. The following case provides an illustration of an increasingly common practice.

Pak Ibrahim Ohorella and his wife are living in a new house with concrete walls and a zinc roof. They tore down their old sago palm house and employed artisans to build a new house on the same site. The house is not yet finished: the walls have still to be plastered and there is neither a ceiling nor concrete or tiled floor. Step-by-step the house is being constructed. Their strategy has been to make and save money for a while, then to buy house construction material (to be stored for quite some time in their house), and finally to hire artisans to build first the foundation, then the walls, roof or an inner part of the house. The wife of Pak Ibrahim smokes fish to be sold at the fish market of Ambon City. Pak Ibrahim collects coconut bast for the smoking activities of his wife. "We have to work very hard to pay for the house" says Pak Ibrahim whereas, according to him, the owner of the concrete house right across the street had only to change currencies. It is a so-called *rumah Belanda*, a house of an Ambonese woman living in the Netherlands. The couple are also very outspoken about *masohi*: "this mutual support system only gives you a head-ache. The helpers do not work efficiently, make a lot of noise and can hardly stand comments. Besides, the expenses for food and cigarettes are quite substantial."

### *Hosting Shopkeepers*

Not only Butonese but also Sumatran, Javanese and Chinese migrants play an important role in financing the construction or rather the upgrading of houses of Ambonese people. These other ethnic minorities are the largest shopkeepers of the village (see pp. 96-103) in need of a proper place to live and to work. In return for the right to live and work in the house of an Ambonese, the guest shopkeeper must repair the house-cum-shop and/or put zinc plates on the roof. The owner and shopkeeper agree on a fictive annual rent and then calculate for how many years the rent has been paid on the basis of the price of house construction material used. This contract is very common and should be seen as an alternative way for the Ambonese of Tulehu to make money and sustain a new standard of living in times of a conjunctural decline of the agrarian economy with meagre clove harvests and low prices (see also Chapter 2).

In nearly all cases of renting and upgrading of houses by Sumatran entrepreneurs, their Chinese wholesaler is indirectly involved. He gives the bags of cement or zinc plates to his clients on credit up to Rp. 1.5 million at a zero rate of interest. What he expects, of course, is that the borrower will continue buying goods from him. One of these borrowers is Pak Yan. This Sumatran man and his wife settled in Tulehu few years ago. They started a shop and rented a house for this purpose. Recently, they replaced the *atap* roof with about 100 plates of zinc of Rp. 6,250 each. The annual rent was set at Rp. 125,000, which means that the rent has been paid for five years. The

Sumatran couple were provided the plates by their Chinese supplier, Pak Yau.

Ambonese also rent their places to meet quite large and more incidental money needs. They do not want to get paid at fixed intervals as the following cases demonstrate.

Pak Sum and his wife run a shop in a rented house. The Sumatran shopkeepers did not have to upgrade the house when they moved in six years ago. Instead when the owner is in need of money, he comes to their shop to ask for a rent payment.

The mother-in-law of Ibrahim Tuasomony is a widow. She was the fifth wife of her late husband. Her husband had been to Mecca but she did not want to go. She preferred to invest in the house from the sale of cloves, coconut and tubers. When the new house, built next to the old one, was finished her husband died. Now she rents the place to Sumatran shopkeepers and when she is need of money she asks them to pay the rent. Twice a Chinese shopkeeper has approached her to buy land but she has refused. She considers ownership of the land more imporant than buying, for instance, a car from the sale of it. According to her, such a consumer item will break down and then she and her children will have nothing left.

The next cases suggest that renting of a house to migrant shopkeepers might not be a strategy to upgrade a house or be a source of income for the Ambonese for very long.

Pak Upik Wir is a Sumatran shopkeeper. His wife runs their first shop while Pak Wir is in the second one. They have rented the elderly house (*rumah pusuka*) of Ambonese people for seven years. He does not pay a monthly rent but has replaced the *atap* roof with plates of zinc at a price of Rp. 1.5 million. He bought the plates on credit from his wholesaler, the Chinese Pak Yau, and repaid the sum along with his regular payments for goods. Pak Wir does not want to rent the place forever. His plan is to buy land (to build his own house) when the contract is over.

Ibu Suarso lived 20 years in Ambon City and 7 years now in Tulehu. Ibu Suarso and her husband run a popular restaurant. In Tulehu they first rented a house paying the owner in kind: they replaced the *atap* roof with zinc plates. Some years ago they bought land and built their own house.

### ***Conclusions***

The Ambonese of Tulehu have different options to get money to finance the construction of a house with concrete walls, that are not limited to the sale of agricultural produce or rights to harvest clove trees to Butonese traders. Some rent their houses to migrant shopkeepers or to students, others undertake non-agricultural activities enabling them to build a new house piecemeal. None of them seem to resort to bank loans to buy house construction material although investigation among civil servants indicated

that some of them do indeed do so (see pp. 69-79: 'Civil Servants Spending Future Income').

One might distinguish two general and social implications of these ways of the Ambonese to finance, construct or upgrade a house. First, in many instances, house construction has implied closer contact between Ambonese and migrants (traders, shopkeepers, students) by concluding long-term contracts with each other. Second, non-agricultural activities (in trade, transport and civil service) have dramatically affected mutual relations between Ambonese villagers. In contrast to the other sources, these activities do not allow for instantaneous financing of a new house. What happens is that villagers periodically transfer their daily cash savings or part of their monthly income into house construction material. This strategy is not only practical but also quite effective in neutralizing money claims of relatives and friends. Both this 'illiquidity' strategy, besides the refusal to accept the labor input of relatives for the construction of a house with concrete walls, has implied the erosion of social bonds among relatives and friends.

### Higher Education and Close Kin

The investment in the education of one's children is given high priority by many Ambonese. Although it is difficult to generalize as to a ranking order of priorities for the village population – also because expenditure patterns differ from investment to investment in terms of volume and periodicity – one can say that higher education and housing are popular investment priorities that increasingly force parents to make a choice. Because new houses are more and more financed and built in stages, investment in houses increasingly competes with investment in higher education, which also demands quite substantial amounts of money at regular intervals.<sup>9</sup>

Tulehu offers much as an educational centre. There are 10 primary schools with about 2,700 pupils, 2 junior high schools (SMP), 1 secondary high school (SMA with 910 pupils in October 1989, of which 705 were Islamic and 205 Christian), a school for religious teachers (PGA), an Islamic faculty (IAIN) and a general university on Islamic grounds. Also, Ambon City and the University of Pattimura are within easy reach. This section reviews the participation and investment in higher education of Tulehu youngsters, that is, beyond high school: the Islamic faculty and general university of Tulehu but, more often, universities outside Tulehu, like those of Ambon City, Ujung

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9. Not surprisingly, the chairman of the village cooperative advised harbor laborers, who were the shareholders of one of his cooperative shops, to concentrate on housing when their children were still young and then to invest in higher education.

Pandang and Jakarta.<sup>10</sup> It is based on structured interviews held by two students with 46 fathers and mothers, who live in one of the three core *kampong* of Tulehu. The 46 couples together had 288 living children of whom were 155 boys and 133 girls; 46 children had died. The average number of (living) children per (nuclear) family was 6.3; out of every seven children that born, one died. Of the total number of 288 children 68 are now at primary or high school and 113 are either enjoying higher education, have graduated or stopped their studies, with salient differences according to sex as Table 3.4 shows.

The total number of boys who have ever studied is nearly twice as high as the number of girls. Possibly, parents regard investment in the education of their sons more important or appropriate than investment in the education of their daughters. Knowing that the average number of children per (nuclear) family is 6.3 in our sample, we can conclude from Table 3.5 that parents prefer (or are able) to invest (more) in the higher education of elder children.

Table 3.4: Number of children (of 46 fathers and mothers) who have finished, are busy with or have given up their studies, classified according to sex

	<i>Finished studies</i>	<i>Busy with studies</i>	<i>Stopped studies</i>	<i>Totals</i>
girls	9	24	6	39
boys	23	30	21	74
totals	32	54	<sup>11</sup> 27	113

Source: Own field research.

10. This is not to say that primary and high school are not interesting in financial and educational respects. The monthly school fee at the primary level (SD) is Rp. 600 and Rp. 300 per month for every following child belonging to the same family. Monthly school fees at junior high school (SMP) and secondary high school (SMA) are respectively Rp. 1,300 and Rp. 2,500 per child. In addition, a school uniform is supposed to be worn by every pupil. The costs of material vary from Rp. 10,000 (SD) to 25,000 (SMA) per person and a village tailor charges Rp. 5,000 per uniform. Finally, many children demand pocket money (Rp. 50 to 100) from their parents to buy sweets, ice or snacks. Parents who have four children going to school are not unusual in Tulehu. Such parents face daily expenditures of up to Rp. 400, monthly ones of up to about Rp. 7,600 and annual costs of close to Rp. 100,000.

11. The following reasons were given for quitting: boredom resulting in failure (8 cases); lack of money (6 cases); marriage (5 cases); got a job (5 cases); others (3 cases). Lack of money is neither the only nor the most frequent answer given by the respondents.

Table 3.5: Distribution of 113 children who have ever studied according to their ranking as oldest child, second oldest, etc.

<i>Ranking</i>	<i>Number of children</i>
no. 1	25
no. 2	23
no. 3	21
no. 4	18
no. 5	11
no. 6	9
no. 7	4
no. 8	2
no. 9	0
no. 10	0
total	113

Source: Own field research.

Table 3.6: Distribution of students according to price of semester money (in Rp.)

<i>Price of semester money<sup>1</sup></i>	<i>Number of students</i>
less than 25,000	40
25,000-75,000	16
75,000-125,000	23
125,000-175,000	21
equal to or more than 175,000	4
unknown	9
total	113

<sup>1</sup> Prices have not been indexed to inflation.

Source: Own field research.

### **Expenses**

The largest single expenditure per half year is the semester money (see Table 3.6). A very costly daily expenditure concerns transport. In Table 3.7 an overview is given of these costs calculated on a monthly basis. Only a limited number of students hired a room at annual prices of up to Rp. 100,000 (14 cases), between Rp. 100,000 and Rp. 300,000 (5 cases) and more

Table 3.7: Distribution of students according to costs of transport (in Rp.)

<i>Monthly expenditures for transport<sup>1</sup></i>	<i>Number of students</i>
less than 5,000	7
5,000-15,000	12
15,000-30,000	14
30,000-45,000	19
45,000 or more	19
no details	42
total	113

<sup>1</sup> Prices have not been indexed to inflation.

Source: Own field research.

than Rp. 300,000 (5 cases). With regard to the costs for the practical training (*Kuliah Kerja Nyata*) at the end of the study very often no details were provided: only in 35 out of 113 cases of students, could data be given or were remembered: in 22 cases the KKN costed between Rp. 50,000 and Rp. 100,000. Eight students had to pay between Rp. 100,000 and Rp. 150,000 and five had to pay more than Rp. 150,000. In a few cases 'other costs' were extremely high. A thesis cost Rp. 350,000 to Rp. 500,000. In many cases 'other costs' varied between Rp. 25,000 and 50,000 per month but were not specified.

### *Financial Supporters*

With regard to financing education the following picture emerges: parents and older sisters or brothers are the main 'investors' (see Table 3.8). On average there were two types of financial supporters involved in financing the education of the children of a 'nuclear family'. Table 3.9 provides an overview of the sources of income that were mobilized by the supporters to finance higher education. One can conclude that on average nearly three sources of funding were mobilized.

The following case demonstrates how much the funding of higher education depends on personal and changing circumstances: Gustama Ohorella studied economics at Universitas Pattimura from 1981 to 1987. His older brother financed his education until Gustama married in 1983. He then had to look for money himself and worked occasionally as a conductor on a minibus. His wife started selling vegetables at the market place of Tulehu. The school fee (*uang semester*) was about Rp. 12,000 per half year.



Table 3.8: Number and features of supporters who finance costs of higher education

Type of financial supporter	Number of cases <sup>1</sup>
parents	43
older brother of sister of student	22
older brother of sister of parent(s)	8
self	7
government support	7 <sup>2</sup>
total	87

<sup>1</sup> One case refers to a 'nuclear family' with one or more (former) students.

<sup>2</sup> The seven cases include two cases in which support (*beasiswa*) was provided on a monthly basis (respectively Rp. 60,000 and 35,000 per month) and five cases in which a subsidy was given for the practical work involved (DIP, *Daftar Isian Proyek*).

Source: Own field research.

Table 3.9: Sources of funding for those supporting higher education

Sources of funding by supporters	Number of cases <sup>1</sup>
Salary from civil service	26
Sale of agricultural produce	23
Income as an entrepreneur <sup>2</sup>	22
Income as a wage labourer <sup>2</sup>	14
Sale of right to harvest clove trees	13
Pension payments	12
Loan of parent from bank	4
Sale of fish	2
Remittances from relatives in the Netherlands	2
Loan of parent from boss	1
	119

<sup>1</sup> One case refers to the different sources of a father and mother (and in case of death of only one of them) for one or more (former) students.

<sup>2</sup> I define here an 'entrepreneur' as a self-employed person running a bus company or selling petrol, fish or vegetables whereas a 'wage labourer' is defined as someone who is employed by a large entrepreneur, like an owner of a bus or a speedboat.

Source: Own field research.

Costs of transportation by bus were Rp. 1,000 per day. The fee for the practical period (KKN) at the end of the study was Rp. 75,000. If Gustama went to university four days a week, 40 weeks a year in a period of six years, his total costs would have been more than Rp. 1 million. Very often, however, Gustama saved on his largest expenditure, that is transportation, by sitting in the back of a truck or not going at all.

The profile of those financially supporting higher education is that of a very close relative who enjoys a regular income as an active or retired civil servant (together 38 cases) and/or as a self-employed person or wage labourer (together 36 cases). Another important but less regular and predictable source of income of this close relative is the sale of agricultural produce or the rights to harvest such produce (together 36 cases), as the following transaction shows. In 1985 Pak Serapudin Umarella leased some clove trees (for five good seasons at a price of Rp. 200,000) to the Butonese La Macid to finance the higher education of a child of his brother. According to him, 75 percent of the owners lease their trees for this purpose.

In 25 out of 46 cases 'mother' makes money from the sale of home-made snacks or as a very small shopkeeper. However, this activity is not mentioned as a source to finance higher education. Making clothes, trading cloth, fish or vegetables are mentioned as the job or activity by which mothers make money in 10 cases. In two cases the mother is a primary school teacher. In the remaining cases 'mother' was classified as a house wife, a farmer or considered jobless.

In only one case 'mother' is mentioned as the one and only supporter because 'father' had died long ago. The standard and most common response to who paid the expenses for higher education was 'parents'. It would, however, be too easy to conclude that mothers and their economic activities do not play a role in the financing of the education of their children. The cases of fish trader Ibu Radia (see p. 54 of 'Old and New Neighbors'; pp. 88-96: 'Fishery, Fish Trade and Migrants') and the entrepreneurial wife of teacher Nahumarury (see pp. 69-79: 'Civil Servants Spending Future Income') suggest that those women who are active as petty traders, selling vegetables, fish or cloth, in fact, provide additional income enabling the financing of the education of their children. Possibly, the common response of 'parents' implies that father and mother do not consider the financing of the higher education as the financial responsibility of either one of them. Another implication might be that financing is being paid from a 'common pot' to which both father and mother contribute (see also Appendix 3.3, Outline C).

Although one of the basic motives for investing in the education of one's children is probably to enable them to get a well-paid job and/or a job with a regular income, also with a view to guaranteeing old age security (see pp. 45-56: 'Old and New Neighbors'; F. and K. von Benda-Beckmann 1995), higher education is not the one and only stepping stone as the following cases demonstrate.

Ibu Hi. Seri has eight children. The youngest four go to school: two to junior high school (SMP) and two to secondary high school (SMA). Total school fees are Rp. 7,000 per month. She buys the school uniforms from the head of the school who acts as an intermediary in the sale of uniforms. The uniforms are paid in three monthly instalments. None of her four eldest children have studied at a university: one is a civil servant at the Office for Education and Culture in Tulehu, another is a policeman on Irian Jaya, the third and fourth work on Java for respectively Garuda airways and an industrial company.

Mochtar is one of the sons of Pak Ibrahim Pary and his first wife Ibu Sitti Lestahu. He has been in college at Darussalam University for five years but recently had to stop because of lack of money. His older brother who studies mathematics at Universitas Pattimura has been given the opportunity to continue. Mochtar does not care much: his theory is that it is much easier to find a job with an SMA certificate than with a university degree. Within two months he will start working at the Office of the Governor in Ambon City. His father and brother work at the Sub-district Office for Education and Culture.

### *Conclusions*

The financing of higher education is a matter for close kin: fathers and mothers and/or a brother or sister of the student finance his or her costs of education. Non-agricultural sources of income are very important not only to actually finance the higher education, but also to enable a student to continue studies when the clove harvest is disappointing, clove prices are low (as in the second half of the 1980s in Tulehu and many other villages) and/or income from the sale of rights to harvest trees has been already spent.

The common practice of parents to financially support higher education of their children, and their sons in particular, suggests that many Ambonese want their children to become white-collar workers, in contrast to the much-heard view among youngsters that private jobs are much better than the civil service because of daily income flow. Probably, many parents are much more aware of the value of a job that provides a minimal but secure income that can always be supplemented with income from 'private' work (see the case of Pak Ucu on pp. 50-51). Not only the child or children might profit from this secure income (in cash and rice) but the parent(s) in old age as well, enjoying financial support and rice gifts from their children (see pp. 45-56: 'Old and New Neighbors'). A diploma is sometimes not even necessary to become a civil servant. Whereas students are dependent on their parents and brothers and sisters for the financing of the costs of higher education, they have to rely on a wider social network of relatives and acquaintances to get a job as a civil servant (with a degree or not).

### Civil Servants Spending Future Income

When I asked three young Ambonese men about what they would consider the most ideal job, they instantly replied 'private jobs' because "in that case you get money every day". However, the old Pak Hi. Nahumarury, who owns a few buses and is fully aware of the uncertainties related to his private enterprise, swears by the job of a civil servant. And he has sound reasons for it. The salary of a civil servant implies a low but regular income for a person (and his or her household) as well as a basic food supply.

A young civil servant (rank 1A) earns about Rp. 25,000 per month. A senior servant (rank 4A) earns around Rp. 200,000. The wage of a male civil servant is increased five percent when he is married and by two percent for every child – with six percent as the maximum. A civil servant not only receives a regular wage but also ten kilogrammes of rice per month per household member up to a maximum of three children. Tulehu has 376 civil servants (see Table 3.10), many of whom live in Tulehu.

The rather low income of a civil servant implies that a white collar job can only be one source of income for an individual or household member who wants to make ends meet. Strangely enough, the rather secure income of a civil servant implies a dependency on other sources of income and/or other household members making money (see above and also: Benda-Beckmann et al., 1994). A civil servant might also have to borrow money or buy goods on credit to meet specific needs. Banks and shopkeepers are very 'helpful' in this connection. They consider civil servants as a reliable category of borrowers because of their regular income.

*Village shopkeepers.* My survey among 54 shopkeepers of Tulehu indicated that 20 of them regularly provided goods on credit for between 2 to 10 civil servants. Neither the Ambonese nor the migrant shopkeepers could be said to have a particularly strong interest or an outright reservation in providing goods on credit to civil servants. Ambonese shopkeepers can hardly resist the claims of relatives, irrespective of their occupation. Migrant shopkeepers are generally very hesitant to provide consumer goods on credit to Tulehu villagers as there are so many shops in Tulehu and nearby Ambon City to which borrowers-cum-customers can resort – not repaying their debt. Only women who buy a few kilogrammes of rice on credit to make rice snacks, are trusted by some migrant shopkeepers. Short-term transactions are involved: the next day the debt is repaid and often a new loan is offered. (For more data on shopkeepers: see pages 90-97).

Table 3.10: Number of civil servants per office located in Tulehu

<i>Name of government service</i>	<i>Number of employees</i>
Subdistrict Office ( <i>kantor Camat</i> )	17
Village government	5
Police	59
Military	4
Bank Rakyat Indonesia	1
PLN (electricity)	4
Harbor Office	5
Post Office	4
Dolog (rice procurement)	unk
Agricultural Office	6
Horticultural Office	4
Public Hospital	13
Health Centre ( <i>Puskesmas</i> )	5
Office for Religious Affairs	7
Office for Education (PK)	41
Child care (TK)	1
Primary School (SD) I	5
Primary School (SD) II	5
Primary School (SD) III	9
Primary School (SD) IV	4
Primary School (SD) V	8
Primary School (SD) VI	2
Primary School (SD) VII	3
Primary School (SD) VIII	3
Primary School (SD) IX	6
Islamic Primary School (Madrasa)	2
Junior High School I (SMP)	22
SMP (private)	11
Secondary High School II (SMA)	63
MTSN	16
PGA	16
University of Darussalam (UD)	18
Islamic Faculty (IAIN)	7
total	376

Explanation: MIN: Madrasa Ibtidaiya Negeri (primary school level); MT: Madrasa Tsanawiya (junior high school level); PGA: Pendudukan Guru Agama (secondary high school level); IAIN: Institut Agama Islam Negeri (faculty level); UD: the University of Darussalam is a university on a religious basis (*yayasan islam*).

Source: Data collected by field assistant (August 1989) who visited every office.

*The Village Unit of the Bank Rakyat Indonesia.* One of the five target groups<sup>12</sup> of the general credit program for villages (KUPEDDES) of the BRI are salaried people (*pegawai yang berhasil tetap*). The BRI unit in Tulehu village that was opened on August 15, 1987, has provided most of its loans to civil servants: in January 1990 more than 90 percent of the borrowers of this BRI unit<sup>13</sup> were government employees. Loans are to be repaid in 12 monthly instalments with an interest of 2.0 percent per month. A quarter of this interest is paid back and put into an individual savings account if the borrower has repaid principal and interest within one year.

Financial controllers or treasurers of government agencies play a key role in the repayment of loans to the BRI unit in Tulehu. The bank agrees with its client that the financial controller gets the right to deduct monthly repayments from the pay-roll to be paid to the bank. Maybe even more important, at least from the point of view of the bank, is that the administrative handling of the repayment by the financial controllers saves the bank a lot of overhead costs.

The BRI unit in Tulehu does not only concentrate its lending efforts on civil servants working in Tulehu or Salahutu sub-district. In January 1990 the bank supplied credit to 822 civil servants working in 67 schools and offices on Ceram (Kecamatan Haruku, Saparua, Nusa Laut (Pulau-Pulau Lease) and Ambon island (Kecamatan Salahutu) (see Table 3.11).

Although it is very difficult to assess how bank loans are actually being used, the following information from the borrowers and/or their superiors provides some clues. What makes the data reliable is that the offices employ only a limited number of employees who seem to know about each other's home situation and debts – especially those from the BRI that are written down for an office as a whole by their financial controller on a monthly basis.

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12. The others are: trade, industry, agriculture and services. If one applies for a loan from the BRI for one of these activities, one needs to submit copies of: a trade licence, the licence of your office or shop, ownership titles of either movables such as a speedboat or immovables such as land or buildings and a personal identification card. You also need to submit a letter of recommendation from the village head and a proof of payment of the land and building tax.

13. See chapter 4 for more information about this village unit of the BRI and its savings program in particular.

Table 3.11: Monthly instalments collected from local government agencies by the BRI village unit of Tulehu<sup>1</sup>

Local government agency	Number of debtors	Principal	Interest payment	Instalment <sup>2</sup>
MT Tulehu	15	516,701	124,099	640,800
Guru TK Nusaniwe	2	104,167	25,033	129,200
SD 12 Ambon	5	187,500	45,000	232,500
SD Waimahu	5	212,533	50,967	263,500
SD Seriawan	5	162,533	38,967	201,500
SD Tihulale	4	112,567	27,033	139,600
SD 1/2 Hutawa	20	658,201	158,099	816,310
SD 1 Kamarian	9	291,700	70,000	361,700
SD 2 Kamarian	5	141,733	33,967	175,700
SD 1 Oma	12	341,634	82,066	423,700
SD 2 Oma	7	216,666	51,934	268,600
SD Kailolo	6	191,634	46,066	237,700
SD 2 Pelau	4	112,433	26,967	139,400
SD 1 Haruru Sameth	6	179,134	43,066	222,200
SD Al Khairatory	5	158,266	37,934	196,200
SD 2 Porto	6	275,000	66,000	341,000
SD 2 Waimital <sup>3</sup>	5	183,267	44,033	227,300
SD Inpres Waimital <sup>4</sup>	8	237,400	57,000	294,400
SD Inpres Pakarena	2	104,167	25,033	129,200
SD Inpr Rumah Tiga	4	245,833	58,967	304,800
SD Inpr 2 Rohomony	5	145,801	35,099	180,900
SD Inpres Kairatu	9	354,134	85,066	439,200
SMP Tulehu	19	416,635	100,165	516,800
SMP Tulehu	12	301,504	72,299	373,800
SMP 2 Thamahu	29	766,402	184,198	950,600
SMP 1 Pelau-Kariu <sup>5</sup>	23	579,069	139,231	718,300
SMP 2 Pelau-Kariu <sup>6</sup>	13	399,936	96,264	496,200
SMP Saparua	12	412,534	99,066	511,600
SMP 3 Saparua	23	583,369	140,231	723,600
SMP Kairatu	23	675,069	162,231	837,300
SMP 5 Kairatu	7	158,267	38,033	196,300
SMP Waai	10	233,334	56,066	289,400
SMP Suli	19	587,500	141,000	728,500
sub-total	339			

<sup>1</sup> Loans were disbursed between June 1989 and January 1990 to serve the fifth target group of the KUPeDES, that is, regular wage earners.

<sup>2</sup> The instalment is a cumulative figure of all monthly instalments of those employees of a particular government agency (column 1) who are indebted with the BRI village unit of Tulehu.

<sup>3</sup> Loan volume: Rp. 2,200,000.

<sup>4</sup> Loan volume: Rp. 2,500,000.

<sup>5</sup> Loan volume: Rp. 7,350,000.

<sup>6</sup> Loan volume: Rp. 4,800,000.

Table 3.11 (continued)

Local government agency	Number of debtors	Principal	Interest payment	Instalment
SMP Suli	21	649,167	155,833	805,000
SMP Oma	23	633,268	152,132	785,400
SMP Aboru	5	183,332	43,868	227,200
SMP Titawai	8	266,668	64,132	330,800
SMP 2 Ihamahu	7	212,467	51,033	263,500
SMA Pulau Kariu <sup>7</sup>	14	399,967	96,033	496,000
SMA Kairatu	16	520,800	125,000	645,800
SMA Tulehu	41	1,493,794	358,536	1,852,330
ST Saparua	18	687,433	164,967	852,400
ST Saparua	19	729,100	175,000	904,100
SKB Kairatu	3	116,667	28,033	144,700
PGA 89 Ambon	9	281,667	67,633	349,300
Kantor Kec. Salahutu	87	2,722,273	654,027	3,376,300
Kantor P&K Kec. Kairatu	13	325,001	78,099	403,100
Dep P&K Kec. Saparua	16	541,664	130,136	671,800
P&K Kec. Salahutu	17	456,601	109,699	566,300
Polres PP. Ambon & Lease	34	1,015,700	243,800	1,259,500
KODIM 1504 (SARBINT)	7	354,168	85,132	439,300
Pelabuhan Waipirit	5	183,333	43,967	227,300
Pelabuhan Hunimua	7	237,467	57,033	294,500
Kanwil Perhubungan Darat	22	695,767	167,033	862,800
Puslat Pur/Dodiklat Suli	6	250,001	60,099	310,100
LLAJR Kodya Ambon	14	391,634	94,066	485,700
KPLP Pos Pelabuhan	4	170,034	40,866	210,900
Kantor Syahbandar Tulehu	4	166,668	40,132	206,800
Balai Pom Ambon	2	108,333	25,967	134,300
Kantor Pos dan Giro Tulehu	3	291,666	69,934	361,600
RSU Tulehu	11	358,301	86,099	444,400
Puskesmas Kairatu	4	145,867	35,033	180,900
Kanwil Pertanian Tg. I <sup>8</sup>	4	unknown	unknown	unknown
Rutan Saparua	4	108,333	25,967	134,300
Disbun Promal	14	425,067	102,033	527,100
Dinas PU Promal	7	183,201	44,099	227,300
Kejari CAB Saparua	4	104,200	25,000	129,200
sub-total	483			
total	822			

<sup>7</sup> Loan volume: Rp. 4,800,000.<sup>8</sup> Only total loan volume was included in the report: Rp. 1,550,000.

Source: BRI unit of Tulehu, monthly report of instalments of January 1990.



The compound of the local police consists of 59 policemen of whom 20 are indebted to the BRI (as per November 1989). Some policemen frankly and quickly specified the use of the loans as follows:

- motor-bike 5 persons
- marriage 5 persons
- holidays 4 persons
- working capital 2 persons
- education 2 persons
- medicines for parents 2 persons

According to the *Camat* of Sub-district Salahutu, his 17 clerks, who have all been indebted to the BRI, used their loans for the following purposes:

- to supplement their salary 7 persons
- house construction 4 persons
- education 3 persons
- working capital 2 persons
- marriage 1 person

Nine out of 13 employees of the hospital of Tulehu were indebted to the BRI in December 1989. According to the business manager they used the loans for the following purposes:

- house construction 5 persons
- medicines 2 persons
- holidays 1 person
- baptism 1 person

According to the head of the Sub-District Office for Education and Culture, 25 out of the 41 employees of his office were indebted to the BRI (in January 1990). The most popular uses of the loans were payment of house construction materials, education and medicines.

*Toko Modern Baru.* Civil servants are also an important target group of toko Modern Baru, a family consortium of Chinese shopkeepers based in Ambon City. Their 'units' sell luxury consumer goods (motors, scooters, fridges, furniture, TVs, radios) as well as house construction material. Goods are repaid in 6 (house construction material), 10 (radios, TVs) or 36 monthly instalments (motor, scooter). Their huge pile of computer printouts listing all debtors, and the codes used to classify offices and their employees, suggest that this shop supplies goods on credit on a large scale. A clerk of the consortium informed me that toko Modern Baru serves 325 offices and schools.

However, debtors are simply called buyers and interest rates are hidden as instalments do not specify principal and interest. Also, an unspecified number of cash loans are provided, to be repaid in 10 monthly instalments against an interest rate of 4.5 percent per month. One of the directors of the consortium explained that this rather high rate of interest is necessary because no hard collateral is included in cash loans to civil servants. Information from customers who have bought a motorbike or scooter at toko Modern Baru suggests that the monthly repayment for such a vehicle includes an interest rate of about 1.5 percent per month.

### ***Kantor Camat***

The financial controller of the Office of Sub-district Salahutu is responsible for the administration of the salaries of the 17 employees of this Office and the 291 primary school teachers of the Sub-district (who are all paid from an account at the Bank Pembangunan Daerah Maluku). She also plays a key role in the repayment of the loans of these civil servants to the BRI unit of Tulehu and toko Modern Baru of Ambon City. Her list of debtors to the BRI credit program KUPEDES as per December 1989 consists of 93 persons (see Table 3.12): 3 civil servants of the Office and 90 primary school teachers of the Sub-district, that is, 66 women and 27 men.

Bank criteria prescribe that the monthly instalments may not exceed one third of the monthly salary. This implies that more than 50 percent of the civil servants of Table 3.12 earn less than Rp. 95,000 per month; more than 90 percent earn less than Rp. 160,000 per month.

The primary school teachers of the Sub-district of Salahutu are also popular with toko Modern Baru. According to the computer printouts of the monthly instalments, 81 primary school teachers from Salahutu Sub-district were indebted to this shop as per December 1989 (see Table 3.13). In total 251 of the 291 primary school teachers (86.25 percent) have at some time or other borrowed luxury goods or money from toko Modern Baru.

The *Camat* or administrative head of the Sub-district Salahutu is another key player in the provision of loans to civil servants working in his Sub-district. He has to sign a letter stating that the borrower from the BRI is a civil servant. Toko Modern Baru uses another incentive to guarantee repayment: both the *Camat* and his financial controller get two percent of the total amount repaid each month. They each got a bonus of Rp. 82,580 in December 1989. According to the *Camat*, the bonus was much larger in the past amounting Rp. 140,000 per month. The letter of guarantee and the bonus payments mean that credit transactions of civil servants reinforce relations of mutual dependency between the *Camat* and his financial controller on the one hand and his servants on the other.

Table 3.12: Monthly repayment, total repayment and loan volume of debtors of the BRI as administered through the Office of the Sub-district Salahutu

<i>Monthly payment of principal and interest</i>	<i>Total repayment (in 12 monthly instalments)</i>	<i>Loan volume</i>	<i>Number of debtors</i>
17,600	211,200	170,400	1
20,700	248,600	200,004	16
22,800	273,600	220,800	1
24,800	279,600	240,000	1
25,800	309,600	249,600	11
29,000	348,000	280,800	1
31,000	372,000	300,000	18
36,200	434,400	350,040	2
41,300	495,600	399,996	12
46,500	558,000	450,000	3
51,700	620,400	500,004	20
62,000	744,000	600,000	1
77,500	930,000	750,000	3
103,300	1,239,600	999,996	3
			93

Source: Angsuran Kredit Umum Pedesaan (KUPEDES) Untuk Pegawai Berpenghasilan Tetap, The Office of the Sub-district of Salahutu, December 1989.

A comparison of the list of the BRI (December 1989) and the list of toko Modern Baru (December 1989) shows that quite a few civil servants, mostly school teachers, borrow from toko Modern Baru as well as the BRI: the first and last name are the same on both lists in 20 cases.<sup>14</sup> Maybe they took a second loan because they were confronted with a sudden expenditure after they had taken the first loan. Possibly, one of their relatives has asked them to borrow money on their behalf from the BRI and/or toko Modern Baru. Finally, borrowing from two sources might also be a short-term strategy directed at fulfilling one debt with another.

14. This includes the *Camat* himself. He has borrowed Rp. 1 million from the BRI to finish the construction of his house. He has also borrowed Rp. 200,000 from toko Modern Baru to be repaid in 10 instalments of Rp. 29,000 each. This means that the rate of interest charged by this shop is three times the rate of interest of the BRI. However, the *Camat* emphasized that toko Modern Baru supplies credit within one day whereas the procedure of the BRI takes more than one week.

Table 3.13: Monthly instalments, total repayment and loan volume of clients of toko Modern Baru as administered through the Office of the Sub-district Salahutu

Monthly instalment	Total repayment (in 10 instalments)	Loan volume <sup>4</sup>	Number of debtors
22,000	220,000	150,000	2
22,500	<sup>1</sup> 225,000	175,000	1
29,000	290,000	200,000	16
32,000	320,000	220,000	1
36,500	365,000	250,000	8
43,500	435,000	300,000	18
50,000	500,000	340,000	1
51,000	510,000	350,000	2
58,000	580,000	400,000	9
60,425	<sup>2</sup> 725,100	<sup>5</sup> no calc	1
65,500	655,000	450,000	2
66,750	<sup>3</sup> 333,750	270,000	1
72,500	725,000	500,000	11
87,000	870,000	600,000	6
108,750	1,087,500	750,000	1
116,000	1,160,000	800,000	1
			81

<sup>1</sup> In 6 monthly instalments.

<sup>2</sup> In 12 monthly instalments.

<sup>3</sup> In 5 monthly instalments.

<sup>4</sup> The column on loan volumes has been deducted from the available data on total debt and number of instalments; the rate of interest is assumed to be 4.5 percent per month leading to rounded figures in all but 18 contracts. In 14 of these 18 contracts Rp. 2,500 seems to have been added to the total sum to be repaid – making this sum a rounded figure.

<sup>5</sup> No calculation: the monthly rate of interest of 4.5 percent cannot be used to derive the original loan volume.

Source: The Office of Sub-district Salahutu, Daftar Tagihan Angsuran Per Instansi: S.D. Kec. Salahutu (December 1989) issued by toko Modern Baru, Ambon City.

Whether two loans or one, the monthly and automatic repayment of instalments implies that the civil servant and other members of his/her household have to economize on daily expenses and/or sustain other money-

generating activities during the repayment period, as in most cases the loans are not used to finance investments that generate income (during the repayment period of one year). Borrowing money or goods is to mobilize future income that simply cannot be spent twice. The following case (no. 2 of Appendix 3.3) provides an example of how civil servants and their husbands/wives face the debt period.

Pak Guru Nahumarury is head of one of the nine primary schools of Tulehu. He has nine colleagues of which only one is a man. Three of his colleagues borrow at the BRI and three at the shop Modern Baru.

More than three years ago he bought a scooter at Modern Baru to be repaid in 36 monthly instalments of Rp. 63,850 each, totalling Rp. 2,298,600. If the scooter was quite cheap and cost about Rp. 1,500,000, then the (flat) rate of interest was close to 1.5 percent per month. Currently, he is indebted to this shop for a 10-months loan of Rp. 500,000. The monthly instalment is Rp. 72,500 (including an interest payment of 4.5 percent flat rate per month).

The school teacher has a monthly wage of Rp. 279,000. Still, this is not enough to cover the monthly school expenses of his children (Rp. 90,000), food expenses (Rp. 5,000 per day), repayment of debts (Rp. 72,500 per month), an insurance premium, and other expenses, such as funeral and marriage gifts. Besides, he is being regularly approached by parents of his pupils to pay the school fees.

His wife works at the vegetable market and sells cooked banana every now and then. She describes her activities as *bantu suami*, that is, to help my husband. Ibu Guru buys vegetables from Butonese living up the hills and bananas from Butonese traders at the shore. She does not want to cultivate vegetables herself because then "I do not have a daily income to give *uang jajan* to my children". Pak Guru and his wife have seven children including two students.

A final source of income for Pak Guru and his wife is to rent a house to migrants. Pak Guru owns the land on which a Chinese shopkeeper built a new shop-cum-house. The investment of the Chinese in the construction of the house counts as payment of the rent for 10 years. They also once rented some space to a professional agricultural trader for one year.

### ***Newest Credit Facilities in Tulehu for Civil Servants***

On December 15, 1989, the managers of toko Modern Baru opened a Bank Perkreditan Rakyat (BPR) in Tulehu, called 'Modern Express'. The management had decided that cash loans would no longer be provided through their shops in Ambon City. At the time only civil servants could borrow from the bank. Loans were disbursed for 10, 12 or 15 months against a flat rate of 3 percent per month. The first 155 borrowers were primary school teachers of Ambon City, that is, known customers of their shops. The bank manager wanted to compete with the local BRI unit desa by offering

better services. The BPR was open from 9.00 to 13.00 hours and requires the signatures of the head of the primary school, financial controller and a high official as well as photocopies of an identity card and labor contract, before it could process a loan application.

### ***Conclusions***

The daily presence of more than 350 civil servants in Tulehu, their widespread use of bank loans and loans from an urban shopkeeper, and the increase of bank credit facilities, can be seen as 'expressions' and 'outcomes' of increased money circulation affecting the village life of Tulehu and its inhabitants. The group-wise distribution of loans of the village unit of the Bank Rakyat Indonesia and an urban-based consortium of Chinese shopkeepers to civil servants have intensified relations of dependency between the head of the Sub-district Salahutu and his financial controller and civil servants of this Sub-district. Credit transactions have reinforced patron-client dimensions of relations between high- and low-ranking civil servants.

Another social field where relations of autonomy and dependency have changed as a result of credit transactions concerns the household. Civil servants indicate that they use bank loans for very different purposes including daily expenditures; investment in 'human capital' (medicines, education), housing and working capital for petty trade; life-cycle events; holidays; and luxury goods. Borrowing from toko Modern Baru serves a more restricted range of purposes: the purchase of luxury goods or house construction material to be paid in monthly instalments. The general picture, however, is that the use of the loans does not generate an income flow during the repayment period. An unintended consequence is greater dependency on other members of the household and/or income-generating activities to 'carry' the burden of debt.

### **Cash Crops, Money Needs and Migrants**

A rather unique but very important source of income for the Ambonese is the sale of rights to harvest trees to migrants. In this section I concentrate on three main types of trees: clove, nutmeg and sago trees (excluding coconut trees that are rarely leased). The cases relate to the harvest and pre-harvest arrangements of nutmeg and sago trees as the pre-harvest arrangements of clove trees have been extensively described in Chapters 2 and 8 and are also dealt with in the sections on housing (pp. 56-62) and higher education (pp. 62-68).

Because of the specific patterns of production of each type of tree, the type and terms of harvest arrangements vary. Clove trees, for instance, yield abundantly once every two or three years, with huge variations from

village to village, and from garden to garden. Pre-harvest arrangements span one or more seasons and might be qualified as long-term but open-ended credit transactions as only a 'good' season counts as repayment (see also Chapter 2). Nutmeg trees show a much more regular pattern of production than clove trees and can be harvested two or three times per year. Pre-harvest arrangements span one or more years and can be characterized as lease contracts with terms stipulated and regular 'use' of the nutmeg trees. Sago trees can be harvested every day of the year. The whole tree is cut which means that too heavy an exploitation of sago forests will put their subsistence and financial functions under pressure. Those who buy the rights to harvest trees, harvest almost immediately after the payment. The trees are bought, cut and carried away. A sago harvest arrangement is thus something close to a buying transaction.

Because the (potential) income from the harvest varies according to the type of tree, the sale of the harvest rights also has a different 'meaning' for the owner in terms of meeting specific money needs. A bumper harvest in a garden with 50 clove trees yields millions of rupiah.<sup>15</sup> Many Ambonese own only a few nutmeg trees. Twenty nutmeg trees will yield no more than a few hundred thousand rupiah in three years. A transaction over sago trees usually involves not more than five trees at a price of Rp. 5,000 to 25,000 each. What these sales of (the right to harvest) trees have in common, is the once-only payment to the owner, in contrast to the regular income sources from the civil service, fish trade and many other non-agricultural activities.

Cloves are an ingredient of the popular *kretek* cigarette. As a result, cloves are a national commodity. Large interests are at stake in the marketing and pricing of this cash crop, involving various public and private agencies (see Chapters 2, 4 and 8) with offices up to national level. In contrast to cloves, the marketing and pricing of nutmeg are not subject to public regulation. The trade in nutmeg is of secondary importance compared to that of cloves. During the harvest season of cloves, the price of nutmeg usually decreases because agricultural traders and shopkeepers prefer to buy cloves. In contrast to cloves and nutmeg, sago is a food crop. It is not a part of inter-island trade in the Indonesian archipelago. But what the buying transactions of these three types of crops in the Central Moluccas have in common is that Butonese migrants are substantially and increasingly involved as the primary buyers.

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15. According to Godoy and Bennett (1990), the average number of clove trees per household is 76 for the Moluccas as a whole. Because their data do not classify these households according to different ownership and usufructuary rights (individually owned land, jointly inherited land, clan-owned land, village land; *sewa pohon*, *beli buah*), it is difficult to say who and how many people enjoy or share the income from the harvest.

### *Large Money Needs and Clove Trees*

The construction of a house with concrete walls and a zinc roof, a journey to Mecca and the education of children at the university level, have been popular investments for clove trees owners after a bumper harvest or the sale of a number of 'good' seasons to a Butonese migrant. However, the new wariness of Butonese to make long-term contracts as a result of decreasing clove prices in the second half of the 1980s in combination with increasing prices of house construction material, expenses to go to Mecca (*Ongkos Naik Haji*) and university fees, have reduced the possibilities for Ambonese to make these large expenditures by exploiting their ownership rights to clove trees. In Tulehu other sources of income are increasingly turned to as has been shown above (in the sections on higher education and housing, pp. 56-68).

### *Small Money Needs and Nutmeg Trees*

The decrease of clove prices during the second half of the 1980s and the lack of bumper harvests in the Tulehu area since 1985, have not made life easier. One of the consequences has been that many Ambonese have decided to sell the right to harvest nutmeg trees to Butonese migrants.

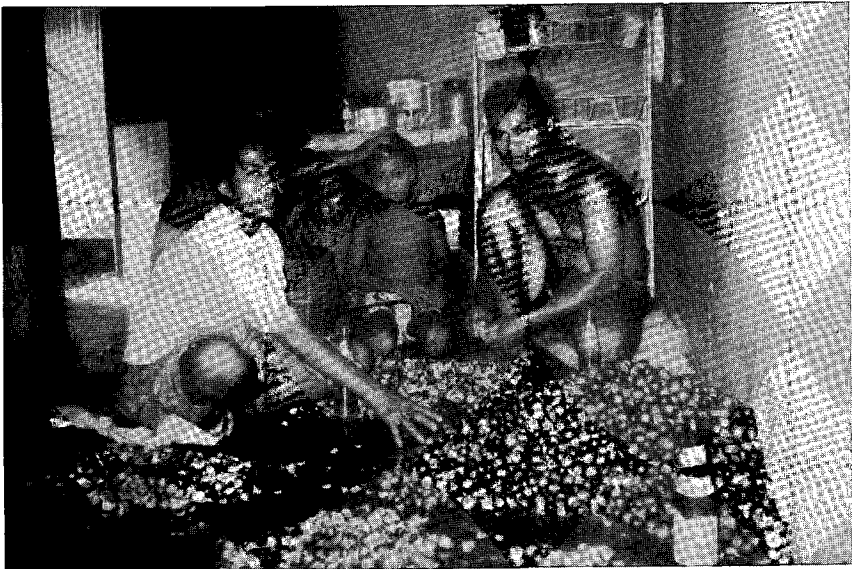
One of the largest tenants of nutmeg trees of Tulehu is the Butonese La Batini. He is about 35 years old and is married to Wa Hanira. They have seven children: the oldest five are at school (primary, junior high and secondary high level). They live very close to the shore in a simple wooden house in the small Butonese *kampung* Air Panas. La Batini wants to buy the land on which he has built the house. He had already paid Rp. 100,000 (of a total amount of Rp. 350,000) to a certain Ambonese but stopped payment when another Ambonese also claimed to be the owner of the land. Valuable assets in the sober house of La Batini and Wa Hanira are a TV and seven huge sacks of nutmeg (see the first photograph in this book).

La Batini 'inherited' a strong position in the trade of nutmeg from his father who had moved to Tulehu when both his shops in Ambon City burned down and he was forced to sell his house. With the financial help of his former 'colleagues', Chinese shopkeepers of Ambon City, he started to buy cashcrops and the rights to harvest nutmeg and clove trees. After he died, the Ambonese in need of money came to La Batini instead.

La Batini and Wa Hanira came to Tulehu in 1979 and now lease 22 gardens (*dusun*). In the period between April 1986 and January 1990 La Batini bought the rights to harvest 339 nutmeg trees from 16 different persons for a total of 57 years at a price of Rp. 1,620,000. In the same period he also paid Rp. 1,680,000 for the right to harvest seven clove gardens for a number of good seasons (*sewa-menyewa*).



Photograph: Three Butonese boys have helped their father to harvest nutmeg. The nutmeg and mace is drying in the sun.



Photograph: A Butonese husband, wife and three of their sons are cracking dried nutmeg in their kitchen.

La Batini prefers to harvest nutmeg trees with his sons rather than hiring other Butonese. His tiny boys climb the likewise tiny nutmeg tree to collect the nuts. La Batini peels the husk from the nut with a knife. His wife takes care of the sun-drying in front of their house where the nuts are spread on mats.

Interviews with the clients of La Batini indicated that lack of close male relatives to harvest the nutmeg trees and fear that youngsters would steal the harvest are strong motives to arrange pre-harvest arrangements with Butonese. In terms of money needs the following reasons were mentioned by the clients:

- to buy food for herself and her husband (see pp. 45-56: 'Old and New Neighbors');
- to pay medicines for the parents;
- to help a younger sister in 'trouble';
- to finance the journey of a child in search of employment;
- to finance the educational expenses of a son;
- to buy a few bags of cement;
- to buy a drivers license.

A transfer of the right to harvest usually involves 10 to 20 nutmeg trees. The price is the outcome of negotiation but depends, of course, on the length of the period and number of trees. It varies from Rp. 15,000 (as, for instance, in the case of a one-year contract for 13 trees); Rp. 80,000 (two-years contract for 10 trees); to Rp. 120,000 (three-year contract for 15 trees). The only case in which the price of the contract was much higher, involved not one but four nutmeg gardens: Pak Hi. Abu was paid Rp. 375,000 for the rental of 60 trees divided over four gardens for a period of two years. He wanted to finance the costs of higher education for his one and only son. Finally, it should be mentioned that some Ambonese simply extend the contract before the existing one has expired.

### ***Sago: The New Cash Crop***

Sago has been the traditional staple crop in the Moluccas. The cultivation of sago and its social-economic significance, however, have gradually changed now that rice consumption has become the standard, and Ambonese face increased money needs to finance this consumption and many other expenses (see Appendix 3.3 for an impression). Sago consumption has decreased and withit the practice of Ambonese family and neighbors to collectively harvest sago trees once every two or three months. To meet small money needs they sell instead the right to harvest these trees to Butonese migrants. Sharecropping arrangements (*maanu*) in which, for instance, a harvest of 20 baskets is divided in 12 baskets for the laborer(s) and 8 baskets

for the owner(s), are not usually preferred: the Ambonese of Tulehu do not want to eat so much sago and, more importantly, want to avoid the claims of relatives on the sago. Butonese claim that buying transactions are more profitable than sharecropping arrangements.

My impression is that less and less Ambonese men know how to cut sago trees. In Tulehu the skill of sago cutting is now concentrated in the hands of a small class of 'professional' sago cutters. Two sub-categories of this class can be distinguished: the first consists of Ambonese and Butonese who cut in the traditionally non-mechanized way using a special hatchet, called *nani*. There are Ambonese who work in teams, Butonese who work in teams and also mixed teams with a Butonese cutting the tree and an Ambonese washing the sago pith. The second sub-category consists of about 10 Butonese who own a machine to mill the sago pith. There are no Ambonese owning such a machine but there are a few who work with them. The following cases provide details on the people involved in both types of sago processing as well as income flows.

Pak Achmad Nahumarury is about 60 years old and has undertaken many different activities to make money: he used to be a driver and then the owner of a bus. He sold his bus when the transport business became too risky with profit margins dwindling. He sold the right to harvest a number of clove trees for three good seasons at a price of Rp. 1,500,000 to finance daily and other expenses when he was ill. He is now one of the few Ambonese who regularly cuts sago trees.

These days he works together with his son Salim and the Butonese La Hamid. Either La Hamid or Pak Achmad buys the right to harvest the trees. A big one, costing Rp. 25,000 produces 40 baskets of sago worth Rp. 2,500 per piece. Villagers of Tulehu usually buy one basket whereas those from the neighboring village of Tengah-Tengah come with their canoes to buy several of them. If Pak Achmad has bought the harvest right of such a tree, then he is paid the first Rp. 25,000 of the produce. The remaining Rp. 75,000 is divided into three between his son, La Hamid and himself. It takes about one week for two to three persons to cut down a big tree, transport it to the place to further process it, peel it, cut the pith into pieces and finally to wash the pith. The price of a sago tree not only depends on the thickness of a tree but also on the distance to the place of work. According to Pak Achmad trees at distant places cost no more than Rp. 7,000 a tree whereas the price of trees located close to the mouth of small rivers where the water-intensive processing takes place, vary from Rp. 5,000 to 25,000.

Pak Achmad also worked with a sago machine together with La Iskari, the Butonese owner of the machine. With a machine, a big sago tree can be fully processed in about two to three days, which implies that unmechanized processing takes twice as long. The gain of time is not so dramatic because only one phase of the production process, the cutting of the pith, takes less time. Mechanized processing is not only faster than unmechanized

processing but also produces a finer flour. According to Pak Achmad, the washing of one bag of such flour is enough to produce one lump of sago whereas one needs two bags of traditionally cut sago to produce the same amount.



Photograph: A Butonese man is grinding sago pith with a machine that rotates an iron brush.

Another Ambonese who has become a professional sago cutter is Pak Hi. Mada, who has been to Mecca and enjoys the high social and religious status of a *Haji*. He buys trees from Tulehu villagers at a price of Rp. 7,500 to 10,000. Most of his customers come from the neighboring village of Tengah-Tengah: they order baskets of sago from him and come to collect them by canoe. According to Pak Hi. Mada, one person can produce two baskets of sago per working day – starting early in the morning and ending at noon. He explains that if a tree yields 24 baskets of sago at a price of Rp. 2,000 per

piece, the net income is about Rp. 40,000. This implies that the monthly income from sago cutting is not more than Rp. 100,000 – assuming a person cuts sago every day of the month, which of course, is quite unrealistic as sago cutting is very tiring. A more realistic figure is an income of Rp. 60,000 to 70,000 on a monthly basis, which seems to be barely or not enough for an Ambonese household consisting of a father, mother and six children to meet minimal money needs, as the case of Pak Mad and Ibu Ica suggests (see pp. 45-56: 'Old and New Neighbors'). This implies that members of such a household have to undertake other income-generating activities or economize on expenses, intensifying their collection of subsistence goods.

The Butonese La Hasim cuts sago trees in the unmechanized way together with one or more of the following persons of his *kampung* Air Panas: one of his sons, a younger brother, a nephew and a neighbouring boy – all Butonese. When they work together, they distribute the weekly income of about Rp. 100,000 on a rotating basis. During the clove harvest season La Hasim is not cutting sago trees but buying cloves-on-the-trees (*beli buah*) or fresh cloves per tin (*beli cupa*).

The sago machines that are used in the village area of Tulehu are located on the banks of the small river bordering *kampung* Hurnala-II. A machine costs Rp. 450,000-470,000. A Butonese recently bought one from his income of the unmechanized sago cutting, fishing, buying cloves-on-the-trees and as a laborer of a Butonese owner of a sago grinding machine. According to one of the laborers a machine can produce 100 small baskets of sago in one week at a price of Rp. 1,000 (during the clove harvest season) up to 1,800 per lump (outside the clove harvest season). The sago is bought in large quantities by urban traders who obviously have other investment priorities during the clove harvest season.

The lack of a standard size of a lump of sago, diversity and distribution of trees, differences in labor inputs (in terms of time and size of working group) and technology used to process sago trees, do not make it easy to draw firm conclusions with regards to the productivity and income per labor unit and it is difficult to assess the impact of more capital-intensive sago production in Tulehu on 'sustainability' of sago forests in both the agro-technical and social security sense (Brouwer 1989 and 1995). It is striking, however, that it is the Butonese who dominate traditional sago cutting and who invest in new sago processing technologies. Another salient feature of sago production in Tulehu is the marketing of it, with people from neighboring villages and traders from Ambon City buying this new commodity.

## Conclusions

The sale of the right to harvest nutmeg trees and the sale of sago trees points to broader processes of monetization and commoditization and to an increased need for daily cash among villagers of Tulehu in particular.

Although sago trees are still plentiful and pre-harvest arrangements allowing Butonese to harvest nutmeg trees can be extended before the end of a contract, the specific lease or buying arrangements are once-only ways of getting money for Ambonese. Because Ambonese use income from the sale of rights to nutmeg trees to buy food, medicines, cement or to provide financial assistance to relatives who need money for educational purposes or a journey, and not for activities or investments that generate an income during the lease period, one might expect that many of them will need to resort to such a sale of rights again in the near future to meet new money needs or claims. Sale of sago trees and the rights to harvest clove trees are, of course, alternative ways to get money, but these do not make the sale of rights to harvest nutmeg trees unnecessary and vice versa. The sale of sago trees yields little cash and the large income from the sale of rights to harvest clove trees is mostly used for housing, higher education or a journey to Mecca. It is striking that Ambonese do not invest their income from the sale of (the rights of) trees in, for instance, sago machines.



Photograph: A place in Hurnala-II where Butonese mechanically grind sago, wash it and then wrap the produce up in small baskets of sago palm leaves.

All this can result in a greater dependency on Butonese migrants as buyers and/or a greater need of Ambonese to sustain or intensify other ways of getting money, for instance, through non-agricultural activities, such as the civil service, trade, shopkeeping and transport. The next three sections provide details about ways of getting and using money by the different actors involved in fish trade, shopkeeping and/or transport of people.

### Fishery, Fish Trade and Migrants

In contrast to the transport of consumer goods from Ambon City and agricultural produce from neighboring islands via the new harbor of Tulehu (Appendices 3.1 and 3.2), no official data exist with regard to the volume of fish sold at the local fish market or transported to Ambon City. Neither do official documents exist on the different networks and arrangements between owners of fishing equipment, fishermen and fish traders, let alone how these networks and arrangements change through time. The lack of information has something to do with the claim of the Ambonese people of Tulehu to share in the 'catch' or in the trade of fish. The harbor master of Tulehu was threatened physically when he wanted the speedboats and fishing boats to moor in the new harbor (in *kampung* Hurnala) instead of the old one (situated in *kampung* Tengah). He did not seem to realize that his proposal implied the breakdown of networks providing many villagers with opportunities to make a living from the trade in fish. This section provides some insights into these networks.

#### *Silent Signs of Subsistence Fishing*

The shore line of Tulehu counts is used by 240 small canoes (see Table 3.14). They suggest that low-technology fishery plays an important role in the provision of subsistence goods and little cash for the Ambonese population. However, a closer look at the distribution of canoes per *kampung* demonstrates that about half of the total number of canoes belong to Butonese. The *kampung* Air Panas and *kampung* Hurnala are Butonese; *kampung* Mamokeng is predominantly Butonese and *kampung* Pahlawan is mixed Ambonese-Butonese. In addition, according to a young and active Ambonese fisherman about two thirds of the owners of the canoes on the shores of the Ambonese *kampung* Baru, Tengah and Lama are rarely or not at all active fishermen.

Probably, one of the reasons why Ambonese are no longer active as canoe fishermen is that fishing conditions seem to have changed: several fishermen emphasized that in the past you were back home before 10.00 hours with a bucket of fish. Nowadays it takes much longer to catch the same number. Critical voices say there is a direct connection between the decline of

subsistence fishing among the Ambonese and the emergence of large wooden rafts (*bagan*) owned by Butonese catching small fish at night in the bay of Tulehu.

Table 3.14: Number of canoes in Tulehu per *kampong*

<i>Kampong</i>	<i>Number of canoes</i>
Air Panas	26
Pahlawan	27
Baru	44
Tengah	16
Lama	14
Mamokeng	58
Hurnala	55
<b>totals</b>	<b>240</b>

Source: Data collected by field assistant (August 1989).

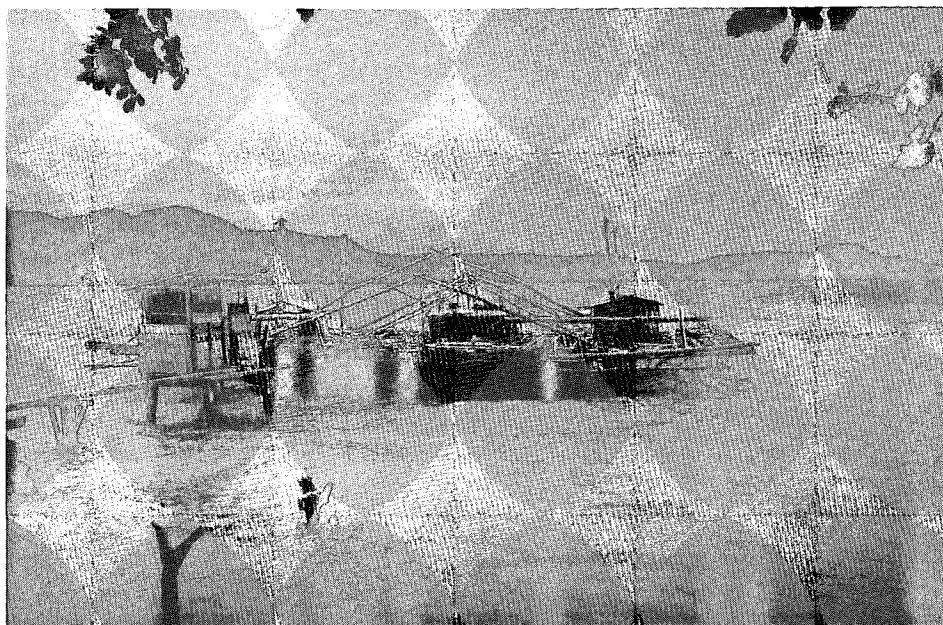
### *The Pivotal Role of Bagan and Sero Gantung*

The *bagan* raft and the *sero gantung* floating house play a pivotal role in the regional fishing economy. In the bay of Tulehu about 20 *bagan* rafts are active whereas close to Ceram and Haruku island many *sero gantung* are in place. Four to six petrol lamps attached to the small house of the *bagan* or *sero gantung* attract small fish at night. Just before dawn the huge net of the *bagan* is pulled together. In case of the *sero gantung* the crew of a motorized vessel (*body*) carefully unleashes a huge net around the *sero gantung* and then pulls the bottom rope closing the net. The harvest of small fish not only provides an income for many fishermen and traders but is also of great importance for tuna fishing that needs these small fish as living bait.

The fish from the *bagan* in the bay of Tulehu is transported to *kampong* Mamokeng by speedboat and then by lorry to Ambon City. Only a fraction – if anything at all – is sold at the local fish market. Most of the *bagan* are owned by Butonese and many of them have enjoyed financial support from Butonese fish traders of Ambon City to build the raft against the promise of future delivery of fish.



Photograph: A *bagan* moored for repair on the shore of Tulehu.



Only a few Ambonese of Tulehu own a *bagan*. One of them is 35 years old and the only child of his parents. To finance the construction of a *bagan* he asked his parents to sell their right to harvest clove trees to Butonese. In 1979 he built his first raft at a price of Rp. 1 million whereas his current *bagan* dates from 1989 and cost Rp. 7 million. He divides the harvest as follows: first, fish for daily consumption is distributed among the crew. Second, a tuna fishing boat is supplied with 10 buckets of small fish – if available – at a price of Rp. 1,500 each. In addition, the *bagan* owner gets 10 percent of the tuna that will be caught. The rest of the small fish is usually sold at Ambon City by a Butonese fish trader who gets 10 percent commission. The remaining 90 percent is equally divided among the owner of the *bagan* and the group of 6 Butonese laborers (*anak kerja*) who watch at night and/or help to catch the fish. Harvests are usually very low during the rainy season (from April till August) and when the moonlight weakens the light of the petrol lamps. Outside these periods the harvest of one night can amount to 20 to 40 buckets with prices at Ambon City varying from Rp. 1,500 to 18,000 per bucket depending on the hour of the day, the total supply and the type of small fish caught.

The fish from the *sero gantung* is transported with the motorized vessel to the shore next to the old harbor of Tulehu in *kampong* Tengah. In contrast to the marketing of fish from the *bagan*, most fish is sold to women fish traders

of Tulehu; a local broker intermediates between the fishermen and the fish traders about the price per basket. The raft of the *sero gantung* is relatively cheap: about Rp. 400,000. The vessel with the motor and the apparatus to hoist the heavy net, however, costs about Rp. 4 to 5 million. Even so, the owner of the vessel does not get a larger share from the sale of the fish than the owner of the *sero gantung*: they get one third each, same as the group of about 20 crew members. This is because the owner of the *sero gantung* comes from the nearby village whereas the owner of the vessel is from another village or Ambon City.

When a vessel with small fish (with, for instance, *ikan momar*, that are about 20-25 centimeter) arrives at the shores of Tulehu, there is a lot of commotion and shouting. Those women who succeed in collecting one of the still empty buckets of the brokers, win the right to buy the fish for cash, not on a credit basis. The local broker has a delicate task. On the one hand he or she wants to set the price at a maximum which means a high commission, on the other hand he or she is more or less obliged to offer a low price to the fish traders who are fellow villagers and sometimes even very close relatives. Two of the three regular brokers are Ambonese men. The third is a woman of half Ambonese and half Butonese origin. In a sense, the broker provides a very special pricing mechanism balancing different social and economic relations.

The idea of distributing fish among a large group of family and neighbors seems not be very popular among small but entrepreneurial fish traders as the following event demonstrates. Once I went with one of my neighbours, the young man Ishaka, to participate in the fishing at a *sero gantung* close to Haruku island. The crew strongly believed that my presence brought them luck as that night they caught more than 50 buckets of small fish. The next morning the price of one bucket was set at Rp. 13,000 at the shore of Tulehu. I was given a small bag of fish and distributed them among my neighbours after my return to Tulehu. However, the wife of Ishaka, a fish trader, did not appreciate this at all. In the first place she was angry at her husband because I was given too little fish as the bringer of good luck. Second, I had made a mistake as well: I should not have distributed the fish among my neighbours but rather to her to sell in Ambon City. The income from the sale could then be used as *uang jajan* (money to buy sweets) for my little son.

### ***Tuna Fishery and Trade***

Wrecks of large ships on the shore of Tulehu remind one of a time when Ambonese were active as tuna fishermen. There used to be eight Ambonese owned boats but in the eighties they all broke down, both in the financial and literal sense, due to what people called 'mismanagement'. The new generation of owners of the motorized boats that often moor in the old harbor of Tulehu, consists of a Butonese living in Ambon City, an inhabitant

from Nolot (Saparua island) and one from Haria (Saparua island), each owning two boats.

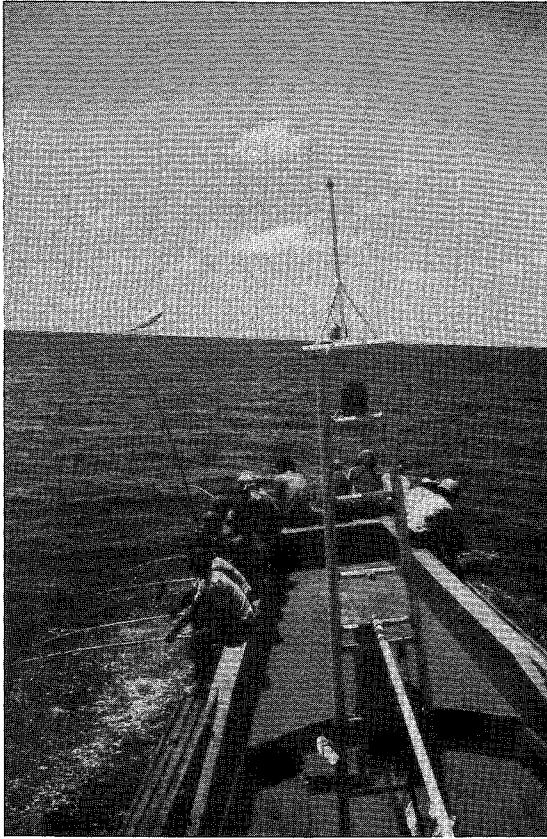
Their boats leave the harbor a few hours before dawn if bait is available at a nearby *bagan* or at midnight if the bait is not. As soon as the sun rises the search for the large tuna fish starts. When the spotter has finally detected a school of surfacing fish with his telescope, the boat quickly approaches the school and makes circles to confuse the fish with living bait. About 20 men then become active using rods with fishing lines, glittering feathers and hooks to catch the fish. In this surprisingly low-technology but effective way more than 1,000 tuna fish can be caught in half an hour. On a lucky day the men can catch as many as 3,000 fish.

The Butonese Hi. La Enta is one of the owners of the fleet from Tulehu. He was born in 1949 and migrated to Ambon City in 1965. In March 1987 he offered the highest bid for a fishing boat at an auction: Rp. 15.5 million. The boat had been confiscated by a bank from a failed Ambonese entrepreneur. According to Hi. La Enta, in the first half of the 1980s it was too easy to get a loan from a bank to construct or buy a tuna fishing boat. One only needed a letter of recommendation from the Office for Fishery. However, the eager Ambonese borrowers very quickly lost the credit of the banks in the literal and symbolic sense and in the second half of the 1980s banks introduced classical collateral standards again, such as ownership of a house or land.

La Enta spent another Rp. 9.5 million to repair the boat and then started fishing tuna – with success. In 1988 he already bought his second boat at a price of Rp. 40 million. Both the first and the second boat were bought without a bank loan. Before 1987 he had been a large-scale fish trader at the Ambon fish market for 11 years. He also owned three motor boats to collect small fish from *sero gantung*. These activities not only provided him with enough resources to self-finance his large investments but also with very useful knowledge regarding the supply of small fish and the organization of the fish market at Ambon City that seem pre-conditions to successfully manage a tuna fishing enterprise.

The catch of the first boat that arrives in the morning in Tulehu is usually entirely transported to Ambon City by lorry. Usually, part of the catch of the next boats is sold to local fish traders. An agent of the owner awaits the boats and decides how many fish can be sold locally. The total number of fish sold locally usually varies between 300-1,000 fish with local prices varying from Rp. 1,000 for three fish to Rp. 1,500 per fish. The agent does not want to transport all the fish to Ambon City because he feels obliged "to give the villagers a chance to live" (*kasih hidup*). Besides, it would be foolish to do so as tuna prices at the Ambon fish market are relatively high when the first fish arrives but decrease when more fish is supplied.

Photograph: A dozen Ambonese men (not from Tulehu) catching tuna fish with rods, fishing lines, glittering feathers and hooks. The men sit at the stem of a motorized boat that makes circles to confuse the surfacing school of tuna fish.



The Butonese La Enta gave an example of the income and expenditures from one boat catching 1,000 tuna fish on one day. In Tulehu 300 fish might be sold at a price of Rp. 1,000 each. At the fish market of Ambon City his retailers might sell 700 fish at a price of Rp. 1,200 a piece. Expenditures include the cost of ice (Rp. 70,000), transport of fish from Tulehu to Ambon City (Rp. 30,000) and commission to the 'brokers' of Tulehu (Rp. 15,000), his agent (Rp. 50,000) and the six small groups of Butonese retailers of Ambon City, each consisting of six persons with every group headed by a relative of La Enta (Rp. 140,000). The gross income less these expenditures is Rp. 835,000 from which La Enta has to deduct 10 percent for the owner of the *bagan* or *sero gantung*. The remaining sum is divided among La Enta (70 percent) and the crew of the boat (30 percent). The Butonese entrepreneur

also has to pay for the crew's food (Rp. 10,000), the living bait (Rp. 20,000), fuel (Rp. 67,500) and oil (Rp. 8,750). The net income of La Enta is then Rp. 419,800 whereas the 20 crew members each get about Rp. 10,000 with a few of them (the captain, the mechanic and the cook) earning Rp. 15,000 or a double share.

There is a group of 7 Ambonese men and 17 Ambonese women who are active as tuna fish traders. Three of them, all men, enjoy the privilege of negotiating with the agent of the boat owner as to the amount and price of the fish, earning a commission of Rp. 50 per fish. They order a number of fish for every interested member of the group, then collect the money and finally pay the agent. In addition, they provide extra-financial services: one of them supplies fuel and another is an engineer providing technical help every now and then.

The group of 24 fish traders includes 6 married couples. Two of the 'singles' are a younger sister of one of the three 'leaders' and two others are close kin of one of the married women. Still, many of the fish traders would not categorize their mutual relations primarily in terms of kin but rather in terms of working relations. That these working relations, however, can result in quasi-kin relations confirms their club *Keluarga Besar Cekalang* (The Big Family of the Tuna Fish) that organized a big party in December 1989. In the preceding four months the 24 fish traders had daily saved Rp. 1,000 each, more than enough to finance the party which cost Rp. 1 million.

### **Smoking Fish**

A final part of the chain for *bagan* fishermen, tuna fishermen and local traders are the 15 to 20 women of Tulehu who smoke tuna fish at their homesteads. They prefer to smoke fish rather than to sell fresh fish at the local market for several reasons: "the income is larger", "the sale of fresh fish takes so long" and "it is easier to combine with domestic tasks". What the women do not take into account is that the smoking itself is rather labor intensive: without any help the smoking of 50 fish can take five hours. Most of them smoke between 25 and 60 fish. In one case a woman smoked 110 fish but she worked together with her younger sister on that occasion.

The women who smoke fish usually have a regular supplier but emphasize that they are not tied to her. The fish trader accepts that she will not be paid until the fish has been sold but this quasi-credit arrangement does not function as a tying device. A fish trader is not always in the business: when there is plenty of fish and/or when a rather high buying price has been set, she might consider the profit margins too low; she also might not be working for a few days for various reasons. If the regular supplier has not bought fish on a particular day, the women who want to smoke fish, will approach another trader. The women who regularly smoke fish do not turn out to be close relatives of their regular supplier but they do live close to

each other: the houses of the fish traders as well as the women who smoke fish are all situated close to the shore and the old harbor of Tulehu which means that they can all nearly see the boats arriving.

### Conclusions

On the one hand the practice of subsistence fishing among Ambonese men seems to have declined, but on the other, Ambonese fish traders have effectively claimed the 'right to live' from the trade of fish. One might say that a subsistence ethic is reproduced by actions of Ambonese fish traders of Tulehu, most of them women but a few men fulfilling key roles as intermediaries, affecting relations with fishermen from other villages and agents of fish traders from Ambon City. The physical threat by Ambonese of Tulehu vis-à-vis local officials who ignore the 'right to live' of fish trade shows that such a right is not self-evident but a point of negotiation and social-normative struggle.

The role of Tulehu fish traders in the regional trade of fish has both weakened and reinforced feelings and practices of sharing fish and income with other villagers. On the one hand they dislike the idea of freely distributing fish among neighbors, while on the other they organize a big party inviting many villagers of Tulehu to share in their wealth. Fish traders also let neighbors smoke their fish, enabling them to make an income.

Two categories of people are increasingly prominent in fishing and the fish trade: Butonese men and Ambonese women. Butonese dominate the *bagan* fishing in the bay of Tulehu. Their limited access to land due to a lack of local-traditional ownership rights and their own fishing tradition, to a large extent explain the 'fishing orientation' of Butonese migrants. The more land-based Ambonese enjoying ownership rights on land and/or trees, have not invested much in *bagan* fishing, that is much more advanced and capital-intensive than canoe fishing. The only Ambonese owner of a *bagan* (in 1989-1990) was the one and only son of his parents, who allowed him to use the income from the sale of the right to harvest clove trees to build a *bagan*. Lack of competitive claims on this resource and the lack of possible future claims from brothers and sisters on income from his fishing, to a large extent explain why he could enter and stay in the business. It would, however, be incorrect to say that the Ambonese have not tried to invest in new fishing technology. Wrecks of motorized ships on the shores of Tulehu remind one of such initiatives that failed due to 'mismanagement' or the inability of the Ambonese owners to run an enterprise and satisfy the money claims of crew and (other) relatives.

The role of Ambonese women in the fish trade is also salient. Of course, many of them have previously sold a few fish in front of their house or at the local market place. These fish were caught by their husbands to serve subsistence and small money needs. The group of women fish traders,

however, buy large quantities of fish from non-kin and sell them at the market places of Tulehu and/or Ambon City. Their daily income is quite substantial: between Rp. 5,000 and 10,000 and sometimes even more. A new 'class' of entrepreneurs seems to have evolved.

### **Shops, Economic Survival and Migrants**

The village of Tulehu contains an exceptionally large number of keepers (see Table 3.15) also attracting many consumers from outside the village. Roughly speaking, one can say that the Ambonese run small shops, whereas medium-sized and large shops are in the hands of migrants, with one notable exception: Butonese migrants, nearly all of whom also run small shops, like the Ambonese (see Table 3.16). Newcomers in the shopkeeping business include a number of cooperative shops of Ambonese, but they are not the only ones. More than half of the existing shops (as of November 1989) started in the period 1987-1989 (see Table 3.15). This does not automatically imply that the number of shops increased dramatically in the second half of the 1980s. A number of shops, especially the smaller ones of Ambonese and Butonese people, might have been started in the first half of the 1980s and given up before 1989. In this section I want to provide some background and detail of these general features of the shopkeepers of Tulehu on the basis of a survey among 54 shopkeepers, conversation with Sumatran shopkeepers and frequent visits to the cooperative shops. First, different ways of financing the shop and stock are described. Then, expansion in the number of Sumatran shops and the increase in Ambonese mini-shops is explained against the background of the fluctuating economy of Tulehu and its regional environment. Finally, the different social bases of cooperative shops of Ambonese are dealt with.

#### ***Sources of Financing***

The survey of 54 shopkeepers showed that the Chinese shopkeepers (6 cases), all but one of the Sumatran shopkeepers (11 cases) and the Javanese shopkeepers (3 cases) rented a place from an Ambonese. All Butonese (13 cases) and all but one of the Ambonese shopkeepers (21 cases) had constructed a small shop themselves. The Sumatran and Javanese usually bought their goods on credit from a large Chinese shopkeeper of Tulehu and/or one or more large Chinese shopkeepers of Ambon City. The Ambonese and Butonese were less privileged in this respect: they usually bought their goods from a large Chinese shopkeeper of Tulehu (and sometimes from a large shopkeeper of Ambon City) but not so often on a credit basis. Only 8 of the 19 Ambonese shopkeepers reported obtaining goods on credit from Chinese,

Table 3.15: Number of existing shops (as per November 1989) per year of establishment and per ethnic category in Tulehu

Year	A	B	J	S	Ch	Totals
1969	1	0	0	0	0	1
1970	0	0	0	0	0	0
1971	0	0	0	0	1	1
1972	1	0	0	0	0	1
1973	0	0	0	0	1	1
1974	2	0	0	0	0	2
1975	1	1	0	0	1	3
1976	0	0	0	0	0	0
1977	0	0	1	0	0	1
1978	1	1	0	1	1	4
1979	1	1	0	0	0	2
1980	0	2	0	0	0	2
1981	2	1	0	1	1	5
1982	1	0	0	0	0	1
1983	3	1	1	2	1	8
1984	0	0	0	3	0	3
1985	0	0	0	3	1	4
1986	2	2	0	3	2	9
1987	7	2	1	3	1	14
1988	6	3	0	5	2	16
1989	17	10	1	6	0	34
unknown	2	1	0	3	0	6
totals	47	25	4	30	12	118

Explanation: A= Ambonese; B= Butonese; J= Javanese; S= Sumatran; Ch= Chinese.

Source: Own field research.

whereas 4 of the 13 Butonese shopkeepers indicated having credit relations with a Chinese shopkeeper.

With regard to the financing of the very first expenses to construct or rent a shop and to buy stock, the following conclusions can be drawn: nearly all 21 Ambonese respondents reported to have paid both types of expenses him or herself; the Butonese gave similar responses except in four cases in which relatives, friends and the large and popular Chinese wholesaler of Tulehu played a role at the very start. The three Javanese respondents had also relied to a large extent on their own means; only one obtained consumer goods on credit from another shopkeeper at the very start. Relatively speaking, young Chinese and Sumatran shopkeepers enjoyed much more often the support of relatives and other shopkeepers, living in Tulehu or



Table 3.16: Number of existing shops (as per November 1989) in Tulehu according to daily turnover and ethnicity

Shopkeeper	Size <sup>1</sup>	Small	Medium-sized	Large	Totals
Ambonese		41	5	1	47
Butonese		23	1	1	25
Javanese		1	2	1	4
Sumatran		2	21	7	30
Chinese		0	2	10	12
totals		67	31	20	118

<sup>1</sup> Daily turnover of a small shop (*pondok*) is less than Rp. 25,000; the turnover of a medium-sized shop (*toko sedang*) varies between Rp. 25,000 and Rp. 100,000 per day whereas a large shop (*toko besar*) has a daily turnover of Rp. 100,000 or more.

Source: Own field research.

Ambon City. One Chinese and one Sumatran respondent informed me they had borrowed from a bank as well, which was not the case from the data on the Ambonese, Butonese and Javanese respondents. A Sumatran respondent used an *arisan* to pay his rent. My conclusion on the basis of general observation of the street vending business and shopkeepers as well as from the case histories of Sumatran shopkeepers of Tulehu is that Sumatrans usually start at the bottom as street vendors (*kaki lima*) whereas Chinese shops are instead clones from a thriving family enterprise.

### ***The Economy Declines But Migrants Expand Their Shops***

*Ekonomi merosot* (The economy declines). This is a much heard complaint among the Sumatran entrepreneurs of Tulehu. It is rather sad for them as they migrated to Tulehu to make money and lead a better life. Of course, Tulehu is a very good choice as it has evolved as a regional trade and transport centre offering many opportunities. The Sumatran migrants have successfully concentrated on the shopping and restaurant business and form the largest group of medium-sized entrepreneurs of Tulehu. However, in recent years their profit margins have decreased as a result of a conjunctural decline of the local and regional agrarian economy with disappointing clove harvests and low clove prices (see Chapter 8). According to many Sumatran migrants it is now of strategic importance to direct all efforts to increase daily turnover. Not surprisingly, many of the Sumatran couples want to start

or have already started a second shop in Tulehu. Also, many of them try to tie more customers in from outside Tulehu through quality services and competitive prices. One Sumatran shopkeeper explained to me that 90 percent of his customers come from other villages. The shops and restaurants of nearly all Sumatran migrants are located close to the old harbor, bus station, fish and vegetable markets, attracting many customers.

There are three very important actions or constructs that have enabled Sumatran to grow in times of economic decline. First, the Sumatran community of Tulehu consisting of 40 households is highly organized: different groups are directed towards fund raising for Islamic festivals, contributing to rotating funds, organization of religious celebrations with, of course, many opportunities to exchange views on business. Second, the Sumatran shopkeepers do not borrow on easy terms from each other. One of them described his relationship with a visiting Sumatran as follows: "Here inside the shop, I am the shopkeeper and he is my client. Outside the shop we are (like) brothers". This normative construct allows Sumatran shopkeepers both to sustain their enterprise and relations with other Sumatrans. Third, nearly all Sumatran shopkeepers enjoy the trust of a Chinese wholesaler who rents a place in Tulehu. He not only provides them with consumer goods at a zero rate of interest but also house construction material (with similar and flexible repayment conditions) if they need to upgrade their rented house (see pp. 56-62: 'Houses with Concrete Walls'). The only 'price' is that the Sumatrans are expected to buy consumer goods from the Chinese wholesaler who has well understood that increasing the numbers of his clientele is a key to growth (see also Chapter 4).

### *Mushrooming of Mini-Shops*

The complaint of the medium-sized shopkeepers about the mushrooming of small shops in Tulehu, together with the appreciation of a past when margins were considerably higher, suggest that the start of many small shops by Ambonese is a recent development (see also Table 3.15). This has also to do with the fluctuating economy of Tulehu and its regional environment. The start of a small shop is not so much an expression of an ambition to become a large shopkeeper but rather the hope of many Ambonese to sustain their increased standard of living in times of conjunctural decline in the local and regional agrarian economy: the boom period at the end of the 1970s when clove prices increased enormously, was followed by many years of low prices in the 1980s, with 1988 as a the lowest 'point'. And to make it even worse: from 1986 till 1989 many Tulehu gardens did not yield abundantly. Small shops are meant to provide an additional income, not a profit to be re-invested in the micro-enterprise. Finally, it should be emphasized that shopkeeping is only one of the many (potential) ways for Ambonese (see pp. 45-56: 'Old and New Neighbors') to make a petty income.

There are many other (related) reasons why Ambonese shopkeepers will remain small and vulnerable under harsh economic conditions. In contrast to the migrant shopkeepers, the Ambonese shopkeepers are not so oriented towards customers from outside Tulehu. They are not concentrated in one particular and busy area but spread all over the village. In fact, the Ambonese shopkeepers are dependent on the modest or weakening purchasing power of neighbors and family. Thin purses, in combination with social relations that exist between the shopkeeper and the client, often lead to easy borrowing, further endangering the capital base of the mini-enterprise.

Butonese, like the Ambonese, are also well represented in the category of small shopkeepers. However, in contrast to the Ambonese, most of their shops are located in the market and transport centres of Tulehu. Also, running a shop is only one of the many economic undertakings of Butonese (see pp. 79-88: 'Cash Crops, Money Needs and Migrants'; pp. 88-96: 'Fishery, Fish Trade and Migrants'; Chapters 2, 4 and 8) who very easily shift from one to another activity. Shopkeeping seems a stepping stone towards agribusiness (trade in cloves) or fishing enterprises (*bagan*). The high rates of 'failure' or relatively short life-cycle of Butonese and Ambonese shops have thus totally different meanings.

### *Cooperative Shops*

Maybe the only possibility for the Ambonese to start and successfully manage a medium-sized shop, avoiding the frequent and burdening credit demands of relatives, is to organize a cooperative undertaking. The 37 members of a religious women's society (*majelis*) have done so. They started their shop immediately after the fasting month in 1988, building up a share capital of Rp. 810,000: nine women bought five shares, four bought three shares and 24 one share of Rp. 10,000 each.

Just before the fasting month of 1989 every shareholder was given twice her contribution to the share capital as well as some rice, sugar and wheat. Most women were not primarily interested in capital accumulation and growth of the enterprise but rather in tangible benefits and means to pay for extra expenses (food, cloth) related to the fasting month. Not surprisingly, many shareholders were upset when the next year the treasurer decided in the absence of the chairlady not to disburse bonus payments to the shareholders. The shop had not performed badly. For instance, in the period between 9 April and 3 August, 1989, the gross income (selling goods) was Rp. 7,314,000 whereas expenditures amounted to Rp. 6,115,350 (buying goods) and Rp. 240,000 salary of the shopkeeper over a period of four months. In the end every woman received consumer goods worth Rp. 5,000 following the advice of the chairlady upon her return.

According to the chairlady, the cooperative shop is an association meant to strengthen social relations between the members rather than a commercial

enterprise directed at making a profit. This directive seems to be a guarantee to sustain, not to expand, the volume of business. The multiple bonds between the members of the cooperative shop and the social-religious authority of its informal board, consisting of five *Haji*, provide a solid basis for this economic initiative. Not surprisingly, the Chinese wholesaler who is very popular with the Sumatran business community of Tulehu, supplies goods on credit to the shop, which is a rather unusual privilege for an Ambonese enterprise. However, the commercial experience of especially the board members (in the trade of cloves and cloth) could also result in an erosion of this social base since some of them suggest giving high priority to expansion of the capital base and operating in a more commercial way.

The shop has three suppliers: the Chinese wholesaler of Tulehu, the village cooperative (KUD) and an itinerant trader travelling by car. In the period from April 9 till August 3, 1989, more than 55 percent (of the total value) was bought (on credit) from the Chinese wholesaler, nearly 30 percent was bought (directly) from the itinerant trader, less than 10 percent from the KUD and about 5 percent was classified as 'KUD and car'.

The cooperative shop is certainly not an effective instrument to avoid or reduce requests from villagers to buy on credit. On August 19, 1989, the debts of 59 non-members totalled Rp. 590,400. Thus, the average debt was about Rp. 10,000 per non-member. The shopkeeper kept three different notebooks of indebted non-members: the oldest book (from December 27, 1988, onwards) contained data on nine women who were still indebted (from 12 transactions) and 45 women who had already repaid their debts; the second book (from April 7, 1989, onwards) listed the debts of 39 women (through 44 transactions) whereas the newest book (from May 22, 1989, onwards) provided details of 11 debtors and their 18 transactions. The final pages of the books show that every now and then the shop also provides short-term credit for funeral and marriage ceremonies. The shop had lent Rp. 360,000, Rp. 88,250 and Rp. 14,600 in goods for different marriage parties and Rp. 115,450 for a funeral ceremony.

Whereas the social-religious *majelis* provided a solid base for the shop of the 37 women, the daily work of 12 harbor labourers provides the social base for their cooperative shop. They belong to a group of 25 harbor laborers (called *Kelompok Biru*) but for various reasons not all laborers want to buy shares in the shop. The 12 men each saved Rp. 1,000 per working day over about 40 weeks (for three working days per week) until the capital amounted up to Rp. 1,460,000. Then they approached the chairman of the village cooperative (KUD) to buy rice, sugar and wheat. The chairman suggested that they operate as one of his consumption units and added more than one million in kind to the working capital. Both parties profit from this cooperation among cooperatives: the 12 shareholders buy cheap consumer goods through the KUD; the chairman of the KUD avails of cheap and enthusiastic shopkeepers when the laborers who work on a rotating basis are

free; the chairman increases the turnover of his KUD; the shareholders enjoy bonus payments right before the fasting month; and are given financial support (from the sale of rice bags) by the chairman of the KUD to buy house construction material (which is quite substantial since every two to three weeks the KUD shops sell about five tons of rice).

### *Conclusions*

Different 'styles' of shopkeeping might be distinguished among Tulehu shopkeepers: Ambonese and Butonese operate in a self-made shop, most of them buying, not taking goods from large Chinese shopkeepers of Tulehu or Ambon City on credit. Most Ambonese run a small shop in order to get small amounts of cash and to sustain a daily money flow at times of conjunctural economic decline. Butonese usually run small shops as a way of accumulating money to start a larger business in fishing or agricultural trade. Ambonese shops are spread all over the village whereas those of the Butonese, like those of all other migrants, are located close to the bus station, old harbor, fish and vegetable markets.

Sumatran, Javanese and Chinese migrants, who run medium-sized and large shops, work and live in rented houses in the business centre of the village. The Sumatran and Javanese usually buy their goods on credit from a large Chinese shopkeeper of Tulehu or Ambon City. Sumatrans are able to sustain good relations with each other and expand their enterprises at the same time, not allowing mutual and multistranded relationships to define business transactions. This normative construct, as well as their mutual and regular exchange of business information, credit supplies from Chinese shopkeepers, and the strategic location of their shops, have enabled them to expand their business at times of economic decline.

The few cooperative shops of the Ambonese but also their many mini-shops that more resemble an individual or household enterprise, imply that a shopkeeper-customer relationship is added to relations of kin, neighborhood and/or friendship among them. My impression is that these former types of relations still affect the shopkeeper-customer relationship, limiting their possibilities to expand their business. Cooperative shops are not so much an attempt to isolate shopkeeper-customer relationships from existing social relations but rather a way to use the 'powers' of friendship of kin, neighbors and/or economic peers as a basis for shopkeeping. These powers should enable the club members or shareholders to better handle claims of (other) neighbors, friends and kin to borrow goods on credit. Shareholders want to see their investment or savings rewarded every year before the fasting month. This is not to say that the shareholders are free from the pressure of friends, relatives and neighbors to borrow goods on easy terms from the shop. Also, the distribution of the surplus is a constant source of disagreement among the shareholders. But power and normative structures related to

relations of kin, friendship and neighborhood among the Ambonese, have clearly been reset.

### Buses and Bosses

The popular means of transport for people, consumer goods and small amounts of merchandise between Tulehu and Ambon City are minibuses. One-way trips take about an hour and cost Rp. 500 per person. A small bus transports 13 to 17 passengers whereas a large one takes 17 to 21 people. A bus usually drives to and from Ambon City three to four times daily. In 1988, 88 persons were registered at the Provincial Office as license holders to operate the 129 buses on the route between Ambon City and Tulehu. In practice, not more than 60 to 80 vehicles are daily active on the busy route. The garages of Tulehu and the verges of the road to Ambon are full of buses to be repaired. Quite a few garages – and in particular the larger ones with better equipment – are run by Sulawesi mechanics.

There are ten active bus owners in Tulehu: four Javanese, three Ambonese, two Chinese and one Sumatran. The ten bus entrepreneurs together own 31 buses. Two of the three Ambonese bus owners are *Haji*. The two Chinese and one of the four Javanese bus owners are shopkeepers. The second Javanese runs a restaurant and the third is a large agricultural trader who owns eight buses. The fourth Javanese has no second major business. He is married to an Ambonese woman which cannot explain the lack of a second business since the largest bus owner, a Javanese, is also married to an Ambonese (also of high social status). The largest Chinese bus owner also married an Ambonese. The wife of the Javanese restaurant keeper comes from Sulawesi.

The following three cases show how bus entrepreneurs finance their investment in buses; their strong commitment to invest in the education of their children; and their dependency on drivers and conductors.

The Javanese bus owner Pak Wazir Suarso, born in 1939 in Ambon City, is the son of a Javanese father and Butonese mother. He was a civil servant for ten years, tailor for five years and driver for one year. In 1972 he bought his first bus at a price of Rp. 1,100,000 and borrowed Rp. 300,000 from the Bank Rakyat Indonesia (BRI) for that purpose. Three years later he bought his second bus for Rp. 2,000,000 – also with a BRI loan. In this way Pak Wazir Suarso expanded his bus enterprise until he owned four buses. But then times changed and he found that his enterprise produced only a very small profit against too high risks. He was too dependent on his drivers and reduced his fleet to one bus. According to Pak Wazir Suarso, ownership of a bus now primarily gives you prestige and generates just enough income for daily food expenditures (*Untung nama, hilang belanja*). He has decided to invest primarily in the higher education of his eight children and has opened a restaurant which requires little investments but guarantees a regular and

rather high income. He estimates the total school expenditures (travelling, rent, school fees) of his children to be Rp. 500,000 per month.

Pak Hi. Mohommmed Ohorella is about 50 years old, has two wives and 11 children. He claims to be one of the few Ambonese entrepreneurs to have remained in the bus business since the 1970s. He claims that about 30 other Ambonese entrepreneurs did not make it due to the continuous tension between the wish to expand an enterprise and to sustain relations with kin and friends making requests for money. Pak Hi. Ohorella has succeeded in staying in the bus business, probably using the largest part of his profit to meet these small requests. Also, his great technical knowledge about car maintenance distinguishes him for many other Ambonese owners of buses and kept his buses running. Three of his buses were bought on dealers credit. The newest bus cost Rp. 24,700,000 and was bought with the help of a bank loan. The dealer and Pak Hi. Ohorella had visited the bank together to request the loan and to convince the bank managers that Pak Hi. Ohorella was serious about buying a bus and was certainly not a newcomer to the business (see also McLeod 1992). The main concern now of Pak Hi. Ohorella is the education of his children. Therefore, he has not yet accepted the offer of his mother to settle in the Netherlands close to her place. He estimates the total school expenditure of his three children who are at universities in other parts of Indonesia to be Rp. 500,000 per month.

Pak Hi. Nuhumarury, who has retired as a civil servant, owns three buses and a taxi. His wife is the respected Ibu Hi. Dia, chairlady of two religious women clubs and cloth trader occasionally bringing nice pieces from Jakarta. They have two children. Their son has a masters degree in law but is driver of the taxi and mechanic of his fathers buses in daily life. Their daughter is working at the office of a notary of Ambon City.

The income and expenditure account of one of the two small buses of Pak Hi. Nahumarury (see Table 3.17) suggests that this bus yields a net profit of only Rp. 212,500 in eight months (after deduction of the salaries of driver and conductor, respectively 20 and 10 percent of daily gross income).

However, the expenditure account includes many non-bus items. When expenses concerning medicines, clothes, school fees of grandchildren, the electricity bill, 'arrangement of permits', contributions to *arisan*, shopping money and other non-bus expenses are left out, the net profit was Rp. 1,266,000 in eight months or Rp. 158,250 per month.

These figures – even the last-mentioned and most optimistic ones – also suggest that a brand new small bus of about Rp. 24 million cannot be bought with a bank loan only. Repayment of principal and interest (1.5 percent per month flat rate) in 60 monthly instalments will be Rp. 760,000 per month in this case. However, if a bus drives four times a day 16 passengers to and from Ambon City, the owner of the bus should earn Rp. 44,800 per day (70 percent of the daily gross income). If the bus is in operation 24 days per month, the monthly gross income is Rp. 1,085,200,

Table 3.17: Income and expenditure accounts of a bus (in Rp.)

Month	Income <sup>1</sup>	Expenditure
September 1988	335,000	123,000
October 1988	315,000	372,000
November 1988	330,000	124,000
December 1988	125,000	381,000
January 1989	420,000	809,000
February 1989	400,000	148,000
March 1989	515,000	380,500
April 1989	204,000	104,000
<b>totals</b>	<b>2,644,000</b>	<b>2,441,500</b>

<sup>1</sup> Pak Hi. Nahumarury has already deducted the payments for the driver and conductor from his 'income'.

Source: Daily accounts of Pak Hi. Nahumarury during the period September 1988 to April 1989.

which is enough to pay monthly instalments, provided the cost of fuel and maintenance and local taxes do not exceed Rp. 325,200 per month.<sup>16</sup> But the income account of Pak Hi. Nahumarury suggests that these estimates are much too optimistic. In the period of eight months he received Rp. 10,000 on 78 days, Rp. 15,000 on 69 days, Rp. 20,000 on 37 days, Rp. 25,000 on 3 days and Rp. 14,000 on one day. If these amounts are 70 percent of daily gross income then gross income does not usually exceed Rp. 35,000.

### *Employer-Employee Relations*

The owner of one or more buses is very much dependent on his driver(s) as they and the conductors have to earn and collect the fees to be paid to the owner at the end of the day. The commission-system provides an incentive to the employees to work as hard as possible but is no guarantee that the owner will actually benefit from it. As it would be too time-consuming to select new drivers and conductors every week, owners of buses keep a large part of the daily wage with them to be disbursed at the end of the month (see also Chapter 4), rely on kin who drive or repair buses, or simply threaten to sack drivers or conductors. Usually, this threat is very effective

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16. If a big bus of Rp. 30 million is newly bought under similar repayment conditions, and transports 20 passengers every trip eight times a day, Rp. 396,000 is left per month to pay for fuel and repairs and to make a profit.



because a daily source of income is highly regarded by many Ambonese men. The driver's earning style greatly affects the effectiveness of these mechanisms of labor control as the following cases show.

The Ambonese Pak Hassan is the driver of a big bus of the Javanese shopkeeper Pak Sudarmaji. He gets 20 percent commission which equals Rp. 10,000 to 12,000 per day. However, at the end of the day Pak Hassan is only paid Rp. 2,000 to bring home for daily food expenses. The remaining sum is kept by his boss and paid on a monthly basis. A large part of the monthly payment is put away by Pak Hassan into a Tabanas savings account in the nearby village unit of the Bank Rakyat Indonesia.

Amudin drives the small bus (named *Padaelo*) of his Sumatran father. He brings Rp. 30,000 home per day (*stor*). The unmarried Amudin drives only when he has run out of money. The brother-in-law of Amudin drives the big bus and collects about Rp. 50,000 per day. He is a father of three children and is more constant and careful than Amudin. In principle, he drives the bus every day, carrying the blue booklet of the SIMPEDES savings program of the BRI village unit of Tulehu in his breast pocket.

### Conclusions

The case studies show that running a bus company is risky and not so lucrative (anymore) due to increased competition. This has affected the investment decisions of bus owners as well as their relations with drivers, conductors, creditors and kin.

Not only has the maintenance of buses become crucial to keep their buses going, but so has maintenance of relationships with drivers as well. The different ways of owners to keep hard working and reliable drivers, and the different earning styles of drivers, explain the diverse sets of relationships that have evolved in the bus business, varying from more or less multiplex to rather ad-hoc ones. Other social networks in bus business relationships have become less multiplex. Bus dealers have introduced their buyers at banks to pass on the increased risks of default (see Chapter 8 for similar processes in the clove trade). The dealers are no longer creditors but only salesmen.

Most of the bus owners have a second major business or enjoy a pension to supplement and secure their income. Another reason to run more than one business is to earn enough money to finance the higher education of ones children. An important motive to stay in the bus business inspite of risks and decreasing income is prestige. When I asked someone to denote the rich of village society, she pointed at a bus with the first letters of the name of its owner and close kin on it.

The daily income of a bus owner is not only used for fuel and repair but also for non-bus expenses: relatives claim money to shop for medicines, clothes, etc. Ambonese owners, living among their kin, have to deal with

many such (potential) claims. One of them constructed huge walls and fences around his house – as if to isolate himself and his closest kin, in a literal and abstract sense, from ordinary people, from other kin and neighbors.

### Some Final Conclusions

In this final section I draw some lines together on the basis of the domain-specific conclusions outlined in the sections above, and compare my data with those of Fraassen (1972) who undertook a regional and comprehensive study of Ambon society, also collecting data about Tulehu.

#### *Finding Money*

The different ways Tulehu villagers get and spend money have diverse meanings and purposes. Changing consumption standards have dramatically affected the ways Ambonese villagers get and spend money. To secure daily subsistence many no longer primarily think in terms of cutting sago palm trees and collecting fish to guarantee food supply and/or to build a house, but about how to get money to buy rice, fish, breakfast snacks, petroleum oil, cigarettes, and so forth, and to give children pocket money to buy sweets (see Appendix 3.3). Nearly 25 years ago Fraassen (1972) predicted that, "A problem in the Central Moluccas will be how one can increase daily income in the traditionally economic system" (p.45, my translation) as he believed that cloves, nutmeg and sago trees would be of no value in this connection, either yielding a periodical income or being a pure subsistence crop. Many Tulehu villagers have been able to cope with this 'problem', profiting from the regional position of Tulehu in trade, transport, education and administration. The many mini-shops, street vending activities and the smoking of fish are typical *cari uang* (literally: to search money) activities of Ambonese who want to secure a daily income to sustain a minimal consumption level. Villagers value 'private jobs' simply because they provide a daily income, or they emphasize the importance of joining the civil service, which is to guarantee a minimal income, to contribute to the social security of relatives (and parents in particular) and to improve access to bank credit. But also what Fraassen described as the 'traditionally economic system' has become part of the possibilities of Tulehu villagers to secure daily subsistence: villagers sell the right to harvest nutmeg and sago trees to Butonese migrants with a view to financing daily and other small cash needs.

The combination of insecure and often disappointing clove harvests and the strong desire of Ambonese villagers to build a house with concrete walls and a zinc roof, have possibly reinforced the need to look for daily income even more than increased and diverse daily consumption needs. Since the clove boom of the 1970s (see Chapters 4 and 8), the clove harvest has been

traditionally regarded as the time to finance the construction of such a house. However, declining prices and disappointing harvests in the second half of the 1980s, more or less forced Ambonese to look for other ways to finance a new house. They were not going to wait for the next bumper clove harvest but started the piecemeal buying of house construction material from their daily and/or monthly income as fish traders, market women, drivers, harbor laborers, petrol vendors, civil servants. This search for money has led to hitherto unfamiliar practices of savings in house construction material but also in participation in savings and credit associations (see Chapters 4, 5 and 6). The observation of Fraassen (1972) that, "If acute money needs have been satisfied, one does not further strive for maximalisation of income" (p.45, my translation) is certainly no longer enough to characterize preferences and practices of many Ambonese villagers of Tulehu as they do not face 'acute' money needs only but also want to invest in housing and higher education. Evolving savings practices point to rather fundamental but hardly traceable changes of view on nature, time, capital accumulation and social relationships of Ambonese.

### *Finding Socially Acceptable Ways to Accumulate Capital*

Whereas avarice is described by Fraassen (1972: 77-78) as a typical anti-norm of Ambonese society, many now disqualify the traditional practice of constructing sago palm houses as too inefficient and costly, and accept the now popular practice of saving in new house construction materials. Such saving in kind has reduced the possibilities for relatives and friends to effectively claim money. Fraassen (ibid) also concluded that at the beginning of the 1970s no process of elite<sup>17</sup> formation is taking place in the villages on the basis of ownership of land or capital (p.257). This might still be largely true for Tulehu society although today a few Ambonese bus owners are called 'rich' and much more Ambonese have gained or been given 'privileged' access to trade and transport networks, not forming a tiny elite but rather a class of 'petty capital accumulators'.

This is not to say that those 'accumulators' have become less caring about other people, neighbors, friends and other villagers. Fish traders retail fish to former neighbors and organize a big party inviting neighbors, friends, relatives and officials. Civil servants give money and rice to their parents. Market women, harbor laborers, fish traders and shopkeepers organize savings and credit associations (see Chapter 4) among economic peers. It would thus be misleading to characterize Tulehu as an atomized society in

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17. Fraassen (1972) defines an elite in terms of privileged access to material means, high status and the ability to exert power or authority (p. 250, my translation).

which "everyone only thinks about his own interests" (Fraassen, p.iv, my translation).

Also, capital accumulation by those Ambonese enjoying a regular income from non-agricultural activities is often neither directed at investment in capital-intensive technology, such as sago machines, fishing rafts and fishing boats, nor used as working capital to start a large shop or agricultural trading company. Investments in housing and higher education are preferred. Likewise, bank loans are mostly not used by civil servants (who happen to be the most popular clients of the local village unit of the BRI, the people's bank of Indonesia) to set up an enterprise but to finance daily expenditures, to buy house construction material, medicines, luxury goods, and to pay for the costs of higher education. This 'consumption-orientation' looks very much a modern variant of the older modes of collecting sago and fish for subsistence purposes.

### *Finding New Kin*

The lesser practice of subsistence fishing – with fishermen dividing their catch among kin and neighbors in the expectation of reciprocal acts at a later date – and the decreasing practice of joint harvesting of sago trees and the cooperative building of sago palm houses, have eroded or 'contracted' the significance of wider neighborhood bonds and kinship relations among Ambonese in these domains of life. The rise of a professional class of sago cutters, cooperatively owned shops and modern houses built by artisans, refer to similar processes of social disintegration among Ambonese kin and neighbors.

However, in other domains of social life kinship bonds have evolved and/or become (increasingly) important. Close relatives do play an important role in financing education, finding jobs and providing social security for the aged, ill and children. Also, friendship and quasi-kin relations among Ambonese have evolved as a result of their joint participation in non-agricultural activities: a group of fish traders call themselves the 'tuna fish family', all contributing to a permanent fund; vegetable traders organize savings clubs and call themselves sisters.

### *Finding Migrants*

Parallel to processes of social disintegration and integration among Ambonese, relationships between natives and migrants have changed. In fact, change of Ambonese-Ambonese relationships can hardly be understood without taking into account change of Ambonese-migrant relationships.

Migrants of Tulehu are actually or potentially very important sources of money (income, credit) for the Ambonese. Sumatran, Chinese and Javanese migrant-shopkeepers rent houses from their Ambonese owners. Butonese buy

the right to harvest sago, nutmeg and clove trees from the Ambonese. Ambonese clove farmers would rather sell their cloves (either on-the-trees or freshly picked) to Butonese men and women than to official agencies that are supposed to offer a standard and high price. Larger Chinese traders often provide smaller, Butonese ones with working capital on a credit basis to secure the supply of cloves (see Chapter 8). Finally, Butonese also buy land from Ambonese to build new houses with concrete walls (see Chapter 2). These practices sharply contrast with the overall situation described by Fraassen (1972) who believed that Ambon society could not be classified as a peasant society because, "Land is not sold or bought. Natural produce of villagers is seldom taxed. There are no exploitative traders to profit from his labor efforts and there is no dependency on moneylenders either. He does not have to bring his produce to something like a rice mill, neither is he dependent on government price policy regarding rice. He also does not have to buy fertilizers or make other capital-intensive investments" (p.266, my translation).

Speaking overall, migrants of Tulehu have reinforced and expanded their central position in what Fraassen (1972) described as the "non-rural sector which has been dominated by the non-Moluccan element since colonial times" (p.88, my translation): shopkeeping, *bagan* fishing, tuna fishing, agricultural trade and public transport. Butonese migrants have even invested in sago processing machines.

The largest ethnic minority of Tulehu – more than 5,000 people – consists of Butonese, as in many other villages of Ambon. The thrift, lending and investment activities of the Butonese of Tulehu, however, have had rather unique social and socio-spatial consequences: a large number of Butonese now own a house with concrete walls and/or live close to the three Ambonese core *kampong* of Tulehu – contrasting with earlier times in which Butonese were "almost always situated in the hills" (Kennedy 1950: 42). Not only are some Butonese *kampong* situated next to Ambonese *kampong*, but also *kampong* of mixed composition have evolved. And although they are still "regarded as belonging to a lower class" (Kennedy 1950: 59) by Ambonese people, the actual standard of living (in terms of income and housing) of many Butonese matches or even goes beyond those of an Ambonese subsistence farmer, civil servant or petty trader.

Appendix 3.1: Amounts of mixed cargo, copra, cloves and nutmeg (in tons); wood (in cubic meter) imported at the quay of Tulehu; and number of passengers arriving at the quay of Tulehu from 1980 till April 1987

1980	Mixed	Copra	Cloves	Nutmeg	Wood	Arrivals
Jan	2	-	13	-	-	1,430
Feb	18	4	9	-	-	1,255
Mar	48	4	6	-	-	1,249
Apr	20	10	2	-	-	1,373
May	16	31	-	-	-	1,346
Jun	16	30	6	-	-	1,094
Jul	20	8	-	-	-	912
Aug	76	9	2	-	-	931
Sep	33	8	-	-	-	1,003
Oct	75	3	-	-	-	1,280
Nov	92	8	-	-	5	1,206
Dec	139	8	-	-	-	1,505
<b>totals</b>	<b>555</b>	<b>121</b>	<b>38</b>	<b>-</b>	<b>5</b>	<b>14,584</b>

1981	Mixed	Copra	Cloves	Nutmeg	Wood	Arrivals
Jan	132	20	2	-	8	1,460
Feb	na	na	na	na	na	na
Mar	109	13	-	-	-	1,099
Apr	85	40	-	4	4	2,107
May	159	22	-	-	-	1,545
Jun	116	17	-	-	-	1,783
Jul	110	40	-	-	12	1,846
Aug	130	7	-	-	-	2,256
Sep	229	-	13	-	10	3,264
Oct	189	-	37	2	-	4,285
Nov	276	-	7	-	-	4,961
Dec	230	2	-	38	-	4,551
<b>totals</b>	<b>1,765</b>	<b>163</b>	<b>59</b>	<b>44</b>	<b>34</b>	<b>29,157</b>

## Appendix 3.1 (continued)

1982	Mixed	Copra	Cloves	Nutmeg	Wood	Arrivals
Jan	318	24	-	-	-	4,638
Feb	198	6	1	-	-	4,526
Mar	509	26	3	-	32	5,223
Apr	497	124	-	-	20	8,123
May	256	76	-	-	-	7,650
Jun	388	61	-	-	-	9,444
Jul	541	119	-	-	72	9,876
Aug	676	109	-	20	-	9,870
Sep	276	107	7	19	93	9,625
Oct	557	95	8	-	71	8,750
Nov	707	83	6	5	120	10,230
Dec	1,042	117	-	4	100	11,070
<b>totals</b>	<b>5,965</b>	<b>947</b>	<b>25</b>	<b>48</b>	<b>508</b>	<b>99,025</b>

1983	Mixed	Copra	Cloves	Nutmeg	Wood	Arrivals
Jan	757	65	-	-	78	7,810
Feb	901	70	-	-	25	7,230
Mar	na	na	na	na	na	na
Apr	970	35	-	-	15	6,921
May	835	20	-	-	-	6,605
Jun	1,062	-	-	-	20	7,345
Jul	580	15	-	-	-	7,085
Aug	895	18	-	-	-	7,555
Sep	505	16	7	-	-	9,885
Oct	1,835	38	46	-	-	7,486
Nov	553	24	60	-	25	9,090
Dec	2,006	-	15	20	-	na
<b>totals</b>	<b>10,899</b>	<b>301</b>	<b>128</b>	<b>20</b>	<b>163</b>	<b>77,012</b>

## Appendix 3.1 (continued)

1984	Mixed	Copra	Cloves	Nutmeg	Wood	Arrivals
Jan	993	-	-	35	-	7,412
Feb	850	10	-	25	32	7,031
Mar	1,600	12	3	-	10	8,454
Apr	1,070	-	-	15	-	8,288
May	1,147	-	-	-	21	8,906
Jun	880	-	5	-	8	5,981
Jul	895	-	-	-	-	5,444
Aug	797	-	-	-	-	6,237
Sep	1,113	-	-	-	5	6,155
Oct	1,711	-	17	-	30	6,874
Nov	1,580	-	26	10	14	5,460
Dec	1,447	-	4	-	26	7,380
<b>totals</b>	<b>14,083</b>	<b>22</b>	<b>55</b>	<b>85</b>	<b>146</b>	<b>83,622</b>

1985	Mixed	Copra	Cloves	Nutmeg	Wood	Arrivals
Jan	1,019	5	-	-	-	6,537
Feb	982	-	70	-	-	5,795
Mar	765	-	-	-	-	7,347
Apr	888	3	-	-	-	6,065
May	938	133	-	-	11	6,603
Jun	1,443	-	-	-	6	8,245
Jul	565	124	-	15	22	7,657
Aug	981	32	-	52	15	6,900
Sep	912	10	142	-	-	8,508
Oct	1,455	4	208	-	25	12,917
Nov	901	-	328	-	8	9,938
Dec	546	3	94	3	-	9,905
<b>totals</b>	<b>11,395</b>	<b>314</b>	<b>842</b>	<b>70</b>	<b>87</b>	<b>96,417</b>



## Appendix 3.1 (continued)

1986	Mixed	Copra	Cloves	Nutmeg	Wood	Arrivals
Jan	1,053	6	24	-	10	8,278
Feb	280	3	50	-	8	6,684
Mar	780	55	10	-	5	9,404
Apr	75	83	-	-	14	11,337
May	793	57	33	-	48	8,052
Jun	802	81	6	-	28	7,763
Jul	737	112	15	-	115	7,920
Aug	295	2	-	2	9	11,329
Sep	92	11	5	1	115	7,290
Oct	377	4	31	-	53	8,318
Nov	464	-	33	1	16	10,473
Dec	na	na	na	na	na	na
totals	5,748	414	207	4	421	96,848

1987	Mixed	Copra	Cloves	Nutmeg	Wood	Arrivals
Jan	497	6	24	-	95	10,377
Feb	104	20	14	18	na	8,714
Mar	487	47	6	8	116	9,288
Apr	236	69	5	6	83	9,291
totals	1,324	142	49	32	294	36,670

Source: Books of the Harbor Master of Tulehu, November 1989.

Appendix 3.2: Amounts of mixed cargo, cement and rice (in tons); and number of passengers departing from the quay of Tulehu from 1980 till April 1987

1980	Mixed	Cement	Rice	Departures
Jan	252	-	14	1,378
Feb	211	-	10	997
Mar	367	-	-	932
Apr	208	-	4	1,103
May	358	-	45	1,117
Jun	412	-	18	962
Jul	516	125	20	763
Aug	393	-	10	852
Sep	433	-	8	882
Oct	385	-	10	1,096
Nov	472	13	-	1,065
Dec	457	1	20	1,059
totals	4,464	139	159	12,206

1981	Mixed	Cement	Rice	Departures
Jan	462	-	-	1,330
Feb	na	na	na	na
Mar	430	-	-	1,141
Apr	395	-	12	1,855
May	270	-	45	1,662
Jun	513	5	-	1,935
Jul	375	12	54	1,872
Aug	251	-	62	2,260
Sep	839	26	60	3,349
Oct	902	25	98	4,432
Nov	781	61	64	4,774
Dec	601	65	86	5,166
totals	5,819	194	481	29,776

## Appendix 3.2 (continued)

1982	Mixed	Cement	Rice	Departures
Jan	562	-	-	4,197
Feb	635	-	10	4,514
Mar	642	20	18	5,351
Apr	897	-	32	7,408
May	593	-	22	na
Jun	544	-	30	9,585
Jul	804	65	105	10,089
Aug	914	20	36	10,053
Sep	887	44	69	9,717
Oct	974	23	40	9,049
Nov	869	20	46	10,215
Dec	1,140	40	53	11,247
<b>totals</b>	<b>9,461</b>	<b>232</b>	<b>461</b>	<b>91,425</b>

1983	Mixed	Cement	Rice	Departures
Jan	1,092	27	44	7,840
Feb	770	134	20	6,895
Mar	na	na	na	na
Apr	616	164	53	6,999
May	747	-	-	6,660
Jun	1,305	23	97	7,425
Jul	725	30	80	7,120
Aug	931	20	53	9,255
Sep	1,176	-	24	9,850
Oct	1,801	-	81	7,480
Nov	1,050	101	70	9,090
Dec	1,465	10	65	na
<b>totals</b>	<b>11,678</b>	<b>509</b>	<b>587</b>	<b>78,614</b>

## Appendix 3.2 (continued)

1984	Mixed	Cement	Rice	Departures
Jan	1,056	74	129	7,412
Feb	862	116	64	7,031
Mar	1,502	95	94	8,454
Apr	695	28	66	8,288
May	536	79	65	8,906
Jun	911	12	141	5,981
Jul	792	18	89	4,671
Aug	888	9	105	4,266
Sep	1,021	84	150	5,428
Oct	1,716	11	137	6,363
Nov	1,403	70	56	5,101
Dec	1,253	93	78	7,473
totals	12,635	689	1,174	80,374

1985	Mixed	Cement	Rice	Departures
Jan	1,198	105	115	6,555
Feb	1,642	210	100	6,140
Mar	1,106	228	129	7,049
Apr	743	79	84	5,892
May	1,160	51	148	6,128
Jun	1,358	115	91	8,543
Jul	1,553	135	140	8,143
Aug	1,529	102	106	7,612
Sep	1,894	32	82	10,632
Oct	2,295	68	170	13,088
Nov	1,957	12	90	10,004
Dec	1,484	36	57	9,698
totals	17,919	1,173	1,312	99,484

## Appendix 3.2 (continued)

1986	Mixed	Cement	Rice	Departures
Jan	1,238	48	84	7,495
Feb	1,446	96	48	7,382
Mar	1,739	105	42	8,784
Apr	1,248	59	30	11,846
May	2,001	77	60	7,876
Jun	1,432	594	196	7,479
Jul	1,583	167	57	6,936
Aug	1,072	13	59	12,016
Sep	1,049	35	43	7,702
Oct	1,112	13	246	9,264
Nov	1,105	-	63	10,916
Dec	na	na	na	na
totals	15,025	1,207	928	97,696

1987	Mixed	Cement	Rice	Departures
Jan	960	178	140	8,403
Feb	945	52	69	8,485
Mar	1,315	18	57	8,498
Apr	1,158	29	137	9,577
totals	4,378	277	403	34,963

Source: Books of the Harbor Master of Tulehu, November 1989.

### Appendix 3.3: An inquiry into daily expenditure and income of households and their members in Tulehu.

Close to the end of the field research period in 1990 I selected three categories of husbands and wives for an inquiry in daily expenditure and income: some of my friends and neighbors, members of a savings program of the village cooperative, and Butonese migrants. My purpose was to identify their possible savings and credit needs of households and their members, and to explain differences between Butonese and Ambonese in this respect. However, this proved to be a mission impossible for several reasons.

First, the limited time period of the inquiry proved too weak a basis for firm conclusions. The selected villagers all kept their data on daily expenditure and income in an arithmetic notebook for several weeks (see Table A: days counted) between 15 February and April 2, 1990. The average number of days per case was 22.3. However, some expenses and income might be much larger or smaller during other weeks and months of the year.

Second, diverse and changing household composition complicates generalization about contributors and consumers of household budgets. The investigation concentrated on husbands and wives, with respondents not always counting the more or less irregular contributions of other household members. Although I found evidence of wives keeping most of the daily income of their husbands or selling the harvest of their husbands, it would be too easy to speak in terms of 'households' or 'wives' only, when describing savings and credit needs of villagers. In general, however, many women are very knowledgeable with regard to daily money affairs. The fact that in most cases the women kept the record of daily expenditure and income (of the wife and husband) not only contributed in a positive way to the validity of my data but it also suggests that most of the men have little to hide from their wives. In one case the income of the husband (an average of nearly Rp. 6,000 per working day) was classified as 'shopping money for mother'. His wife was a fish trader with an average net daily income of more than Rp. 8,000 per working day. The husband handed over most of his earnings to his wife, keeping a little bit of the money himself to buy cigarettes.

Third, savings and credit needs cannot be explained by deducting daily expenditures from daily income, with a deficit indicating credit needs and a surplus pointing at savings needs. For instance, changing consumption preferences and investment targets, expressing diverse views on getting and using money and capital accumulation in particular, are probably much more important in understanding savings and credit behavior. The identification of savings and credit 'needs' is a very complicated affair as so many different motives, social relations and wider contexts affect decisions of people with regard to saving, finance and insurance (see also Chapters 1 and 2).

The identification of the credit needs of rural poor has been considered a mission impossible by many finance specialists because of the fungibility of money and the lump-sum financial management of low-income households. They warn poverty-oriented banks and donor agencies that the use of loans cannot be controlled and that looking for credit needs creates an artificial demand for credit. There is wisdom in these warnings: one cannot bluntly ask someone about his or her credit needs, in particular not at first encounters and when representing a large funding agency. The question is too general and embarrassing, as (potential) borrowers cannot give a proper answer without taking into account the qualities of the lender and the multiple stipulations of the (future) contract (cf. Adams 1994). The search for credit needs usually tells us more about the assessor than the assessed: a presumed lack of capital among the rural poor makes donors and development banks raise suggestive questions on credit needs; the interviewed will agree that he or she needs a lot of credit when he or she thinks that the interviewer has no intention and socio-legal means to enforce repayment. Less easy and predictable answers will be given when credit transactions are tied to the sale or purchase of commodities or are embedded in multifaceted relationships. Basically, potential borrowers seem to think in terms of credit relations and their past, present and/or future dimensions rather than instant credit needs. They anticipate the risk and uncertainty involved; they assess their debt capacity when a lender is primarily interested in building durable relations with the borrower; and the functional character of the relation with the creditor possibly offering help in case of emergencies or helpful information in case of new investment opportunities.

The identification of savings and credit needs is a complicated affair and many financial specialists simply advise not to do this. And a short inquiry into daily expenditure and income is not an illuminating methodological tool in this connection. However, the inquiry did give an impression of how much money is handled in various households (Table A) and of the sheer variety of daily expenditure (Table B). For this reason I will now introduce the cases and present some findings. The numbers of the cases of Tables A and B as well as Overview C refer to the same respondents.

Cases 1 to 18 are some of my neighbors in *kampung* Baru (twelve cases) and friends (six cases, of which two used to be my neighbors). Cases 19 to 30 have been randomly selected from the members (adults) of the savings program for children of the village cooperative (KUD), living in different *kampung* of Tulehu. Because Butonese migrants were neither neighbors nor savers at the KUD, I decided to select Butonese migrants as well. The more substantial reason to do so was to find some evidence or counter-evidence regarding the general saying about Butonese migrants being very economical (see Chapters 2, 4 and 8). Cases 31 to 38 consist of Butonese living in *kampung* Air Panas and Pahlawan (five cases), *kampung* Pohon Mangga I (one

case) and *kampong Hurnala II* (two cases). I had regular contacts with these Butonese except those in *kampong Hurnala II*.

Table A: Total expenditure of households (in Rp), household composition, and income of wife and husband during a number of days between 15 February and 2 April 1990

Case	Days counted	Total of expenses <sup>1</sup>	Number of mouths <sup>2</sup>	Income of wife <sup>3</sup>	Income of husband <sup>3</sup>	Total income <sup>3</sup>	Number of days with income <sup>4</sup>
1	28	86,375	6(240)	44,750	100,000	144,750	22
2	16	125,600	9(270)				
		156,675		293,000	148,800	441,800	16
3	28	192,850	7(250)				
		408,500		568,000	171,000	739,000	28
4	28	157,975	8(152)				
		60,750		102,250	-	102,250	5
5	28	75,275	8(251)				
		18,350		111,300	33,125	144,425	28
6	43	648,575	7(250)	136,200	175,900	322,100	6
7	46	265,125	8(242)	34,500	325,000	359,500	14
8	18	216,100	4(220)				
		2,050,000		968,500	968,500	1,837,000	18
9	30	191,825	7(232)				
		534,750		779,000	unk	779,000	23
		168,400		349,950		349,950	
10	28	32,600	1(100)				
		14,900		22,425	-	22,425	18
11	21	267,850	12(237)				
		<sup>5</sup> 292,567		438,850	unk	438,850	17
12	15	44,550	2(200)	10,350	unk	10,350	5
13	21	77,375	9(270)	unk	165,000	165,000	10
14	22	115,075	6(231)	60,000	104,500	164,500	22
15	21	85,850	8(242)				
		87,000		108,000	89,500	197,500	8
16	21	151,950	6(222)				
		484,300		673,500	46,000	719,500	21
17	22	73,150	6(240)	41,725	41,725	83,450	16
18	18	58,300	9(261)	25,900	90,000	155,900	9

<sup>1</sup> In 13 cases two figures are given in the column on total expenditures. The expenditures for buying produce for sale (like fish, vegetables, cigarettes, etc.) or material (wheat, rice, etc.) to make and sell cookies have been put separately in a second row. Contributions to a savings and credit association (*arisan*) have been included in the amount mentioned in a first row.

<sup>2</sup> Number of 'mouths' refers to the number of people in the house that consume the goods that are bought. The first figure refers to the total number. The figures between brackets refer to the 'household composition': the first position concerns the husband and/or wife (who have been interviewed), the second the number of (their) children and the third the total number of adopted children, (grand)parents, brothers or sisters and in-laws living in the same house.



Table A (continued)

Case	Days counted	Total of expenses	Number of mouths	Income of wife	Income of husband	Total income	Number of days with income
19	21	147,175	10(280)	56,550		321,800	
				105,000	157,500		9
20	21	153,500	13(274)	0			
		237,000			1,237,000	<sup>6</sup> 1,237,000	21
21	8	42,300	6(240)	4,750	4,750	9,500	2
22	21	185,675	9(270)	367,550	85,000	452,550	21
23	21	95,050	8(260)	3,100	51,500	54,600	21
24	15	109,725	7(205)	52,500	45,000	97,500	1
25	21	155,800	11(227)				
		1,217,075		1,882,500	21,000	1,203,500	21
26	21	118,800	7(232)	61,300	unk	61,300	18
27a	21	265,650	3(210)	unk	105,000	105,000	1
27b	21	44,050	5(230)	61,250	105,000	166,250	2
28	19	114,850	7(241)	3,000	unk	3,000	1
29	19	123,400	8(251)	100,000	100,075	200,075	18
30	23	85,050	4(220)				
		137,300		24,000	80,000	104,000	11
31	28	129,500	9(270)	186,925	186,925	373,850	19
32	28	22,100	7(250)	319,000	279,000	598,000	3
33	28	93,400	7(250)	77,500	300,000	377,500	12
34	28	37,580	4(220)	27,500	157,500	185,000	8
35	21	27,300	8(260)	78,250	78,250	156,500	18
36	7	6,350	6(240)	6,225	6,225	12,450	4
37	7	10,450	9(270)	12,500	20,900	33,400	7
38	15	45,100	8(260)	unk	63,500	63,500	15

<sup>3</sup> Figures put in *italics* mean that part of the income (of the husband, the wife or both) has been estimated. In those cases where the husband catches fish or harvest crops and his wife sells them, the income has been equally divided. The income from shopkeeping of the Sumatran couple (Case 8) has been likewise divided.

<sup>4</sup> This is the number of days with income from either husband, wife or both. This aggregation sometimes leads to misunderstandings, like in Case 3 where the wife has a (net) income per day that is not lower but higher than the one of her husband. She was ill for nine days.

<sup>5</sup> Buying price estimated at two thirds of gross income (similar to ratio of Case 9).

<sup>6</sup> This is after deduction of salaries and before deduction of fuel costs. Costs of fuel are estimated at Rp. 237,000 during the count.

Unk: Unknown

Source: Own field research.

Table B: Share of different expenses (in percentages) of the total daily expenses of respondent-households

<i>Case</i>	<i>Breakfast</i>	<i>Rice</i>	<i>Fish</i>	<i>Sago</i>	<i>Casbee</i>	<i>Ubi</i>
1	24.8	26.4	0.6	2.6	0.2	0.0
2	17.6	14.1	13.0	0.4	0.0	0.0
3	8.5	12.0	1.6	0.0	0.8	0.0
4	17.1	7.3	4.1	0.2	0.0	0.0
5	33.0	30.1	9.3	4.3	0.8	0.0
6	3.1	2.4	1.7	0.1	0.0	0.2
7	8.7	13.7	8.6	0.1	0.1	0.1
8	4.4	0.0	2.1	0.0	0.0	0.0
9	20.6	18.7	3.8	0.0	0.0	0.0
10	0.5	11.0	15.2	0.3	0.0	0.0
11	8.6	18.0	9.0	0.2	0.0	0.0
12	15.4	12.0	13.1	11.1	0.0	0.0
13	16.0	29.2	12.6	3.4	0.0	0.0
14	11.9	14.3	0.0	0.7	0.0	0.0
15	6.8	22.4	10.5	0.0	0.0	0.0
16	7.2	12.4	4.4	0.3	0.0	0.0
17	10.7	32.4	16.1	0.0	0.0	0.0
18	28.5	25.4	16.7	0.0	0.0	0.0
19	12.6	0.0	16.8	0.0	0.0	0.0
20	15.0	0.0	15.1	0.8	0.0	0.0
21	5.9	16.3	5.9	0.0	0.0	0.0
22	8.1	8.8	11.8	0.0	0.0	0.0
23	11.4	28.1	14.6	0.0	0.0	0.0
24	14.6	35.0	9.1	0.0	0.0	0.0
25	7.2	0.0	16.5	0.0	0.0	0.0
26	0.0	15.2	11.6	5.7	0.0	0.6
27a	2.8	0.0	3.4	0.0	0.0	0.0
27b	15.2	0.0	10.2	0.0	0.0	0.0
28	19.6	22.2	10.0	0.3	0.0	0.0
29	18.0	19.4	15.4	1.4	0.0	0.0
30	9.1	6.5	10.0	0.4	0.0	0.0
31	4.9	16.7	0.0	4.2	12.1	0.0
32	0.0	37.1	23.8	0.0	0.0	0.0
33	2.7	12.6	3.9	2.7	0.0	4.0
34	2.7	33.3	6.5	0.0	0.0	0.0
35	unk	unk	unk	unk	unk	0.0
36	unk	unk	unk	unk	unk	0.0
37	0.0	0.0	28.6	0.0	0.0	0.0
38	0.0	34.7	16.2	0.0	3.3	0.0

Table B (continued)

Case	PO	CO	WS	RS	V	S	F	B
1	1.6	1.6	2.5	1.6	6.1	5.4	1.0	2.8
2	5.6	0.7	0.8	0.0	5.4	2.5	0.0	1.0
3	4.0	0.5	4.8	0.6	2.2	4.3	0.2	0.3
4	0.0	0.9	1.0	0.8	2.1	2.3	3.2	1.6
5	0.4	6.0	1.9	1.4	3.9	4.7	0.0	0.3
6	0.1	0.0	1.4	0.2	0.6	0.5	0.4	0.3
7	4.6	2.6	0.8	0.5	4.4	3.2	3.0	0.4
8	0.8	0.4	0.0	0.0	3.3	2.3	0.0	0.0
9	1.5	1.3	5.2	0.0	5.0	2.7	0.0	4.5
10	0.0	0.0	0.0	2.6	11.7	5.0	0.0	3.4
11	4.0	0.7	4.1	0.6	3.2	2.7	1.0	1.8
12	0.0	0.8	0.0	0.0	4.8	1.8	11.7	2.0
13	0.4	1.3	7.6	0.0	4.5	7.9	3.9	0.0
14	2.6	12.3	4.6	3.3	4.9	7.0	3.8	4.1
15	8.2	5.4	5.1	1.4	5.4	11.2	0.6	0.0
16	3.3	4.0	1.8	1.8	0.0	0.0	0.0	0.0
17	4.1	2.8	5.3	0.7	3.5	2.1	2.3	1.6
18	0.0	6.0	10.4	0.0	3.6	6.5	0.0	1.6
19	5.2	1.4	0.0	1.2	5.7	4.3	2.7	3.0
20	5.5	3.1	5.9	0.0	3.6	3.4	2.5	1.4
21	0.0	0.0	1.3	0.7	2.0	0.9	0.0	2.6
22	4.5	2.0	3.8	0.2	6.7	2.9	0.4	1.2
23	0.0	0.0	3.4	1.6	2.2	16.1	0.0	1.3
24	2.6	2.9	6.6	0.0	4.7	5.9	0.0	0.7
25	3.3	4.2	4.2	4.2	1.3	1.9	4.0	2.5
26	0.0	4.2	4.6	3.4	3.0	0.8	1.7	3.7
27a	0.1	0.0	1.5	0.0	0.9	1.1	0.6	0.1
27b	2.7	3.6	9.5	0.6	2.3	0.6	3.9	0.5
28	2.2	0.5	5.2	2.1	2.3	4.6	1.7	1.7
29	0.0	6.2	3.3	2.1	5.9	8.8	1.8	1.5
30	0.0	0.0	2.6	1.0	5.0	3.3	2.4	5.3
31	5.2	1.7	4.9	2.3	0.0	1.7	0.0	0.0
32	2.0	2.7	10.0	0.0	0.0	3.2	0.9	0.0
33	0.0	0.0	3.2	2.0	2.9	0.0	0.0	0.0
34	0.0	2.3	9.6	0.0	2.0	2.4	0.0	0.0
35	unk	unk	unk	unk	unk	unk	unk	unk
36	unk	unk	unk	unk	unk	unk	unk	unk
37	0.0	0.0	0.0	0.0	0.0	23.8	0.0	0.0
38	3.3	1.7	5.9	0.0	4.8	0.9	3.8	1.3

Explanation: Petroleum Oil (PO), *minyak tanah*, is used to heat pans; Coconut Oil (CO), *minyak kelapa*, is used to fry food; WS is White Sugar and RS is Red Sugar; Vegetables (V) include *bayam*, *buncis*, *daun kasbi*, *kangkong*, *kentang*, *ketimori*, *kol*, *labu*, *rabon*, *sawi*, *tauge*, *terong*, *tomat* and *wortel*; S is Spices, including *asam*, *bawang merah*, *bawang putih*, *cili*, *garam*, *haliya*, *kecap*, *kuning*, *lada*, *lemon*, *lombok* and *terasi*; Fruits (F) include *belimbing*, *durian*, *jeruk*, *gandaria*, *kelapa*, *langsar*, *mangga*, *nanika*, *papaya*, *papinyo*, *pisang* and *rambutan*; Beans (B) include *kacang biji*, *kacang goreng*, *kacang ijo*, *kacang tanah*, *kacang tumbu* and *kacang panjang*.

Table B (continued)

Case	Sweets money <sup>1</sup>	Cigarettes	Electricity	Soap <sup>2</sup>	Transport	Arisan
1	6.5	4.3	4.8	2.4	0.0	0.0
2	0.0	1.2	0.0	0.8	4.8	0.0
3	6.0	6.8	2.9	1.2	0.0	29.0
4	1.4	0.0	0.0	1.3	1.3	0.0
5	0.3	2.1	0.0	0.0	0.0	0.0
6	1.0	0.0	0.5	0.7	7.9	0.0
7	0.8	0.0	7.4	1.1	0.0	46.3
8	0.0	2.5	0.0	0.0	2.1	0.0
9	3.0	6.3	0.0	0.7	0.0	0.0
10	0.0	0.0	0.0	4.4	5.1	0.0
11	8.8	3.5	0.0	3.3	0.0	0.0
12	0.0	1.6	0.0	2.1	0.0	0.0
13	0.0	0.0	0.0	0.0	0.0	0.0
14	0.4	5.6	0.0	1.6	0.0	0.0
15	2.1	3.0	2.6	0.0	0.0	0.0
16	3.5	3.5	0.0	2.9	10.0	0.0
17	0.4	4.9	0.0	1.9	0.0	0.0
18	0.0	0.0	0.0	0.0	0.0	0.0
19	1.6	2.0	0.0	0.1	7.2	0.0
20	7.2	0.0	0.0	0.0	0.0	0.0
21	0.0	1.6	0.0	0.0	0.0	0.0
22	5.2	1.6	0.0	3.2	0.0	0.0
23	3.5	6.6	0.0	0.0	0.0	0.0
24	2.7	0.5	0.0	0.0	0.0	0.0
25	5.3	2.4	0.0	0.0	19.6	0.0
26	5.3	0.0	3.4	0.0	0.0	0.0
27a	0.0	0.0	0.0	0.0	0.0	0.0
27b	6.6	2.3	0.0	0.0	9.1	0.0
28	0.9	0.0	0.0	3.1	0.0	0.0
29	0.4	0.4	0.0	0.0	0.0	0.0
30	9.4	9.4	0.0	0.2	2.4	0.0
31	0.0	6.4	0.0	2.9	7.7	0.0
32	0.0	13.3	0.0	3.8	0.0	0.0
33	1.4	0.0	0.0	7.2	25.4	0.0
34	7.3	25.8	0.0	3.2	0.0	0.0
35	unk	unk	unk	unk	unk	0.0
36	unk	unk	unk	unk	unk	0.0
37	15.2	28.6	0.0	2.8	0.0	0.0
38	1.3	14.2	0.0	0.0	0.0	0.0

<sup>1</sup> Sweets money (*uang jajan*) is pocket money given by parents to their (young) children.<sup>2</sup> Soap includes soap to wash the body as well as soap to wash clothes.

Table B (continued)

Case	Medicines	House construction material	School fees, books	Cloth, shoes	Gifts <sup>1</sup>
1	0.0	0.0	0.0	0.0	0.0
2	0.0	0.0	0.0	3.6	7.6
3	0.0	0.0	0.0	1.0	1.8
4	0.0	0.0	3.6	36.4	2.8
5	0.0	0.0	0.0	0.0	0.0
6	0.4	61.2	0.0	0.0	2.2
7	0.0	0.0	0.0	1.3	12.6
8	1.1	4.6	0.4	12.7	0.0
9	0.0	0.0	0.0	3.6	0.0
10	0.0	0.0	0.0	0.0	3.7
11	0.0	0.0	0.0	0.0	0.0
12	0.0	0.0	0.0	0.0	0.0
13	0.0	4.5	0.0	0.0	0.0
14	1.8	0.0	0.0	0.0	0.0
15	0.0	0.0	0.0	0.0	0.0
16	0.0	0.0	0.0	0.3	0.0
17	0.0	0.0	0.0	0.0	0.0
18	0.0	0.0	0.0	0.0	0.0
19	0.5	2.0	0.0	3.4	6.3
20	0.0	7.8	0.1	0.0	0.0
21	0.0	10.2	0.0	5.9	0.0
22	0.0	0.0	0.0	0.0	0.0
23	0.0	0.0	0.0	0.0	0.0
24	0.0	0.0	0.0	0.0	0.0
25	0.0	0.0	0.0	0.0	0.0
26	0.0	0.0	0.0	0.0	10.5
27a	0.0	78.8	0.0	0.0	0.0
27b	0.0	0.0	0.0	0.0	0.0
28	0.0	0.0	0.0	0.0	0.0
29	0.0	0.0	0.0	0.0	0.0
30	0.0	0.0	0.0	0.0	2.4
31	0.0	1.5	0.0	0.0	2.3
32	0.0	0.0	0.0	0.0	0.0
33	0.0	4.0	0.0	5.4	0.0
34	0.0	0.0	0.0	0.0	0.0
35	unk	unk	unk	unk	unk
36	unk	unk	unk	unk	unk
37	0.0	0.0	0.0	0.0	0.0
38	0.0	0.0	0.0	0.0	0.0

<sup>1</sup> Gifts includes gifts to weddings, funeral ceremonies and mosques.

The total of all percentages per case is not 100 percent. The lacking percentages include the following expenditures:

1. Typical consumption expenditures for the fasting month: butter, wheat, powder milk, canned meat, small breads and delicacies such as *bubur*, *kue lapis* and *asida*.
2. Lunch bought at a small food store.
3. Other consumption expenditures such as *tahu*, *keladi*, eggs, macaroni, meat and mie.
4. Kitchen utensils.
5. Firewood.
6. Fish lines and hooks.
7. Payment to the water carrier.
8. Postage.
9. Ticket for a film.

For many households the largest of these 'residual' expenditures concerned the expenditure for the fasting month starting March 28, 1990. In 18 cases the remainder is less than 10 percent (including 27a); in ten cases it is 10 to 20 percent; in seven cases it is 20 to 30 percent (including 27b); in two cases it is 30 to 35 percent; and in two cases it is unknown.

Outline C: Features of the various income-generating activities of the husbands (he) and wives (she)<sup>1</sup>

- 1: He is a fisherman, carpenter and harvests nutmeg and coconut; she sells the fish caught by her husband.
- 2: She is a market women and sells baked banana; he is the head of a primary school (earning Rp. 279,000 per month)
- 3: She is a fish trader and had no income when she was ill during nine days of the count; he is a driver and his income is called *uang belanja ibu* (shopping money for mother).
- 4: She smokes tuna fish; she gets a lot of help (in cash and kind) from her brothers and sisters as she takes care of their old parents; her husband works in Saudi-Arabia and sends a dollar cheque every now and then.
- 5: He cuts sago trees, catches fish and harvests fruit; she sells cigarettes, banana, peanuts, beans before her house as well as the fish and fruits harvested by her husband.
- 6: Both are civil servants: he monthly gets Rp. 122,750 and she earns Rp. 92,000 per month; she sells cookies and a clove product every now and then.
- 7: He is the main assistant of a large clove trader; she sells peanuts and home-baked cookies.
- 8: They are a Sumatran couple and run a shop.
- 9: She is a market women and fish trader; one of her daughters is her partner.
- 10: She is a widow and enjoys a pension (estimated at Rp. 75,000 per month); she regularly bakes and sells cookies. A local shopkeeper sells her cookies at a price of Rp. 25 per piece. She gets Rp. 20 per cookie from the shopkeeper.
- 11: She sells peanuts, banana and *labu* vegetables; her husband never came home during the count.
- 12: She sells peanuts in front of her house and he makes roof plates of sago palm leaves (*atap*) at home.
- 13: He is a harbor laborer and his wife sells self-baked cookies and the like.
- 14: He is a very active fisherman and harvests fruits; his wife is a fish trader.
- 15: She is a fish trader and he is a nurse at the local hospital.
- 16: She is a fish trader and he is a fisherman harvesting fish at a *sero gantung*.
- 17: He harvests fruits (*lansat*, *durian*, banana, coconut) and makes roof plates of sago palm leaves (*atap*); she sells the fruits.
- 18: She sells beans and he is a soldier (with an estimated income of Rp. 150,000 per month).
- 19: Both are teachers: he is 51 years old and his income is estimated at Rp. 225,000; she is 40 years old and her income is estimated at Rp. 150,000 per month; she sells *durian* fruits and he gets an extra bonus for supervision of students during their practical time.
- 20: He used to be the traditional head of the village but now owns speedboats and a theatre.
- 21: He is a fisherman and she sells beans.
- 22: She sells banana cookies and owns a billiard-table; he is a chauffeur.

23: He is a chauffeur and two of his sons are in the transport sector as well; he gives his wife Rp. 2,000 to 3,000 every day. His sons also contribute to the household budget. Every month she gets another Rp. 100,000 from them. She sells fruits.

24: Both worked in the Netherlands from 1951-1962 and now enjoy a pension of Dfl. 91.46 each per month. She sells ice in front of her house.

25: She is a teacher and earns about Rp. 75,000 per month. Her husband just graduated from an academy; her older sister is a market woman; her adopted child is a conductor who gives her about Rp. 30,000 per month.

26: She sells *nasi kelapa*; her daughter who is a primary school teacher gives her Rp. 10,000 per month plus 25 kilogrammes of rice.

27: He (a) enjoys a pension (estimated at Rp. 150,000 per month) as a military officer; He (b) is employed by the village cooperative (at Rp. 150,000 per month) and she (b) is a civil servant (with a salary of Rp. 87,500 per month)

28: She sells baked banana, beans and self-baked bread; he is a farmer.

29: He is a harbor laborer and she sells a rice product as breakfast (*ketupat*).

30: She is a petty petrol vendor and every now and then buys one drum of petrol at a price of Rp. 35,500 from a petrol truck; he is the owner of a billiard-room.

31: La harvests nutmeg, cloves and *durian* fruits; Wa sells nutmeg and cloves from their stock; the *durian* is sold the same day.

32: La is a sago cutter.

33: La cultivates and sells tomatoes and other vegetables. La also fishes every now and then.

34: She is a regularly-paid guard at the local hospital and he is a sago cutter and fisherman.

35: He catches fish and collects *durian* fruits. She sells them.

36: He harvests fruits, such as *langsar*, *nangka* and banana. She sells a chicken. He collects tuberous plants (*ubi kayu*) and fruits, like *mangga*, *durian* and banana, for daily consumption.

37: He collects fruits and tuberous plants for daily consumption; he owns a machine and processes cashee for payment. She makes and sells roof plates of sago palm leaves at a price of Rp. 80 per piece. The plates are sold to a wholesaler who usually buys a hundred from her.

38: He is a water-carrier supplying Ambonese households with water at a price of Rp. 200 per two buckets (or more – depending on the distance from river to house).

<sup>1</sup> The first name of a Butonese man is preceded with 'La' whereas the first name of a Butonese woman comes after 'Wa'.

Table A and Overview C show that Ambonese women – except a few – have their own income-generating activities. Four clusters of such activities can be distinguished: first, selling vegetables, fish (fresh and smoked) at the local market or in the harbor area; second, selling 'breakfast snacks' on the street or close to the bus station; third, working at an office or school as a civil servant; fourth, selling home-baked cookies, cigarettes, peanuts, etc. in front of the house.



Market women and fish traders earn between Rp. 5,000 and Rp. 10,000. Income from the sale of 'breakfast snacks' is usually less but varies per snack. According to a woman (Case 28), the net income of selling two kilogrammes of green beans (*kacang ijo*) is Rp. 2,500 per day. The net income of selling 100 small pieces of bread is Rp. 5,000 but can take more than one day. If one collects 100 pieces of ice from a person who owns a fridge, the owner gets Rp. 1,750 and the street vendor gets Rp. 750. Another woman (Case 29) frequently borrows three kilogrammes of rice from a shop at a price of Rp. 1,800; she sells 80 *ketupat* (wrapped up in banana leaf) at a price of Rp. 50 each. Her net (daily) income is about Rp. 2,000 as spices cost about Rp. 200.

The monthly income of a civil servant is usually less than what is earned by a market woman or fish trader in one month but it is secure and stable. If a market woman or fish trader gets ill (as happened in Case 3), participates in a funeral ceremony (as happened in Case 4) or does not buy produce because she assesses profit margins to be too small and risks too high (with evidence found in Cases 3, 4 and 16), she makes no money at all. Selling activities in front of the house contribute only small amounts to the household budget – if anything at all because relatives and neighbours consume a lot of cigarettes and cookies without paying.

The income-generating activities of the Ambonese men involved in the inquiry can be classified into four clusters or categories starting with quite capital-intensive activities and ending with subsistence-oriented ones: first, owning a speedboat and theatre; second, driving a bus, loading and unloading cargo in one of the harbors, assisting a large clove trader; third, working at an office, school or hospital as a civil servant; fourth, cutting sago trees, traditional fishing, making roof plates of sago palm leaves.

The income of a driver and harbor laborer varies (in our cases) between Rp. 120,000 and 235,000 on a monthly basis whereas the income of a civil servant (in our cases) varies between Rp. 75,000 and nearly Rp. 280,000 per month. A professional sago cutter (using traditional technologies) can earn about Rp. 70,000 in one month.

Appendix 3.4: Number of postal remittances cashed in the Post Office of Tulehu sent by relatives living in the Netherlands or outside Tulehu in Indonesia<sup>1</sup>

Year	Number of postal remittances cashed in the Post Office of Tulehu) from the Netherlands (N) or elsewhere in Indonesia (I) <sup>2</sup>	Total Amount	Average amount
1985	93 (N)	5,731,158	61,625
1986	37 (N)	2,531,541	68,690
1987	40 (N)	4,255,126	106,378
1988	56 (N)	8,130,345	145,185
	594 (I)	32,670,073	55,000
1989 <sup>3</sup>	37 (N)	4,550,480	122,986

<sup>1</sup> This appendix does not include remittances that are cashed by villagers of Tulehu at the Head Post Office of Ambon city (see, for an example, pp. 51-62: 'Old and New Neighbors') and also excludes 'remittances' that are sent with the help of 'go-betweens' (such as, for instance, Dutch people) who spend their holidays on Ambon island. My experience is that these other remittances can be quite large amounts of money (such as Dfl. 1,000 or USD 700, that is, more than Rp. 1,000,000). Because we do not know in how many cases remittances have been cashed by the same person or another person who, however, belongs to the same household, it is hard to draw firm conclusions about the percentage of inhabitants or households of Tulehu (officially 12,000 inhabitants and 2,000 households) enjoying gifts from relatives living elsewhere.

<sup>2</sup> The Post Office of Tulehu used two main entries to classify the remittances: 'Foreign Countries' and 'Domestic'. 'Foreign Countries', in practice, was synonym to the Netherlands with remittances sent from many different places, like Alphen aan de Rijn, Amerongen, Appingedam, Assen, Barneveld, Breda, Bussum, Capelle, Culemborg, Deventer, Dieren, Eibergen, Elst, Epe, Franeker, Geleen, Gouda, Groningen, Heerenveen, Helmond, 's Hertogenbosch, Hoozevee, Huizen, Leerdam, Lunteren, Middelburg, Nijverdal, Nunspeet, Ridderkerk, Roden, Tiel, Tilburg, Vaassen, Vught and Waalwijk.

<sup>3</sup> Till July 18, 1989.

Source: Post Office of Tulehu.



# 4

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## Evolving Forms of Informal Finance in an Indonesian Town<sup>1</sup>

Like other coastal towns in the Moluccan province of Indonesia, Tulehu has resources that guarantee most inhabitants a minimum living standard; sago palms provide the traditional staple food as well as all necessary materials for traditional house construction, and the sea is a supplier of fish, an integral part of the daily diet. Food production requires neither capital-intensive inputs nor large amounts of labor; in one week a half dozen people can collect enough sago food for the needs of three months. For most of the 12,000 people living in or near the town, traditional farming and fishing are still major activities, but in the past couple of decades the range of economic activities has broadened with more government jobs and the opening of new port facilities. Still, when I asked a fish seller what she would do in case of total lack of money, she responded with *ke hutan saja* (we just go to the forest). The forest, even more than the sea, is perceived as a bank of last resort.

In addition to the forest, however, various informal financial arrangements are also increasingly used by all classes of people in Tulehu to satisfy their economic needs and to insure against risks. In the following discussion I outline some of the arrangements I encountered while doing a study there in 1989. Recent innovations in these arrangements show that informal finance behaves like a chameleon; it offers a colorful palette of financial services to villagers and readily adapts itself to their diverse and changing financial needs.

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1. Originally published in the book of D.W. Adams and Delbert A. Fitchett (eds.), *Informal Finance in Low-Income Countries*, pp. 225-238. Reprinted with permission of Westview Press.

### **Economic Change**

The extent and make up of informal financial arrangements is strongly influenced by overall economic conditions. Gradually, these conditions have been changing in Tulehu, causing substantial changes in the nature of informal finance in the area. Tulehu enjoys a strategic position in regional trade. Products such as fish, cloves, nutmeg, coconut, and fruits pass through the town's port on their way to Ambon city, and consumer goods are shipped via Tulehu to other islands. This strategic position gives the inhabitants opportunities to escape the subsistence oriented sago economy: government employees, fish traders, vegetable sellers, harbor laborers, busdrivers, speedboat crews, petrol vendors, and shopkeepers earn most of their incomes from nonfarm activities. Tulehu's central position in trade and transport networks reduces the dependency of the town's economy on the local clove production: in most years there are clove booms in some parts of the region, whose produce passes through Tulehu.

In 1985-86 the strategic position of Tulehu as a regional trade and transport center was reinforced by the construction of a second harbor. Along side this harbor new shops were opened and new labor groups found employment in loading and unloading ships. Both the informal and formal financial sector expanded as a result of these changes.

The construction of the new harbor facilities also attracted the Bank Rakyat Indonesia (BRI), which opened a unit near the new port in 1987. The saving programs of the unit service a broad spectrum of people. One BRI deposit mobilization program called SIMPEDES attracted more than 700 depositors in less than two years. The interest rates paid on SIMPEDES accounts range up to 13.5 percent per annum. These rates are less than the 15 percent annual rate paid on another, more restricted, deposit program called TABANAS, but still the SIMPEDES program had twice as many depositors as TABANAS. This might be due to the response of SIMPEDES to popular financial needs of depositors, such as simple savings procedures, easy withdrawal procedures, and the possibility to win prizes in a lottery scheme.

### **Clove Harvesting**

Many of the people in Tulehu realize substantial but unpredictable cash incomes from the clove business: every several years, clove trees yield a crop that is sold for a considerable amount of money. Cloves also represent a form of savings. After the harvest, part of the crop is often stored in the home and then sold when money is needed. In the 1970s, when clove prices rose to about US\$20 per kilogram, 40 mature clove trees, each yielding 10 kilograms, were enough to pay for large expenditures such as a pilgrimage

to Mecca or a new house with concrete walls and a metal roof. In the 1980s, the prices of cloves fell to only about US\$2 per kilogram, while the cost of a journey to Mecca and house construction material sharply increased. Economic activities in the town shifted accordingly: in the late 1980s few residents were able to make the trip to Mecca, and families who wanted to build a new house did it in steps, resulting in numerous unfinished houses.

The economic boom of the 1970s caused by high oil prices and attractive prices for other commodities produced in Indonesia did little to upgrade the economic base of Moluccan villages and towns. The large government cash flows into rural areas, partly in the form of subsidized loans, were largely used for consumption and resulted in little economic diversification of agriculture. Instead, it moved farmers closer to monocultural clove cultivation. The Indonesian government contributed to this by offering cheap credit for the intensification of clove production. When prices dropped because of the government promoted increases in clove acreage, the farmers were left with increased consumption needs only.

Migrants to Tulehu, such as the Butonese, do not enjoy the same economic opportunities as do the natives: these newcomers lack traditional ownership or use fructuary rights to land and trees, and therefore concentrate on providing labor or financial services. The Butonese are migrants from Southeast Sulawesi and can be found in nearly all Moluccan villages. They provide substantial amounts of informal loans that support the clove business: they either buy the cloves-on-the-trees at harvest time (*beli buah*), and then do the harvesting themselves, or they lend the owner of the clove trees money by buying the rights, well in advance, to harvest clove trees for one or more good seasons (*sewa pohon*) – good seasons occurring only once in three years on average. The Butonese lender assumes both the price and yield risks of the crop.

### The Clove Trade

Besides loans provided by the Butonese, there are four other main categories of organizations and lenders who are involved in the clove trade and associated credit transactions: village cooperatives (KUDs), shopkeepers, private professional traders, and agents for cigarette factories.

The cooperative movement is under the general direction and management of the central government in Jakarta, and the KUDs in the Moluccan province have a monopoly on cloves marketing. They buy cloves directly from the farmers for a fixed price and then PUSKUD, the central cooperative, auctions the cloves collected by the KUDs. Many of the KUDs also provide some loans to individuals who own clove trees.

In practice, the KUDs are not able to buy all of the cloves produced and this leaves room for other agents to become involved in the clove trade. In

the remote towns and villages in the Moluccas where shopping alternatives and possibilities to earn money are few, local shopkeepers offer consumer goods on credit and accepts repayment in kind: the debt is recorded in kilograms of cloves and the interest payment is embedded in the price paid for the product. These shopkeepers, in turn, may be receiving loans in kind or cash from professional traders or from KUDs. Relatively large amounts of funds enter villages such as Tulehu in this way. At harvest time the big traders and KUDs collect the cloves at the village shops for loan repayment. Profits and interest rates for parties involved are hidden and depend on future market prices for cloves. Credit is a tying device in this part of the cloves market.

Clove change hands from private traders to agents of *kretek* cigarette factories (the private channel) and from KUDs to PUSKUD (the government cooperative channel). These channels often cross: professional private traders and shopkeepers let the KUDs sell their cloves at lucrative prices on auction floor at the PUSKUD. Some KUDs that collect more cloves than can be auctioned at the PUSKUD sell their cloves to or store them with, cloves wholesalers or other merchants in Ambon city.<sup>2</sup> A number of these transactions involve informal loans whose terms vary widely.

### Fishing Business

The decline in the price of cloves in the 1980s made the Buyonese more cautious about long-term loan agreements with owners of clove trees. As a result, they shifted part of their investments and lending activities to fishing endeavors. Wrecked ships on the shore near Tulehu are vivid reminders of unsuccessful attempts by the government during the 1970s to promote high-tech investments in fishing. When borrowers could not keep up the maintenance or loan payments on these boats they returned to traditional fishing using low-technology equipment such as wooden canoes, rafts, and small nets. In the late 1980s nearly all the owners of fishing rafts (*bagan*) in Tulehu were Butonese. In the late 1980s the construction of a medium-sized *bagan* cost about US\$2,200 far less than the price of a motorized boat but many times the price of a proa (wooden canoe). In some cases the Butonese rented these rafts and also provided informal loans for their operations. Some Butonese fish wholesalers in the nearby city of Ambon also supplied interest free loans to fishermen who agreed to sell them future catches.

Many of the Butonese who finance both clove harvesting and fishing activities, in turn, occasionally obtain loans from government pawnshops

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2. See chapter 8 for a more comprehensive and historical account of clove marketing chains in the Central Moluccas.

located in Ambon. As Bouman and Houtman (1988) found in India, these individuals usually pawn gold coins or ornaments. The maximum periods on these loans are 3 and 6 months with interest rates of 4 and 3 percent per month. Pawnshops are able to fulfill emergency financial needs of the Butonese on the spot - an identity card and a gold item are enough to obtain a loan. Many of these loans are repaid within two months. The pawnshop is the only formal financial institution that is accessible to the 'landless' Butonese.

### Government Employees

A relatively large number of government employees, including teachers, live in and around Tulehu since it is the administrative capital of a subdistrict. Nearly 350 local residents are on the government payroll and about 85 people enjoy government pension payments. This results in a regular cash flow into many of the 2,000 households located in the Tulehu area. Government jobs are valued because white collar workers enjoy some prestige, a regular income, and pension benefits. Government salaries, nevertheless, are usually not enough to cover daily expenditures that can, in effect, force government employees to work in the forest on free days or to have some other part-time job.

Although the monthly salaries of the government employees are hardly enough to cover most household expenses, many employees are creditworthy in the eyes of both formal and informal financial intermediaries because they have stable sources of income. In a credit program called KUPEDDES that is provided by the branch of the Bank Rakyat Indonesia (BRI) in Tulehu, for example, more than 90 percent of the borrowers are government employees. A number of shopkeepers in the town supply consumer goods on credit mainly to government employees. The number of their borrowing customers varies but may be as high as 40 persons per shop. These customers are expected to repay the interest-free loan within several months. The shopkeepers do not perceive it as credit but speak of customers "who have not yet paid" (*belum bayar*).

The extensive amount of street vending activities by women in Tulehu indicate the need for extra income among government employees as well as other people laboring in the private sector. These activities are called *bantu suami* (to help your husband), which in fact refers to all income-generating activities of wives. Women dominate as vendors in the vegetable and fish markets and are, generally speaking, substantially involved in small informal loans as well as informal group savings efforts.



### ROSCAs

An interesting development in Tulehu is the increasing popularity of *arisan* among a variety of inhabitants. These associations are similar in many regards to ROSCAs found by Bouman (1979) and other researchers in many low-income countries. Their growing popularity is an indication of the increasing capacity to save due to the expanded possibilities for people in the area to earn income in government service, as workers, or as entrepreneurs. Individuals who are still mainly traditional farmers or fishermen are seldom members of ROSCAs, apparently because they lack relatively steady cash incomes.

During my research I encountered several dozen ROSCAs. A tabulation of these *arisan* by member characteristics is given in Table 4.1. As can be noted, a broad range of economic and social groups are members of *arisan*. One of the Sumatran restaurant/shopkeepers groups had the longest experience with an *arisan* in Tulehu: they started their group some 15 years ago, when they were newcomers. Each week they came together to eat and drink and play *arisan* as a means of strengthening ethnic ties. They had earlier exposure to ROSCAs in Sumatra where they were called *bajulo-julo*. Over time this group gradually commercialized the *arisan* and discontinued weekly meetings. A predetermined sequence of receivers, instead of the lottery system, now determines the rotation of the fund; all participants bring their contributions each day to the group leader and after ten days, one participant comes to the leader to receive the deposits. The group leader is the first person to take the fund.

Table 4.1: Member *arisan* encountered in Tulehu in 1989

Member characteristics	Number of <i>arisan</i>
Sumatran restaurant and shopkeepers	2
Haruku women	1
Banda women	1
Harbor laborers	3
Petrol vendors	1
Fish traders	2
Market women and restaurant managers	4
Praying and singing groups	5
Government employees	5
Total	24

Source: Field survey in 1989.

A government employees' group has the second oldest *arisan*. They started about 10 years ago when government circulars encouraged the savings habit. In the two women's clubs the *arisan* functions as a focal point to mobilize and organize members around festivities or specific social issues, such as health care and family planning. Their meetings, like their salaries, are on a monthly basis. The 18 other ROSCAs have been started in the last 5 years and were called *arisan*, which indicates an external origin of the term and practice.

It may be useful to regroup these *arisan* by applying five additional criteria:

1. by the gender of members,
2. by the primary purpose of the *arisan*,
3. by the period of rotation,
4. by the mechanism that determines rotation of the fund, and
5. by the existence of a complementary emergency loan fund.

### **Gender Groups**

As might be expected, there was gender concentration among the *arisan* surveyed. Two of the groups, the harbor workers and the petrol vendors, were made up of only males. The Sumatran restaurant operator and shopkeepers' *arisan* and the fish traders' ROSCA had both male and female members. The remainder of the groups had only female members. In part these gender tendencies show social preferences, but they also mirror the gender make up of the economic group around which the ROSCAs were organized – there are almost no females who fish or sell petrol, for example.

### **Primary Purpose**

Some of the groups appeared to be mainly socializing mechanisms, while other *arisan* had mainly economic functions. The Sumatran restaurant operator/shopkeepers, the Haruku women, and the Banda women groups were made up almost entirely of ethnic minorities who used an *arisan* as an instrument to tie together people with common roots. These groups had a flavor of being mutual protection associations. The groups built on praying and singing clubs and those comprised of government employees also appeared to be organized largely around social or religious issues. The remaining *arisan* had strong economic overtones. The primary functions of these economic units were to mobilize deposits, encourage members to save more, to provide loans to members, and to act as a risk management instrument for members. Many of the members in these economic *arisan* reported they joined because they felt participation resulted in them saving more than if they were not members.

### ***Rotation Period***

A third way to classify *arisan* is by their period of rotation. These periods strongly correlate with the primary function of the ROSCA; if the *arisan* is primarily a social organization, funds are collected and distributed at the weekly or monthly meeting of the group. If the *arisan* primarily satisfies savings needs, the members contribute daily, but the fund is distributed every two, five, or ten days. The collection and distribution of the funds in these types of *arisan* takes place during working hours in a shop, restaurant, or market stall. Every day, each participant brings his/her contribution to the moneykeeper and at the end of the savings period one participant comes to this person to obtain the fund. The daily saving clubs also offer their members short-term lending facilities and a member may borrow from the keeper of the fund, provided that she/he repays before the end of the savings period. ROSCAs that are more economic in nature collect and distribute funds on a cycle that coincides with the payment of members' salaries or wages.

### ***Determination of Rotation***

*Arisan* can also be classified according to the mechanisms used to determine the rotation of the fund—who receives the fund at any given rotation. These mechanisms are closely related to the primary function of the *arisan*: if the *arisan* is mainly a socializing technique, a lottery is standard procedure in Tulehu for determining the order of the rotation. If the *arisan* is mostly an economic group, a member list is drawn up in which the order of rotation is determined both by lottery and deliberation between the treasurer and members who are in need of the fund. I did not find any *arisan* that used bids to determine order of rotation, a practice that is common in many other Asian countries.

### ***Complementary Emergency Fund***

A final way to classify *arisan* is by the existence or absence of associated nonrotating emergency funds that complement the *arisan*. Typically, small contributions are made to these emergency funds by group members each time they pay shares into the ROSCA, but the money in the two funds are kept separately. It is also common for this emergency fund to provide loans or grants to members in case of sickness or death and even for religious purposes. In some cases, funds in the emergency funds may also be lent to individuals who are not members of the group. Fourteen of the ROSCAs studied had emergency funds: both women groups, two of the three harbor laborers groups, the praying and singing clubs, and the government employees groups.

### **Multiple Funds**

One of the harbor labor groups I studied was involved in four distinct funds: one that rotated the distribution of the money collected, and three funds that did not rotate. When work is done, the 25 members of the group meet to divide the team's total daily income. The group's income varies between about US\$110 and US\$340 per working day. Earlier, the members agreed to participate in an *arisan* that distributed the equivalent of about US\$55 to each member in rotation.

Due to the unpredictability of team incomes, this group designed an innovative way to manage the collection and timing of payments to the ROSCA. They agreed to put all daily group earnings in excess of US\$110 into a ROSCA fund. When the 'excess-earnings' fund reached the equivalent of about 55 US\$ it was given to one of the members of the group, in rotation, who was selected by lottery. If the excess was less than 55 US\$, the rotation was postponed until that amount had been accumulated. If the excess income in one day was worth at least US\$110, then two members received their rotations in a single day. On average the group worked about three days per week in the port and were able to complete a entire rotation of the fund in about two months.

In addition to the ROSCA fund, the group also made contributions to another parallel emergency fund. This fund was made up of small amounts of money left over after payment of the regular ROSCA shares and by occasional voluntary contributions by members. This fund could be used for any group or individual emergency, such as paying for damages done to cargo handled by the group.

In mid-1989 two subgroups within this team of laborers decided to contribute to still two other forms of nonrotating funds. One subgroup made small contributions to a fund each work day that was used to help Islamic religious leaders, and to assist poor people. This fund might be labeled a social welfare fund. Another subgroup made similar small contributions to a fund that was allowed to build up, and then appropriate shares were returned to contributing members just before the Islamic fasting month began, when large amounts of food were typically purchased. This fund had many of the features of a contractual savings program aimed at assembling deposits sufficient for some targeted purchase.

### **An Evolving Group**

About 15 years ago four women who were relatives started a praying society that met on Sunday evenings. Each week the members contributed to a nonrotating fund that was used for religious purposes and helping poor

people. The funds collected were stored in a box in the home of the organizer. Eventually the society grew to 37 members who decided several years ago to contribute additional small amounts each meeting to an *arisan*. The *arisan* funds collected are given out in rotation to society members who were chosen by lot. The woman receiving the distribution, in turn, was expected to host the meeting of the society the following week and to use the *arisan* money to pay for the expenses incurred in hosting the meeting.

The weekly meetings of the praying *arisan* society further consolidated the existing family and friendship ties among the members and provided a solid base for other commercial activities by the group. A few months after the start of the *arisan*, the club opened a cooperative store. The 37 members of the club bought shares in the store that provided starting capital equivalent to approximately US\$500. The new store developed commercial relations with a wholesaler who soon began to supply consumer goods on credit to the store. Since then, the store has twice issued a 200 percent stock dividend and also extended consumer credit to about 60 customers.

In 1990 the group decided to open a deposit account in the local branch of the Bank Rakyat Indonesia where they deposited idle social-religious funds and some of the cash generated by the store. The attractive interest rate offered by the bank was the main reason for this decision. The society has not sought a bank loan because they are satisfied with the credit arrangements they have with a Chinese wholesaler who continues to provide them goods on credit efficiently and without charging any explicit interest.

### Money Guards

This Chinese wholesaler provides 84 shops in the region with consumer goods on credit. He also holds small deposits made by a group of 11 laborers who frequently work for him or for one of his clients. The laborers receive no explicit payment for these funds but they do informally count on his help in case of financial trouble, and he also occasionally gives them free cigarettes. The laborers believe it is not advisable to keep savings at home because the money is too easily spent. The wholesaler said, "I don't pay them any rent (on their money)" and describes his function as a money guard.

Another shopkeeper who is Javanese also is a money guard. He owns two buses for public transport. His drivers play a pivotal role in his enterprise as they must realize enough daily income to pay for the installments on the loans he used to buy the buses. As an incentive to work hard he pays his drivers 20 percent of the daily gross income they generate. Because of this arrangement and the large size of the buses, both drivers are able to save a substantial part of their income which they leave on account with their boss.

The importance of offering money guarding services was clearly understood by the chairman of the local cooperative (KUD). In October 1988

the innovative chairman started the first daily deposit program in the Moluccan province under KUD sponsorship without direction from higher authorities. He advertised the effort as an educational savings program for children and their parents who want to assemble funds for school expenditures. Within three months more than 1,000 parents and children opened deposit accounts at the KUD that paid no interest. The program offers depositors three benefits: a secure place to deposit funds, convenient hours for making deposits and withdrawals, and simple procedures. This daily savings program of the KUD satisfies an illiquidity preference (the money guarding) and a liquidity preference (easy withdrawal). The KUD chairman's motives are not completely altruistic. He deposits the funds mobilized in the local unit of the Bank Rakyat Indonesia and realizes for the cooperative a 13.5 percent rate of return on the deposits. In a casual way he was providing the link between informal deposits and formal banking that has been promoted by Seibel (1985).

### **Conclusions**

Some researchers, such as Geertz (1962), have viewed informal finance as being a static stepping stone or transitory phase that is left behind as development occurs. Other people, particularly politicians, have thought informal finance was a scourge that should be eliminated as quickly as possible. The impressions I gleaned from my research lead me to be uneasy with both views. Informal finance in Tulehu is dynamic, growing and evolving; it appears to have a highly complementary relationship with development, in general, and also with growth in the formal financial system. Informal finance also provides highly valuable financial services to many poor people, to individuals who start small businesses, and to marginal social groups. It is doing for poor people what many formal credit programs fail to do: providing them sustained financial services.

The chances of improving the performance formal finance programs, in this regard, may be enhanced if more features of the informal financial system are grafted onto these programs. These include more emphasis on deposit mobilization, more attention to pawning, more attention to insurance, and building more convenience into formal finance programs.

### ***Deposits***

I was impressed by the amount and extent of savings that occurred in informal financial markets in Tulehu. The substantial amounts of deposits made in ROSCAs and in other nonrotating group funds show that people in the area are willing to save. The significant use of money guards as a place to hold deposits is an indication that people have a need to save even when

the explicit rewards for doing so are nil. While the formal financial system is gradually offering more formal deposit services in the area, clearly formal deposit mobilization opportunities have not yet been fully exploited.

### *Pawning*

Because of the low transaction costs involved for both lender and borrower, pawning is an inexpensive way to provide small, short-term loans to borrowers who would otherwise not be creditworthy. In Indonesia, pawning services are offered by some banks and it may be desirable to extend these services into other banking facilities. In countries where all pawning is done by the informal market, it may be desirable to formalize at least some of these services.

### *Insurance*

Enhancing mutual trust and building unutilized credit reserves that can be used in times of trouble are major reasons for participating in informal finance. In large measure, many forms of informal finance are substitutes for formal insurance and for dependable access to other formal financial services. Formal financial intermediaries might offer various forms of explicit insurance and also provide more dependable services that emulate these features of informal finance.

### *Convenience*

Three of the most impressive features of informal finance in Tulehu are its flexibility, its proximity, and the fact that it is entirely designed to meet needs of its users. Various systems have been developed to mobilize small amounts of irregular savings, along with systems to provide small loans to people who borrow only occasionally to meet some pressing need or to capitalize on some fleeting opportunity. Participants value this flexibility highly and are willing to pay significant amounts to sustain access to these valuable services. The value, in the eyes of users, of these services is enhanced by the close proximity of informal financial transactions to where users work, live, or do most of their shopping. Formal finance would be more useful if it embodied more of these convenience features.

## **People That Count: The Forgotten Faces of Rotating Savings and Credit Associations in Indonesia<sup>1</sup>**

It is very popular nowadays for both researchers of rural finance and representatives of development agencies to briefly honor the role of rotating savings and credit associations in rural financial markets of Third World countries (cf. Berger 1989; World Bank 1989). To define a rotating savings and credit association as a group of people who agree to make regular contributions to a fund which is given, in whole or in part, to each contributor in turn (cf. Ardener 1964; Bouman 1977), is to demonstrate that the author is well aware of the importance of this widespread phenomenon in Third World countries. An outline of a standard pattern of rotating savings and credit associations is a minimum requirement for any publication on 'rural financial intermediation' or 'informal finance': ten participants contribute 10 dollar every month to the rotating fund and eventually pocket 100 dollars each. After 10 months the cycle is closed (cf. Bouman 1977) but participants may decide to start another one, possibly with a different member composition and adapted rules.

### ***Most Interesting, Ancient and Significant in Size and Coverage***

The new benevolent attention to rotating savings and credit associations is also directed to Indonesian ones that have only recently been praised for their impressive and promising qualities. According to Kern (1986), former credit adviser with the USAID/Government of Indonesia Provincial

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1. Originally published in 1992 in *Savings and Development* XVI(4): 371-401. Reprinted with permission of the editor of the journal.



Development Programme in East Java, "One of the most interesting forms of rural financial institutions in Indonesia, as well as many other countries, is the Rotating Savings and Credit Association (ROSCA), or in Indonesian, *arisan*" (p.118). Bouman and Moll (1992) who are rural finance analysts, state that, "The most ancient and widespread form of group finance in Indonesia is likely the rotating savings and credit association (ROSCA) called *arisan*" (p.215). The Indonesia Rural Credit Sector Review of the Asia Regional Office of the World Bank recognizes that the so-called informal credit system including rotating savings and credit associations, is "significant in size and coverage" (1987: iv).

However, I believe that the apparent praise of the role of rotating savings and credit associations in Indonesia and elsewhere has to be interpreted with great caution. Not because I feel that these associations are not popular among millions of rural and urban people in Third World countries (cf. Von Pischke 1991). My three-fold concern is rather about the quality and different intentions of the swelling choir of researchers and policy makers who acclaim rotating savings and credit associations. First, it is not the self-regulative capacities of poor people that is acclaimed but rather the rotating savings and credit association as a model. The use of the abbreviation ROSCA (in capital letters) is very telling in this respect. Used as a model, the term ROSCA makes one easily disregard the diversity and evolution of rotating savings and credit associations. Also, the acclamation of the ROSCA model is not very challenging in terms of empirical research: the more or less implicit assumption is that when you know the model, there is no need to further explore how the model works. This probably explains why research on the use of rotating savings and credit associations is not that popular although these associations have been spotted in many Third World countries and awarded outstanding qualities such as 'flexibility' and 'adaptability' by various rural finance specialists like Bouman (1977), Nayar (1986), Von Pischke (1989), Ghate (1990) and Adams (1992). The dominant question seems to become how to use rotating savings and credit associations for official credit and other development programs or how to apply the ROSCA mechanism. This foreshadows my second concern.

My second concern is that it is not the savings and organizational capacities and preferences of poor people that is acclaimed but rather the ROSCA as a mechanism to mobilize rural savings.<sup>2</sup> For some reason "the message" (Bouman 1977) about savings and organizational capacities of poor people is hard to understand. Some simply do not even consider the

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2. It is striking that in present circles of policy analysts and development planners the term of Rotating Savings and Credit Associations (RoSCA or ROSCA) is standard, whereas in the older and more anthropological literature the term 'rotating credit associations' (Geertz 1962; Ardener 1964) is used.

attractiveness of the ROSCA as a mechanism to mobilize savings. In particular those, who are convinced of the superior quality of large-scale banking institutions to induce 'development' (cf. Tolentino 1991)<sup>3</sup> or the absolute necessity of special credit lines to assist rural poor<sup>4</sup>, find it very difficult to conceive of financial intermediation based on self-regulation as an "Alladin's lamp of information" (Bouman 1990). Many others take quite an ambiguous attitude toward rotating savings and credit associations when it comes to their savings and economic potential. Berger (1989) states that the rotating savings and credit association is "one of the most significant indigenous financial innovation in developing countries, established largely by and for women" but still believes that "continued reliance on them is one means of perpetuating the marginalization of women's economic activities" (p.1024). Kern (1986) recognizes that, "The rural dweller much prefers to save through regular contributions to a group fund, which is immediately disbursed, thus avoiding security problems and administrative costs" (p.118). Still, he believes that rotating savings and credit associations are inefficient mobilizers of savings: "The *arisan* gathers savings at one point in time for immediate disbursal. It is not an efficient mechanism because a person must be a member of the *arisan* to utilize the savings function and savings can only be made at fixed points in time when an *arisan* is in operation" (p.119). According to Kern, rotating savings and credit associations do not contribute to "the rapid movement of funds from surplus areas to deficit areas", which he considers as "one of the major characteristics of efficient financial intermediation" (p.102). Seibel and Marx (1987) believe that rotating savings and credit associations are not enough or enough qualified as agents of development: "Informal financial institutions" including rotating savings and credit associations, "tend to keep a near-stationary economy going, rather than contributing to its development" (p.vi). They suggest to 'upgrade' them to non-rotating, that is permanent, savings and credit associations for construction of 'linkages' with banks (see also Seibel and Shrestha 1988). Von Pischke, Bouman and Adams take quite a different position in the unorganized debate on the use of rotating savings and credit associations. Von Pischke (1989) does not stimulate the actual use of rotating savings and credit associations in planned development. Instead he conceives of these associations as "a benchmark or project design standard, a starting

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3. "The principal task of financial reform - that of encouraging financial deepening, clearly involves pushing back the frontiers of finance - of enlarging the scope of the formal financial system and thus reducing the size of the informal financial system and economy. The informal system, otherwise called the 'black market', the 'curb market', the 'underground economy' has been found to grow under conditions and policies which restrict and over-regulate the formal system" (Tolentino 1991: 8).

4. This applies to the introduction of "Specialized Farm Credit Institutions" as channels of cheap credit to poor farmers. For critical comments: Von Pischke (1980) and Southwold (1991).

point for strategic thinking about financial services for the poor and a test of implementation plans" (p.2). This is close to the view of Bouman (1977) who is more in favor of "traditionalizing modern institutions" instead of "modernizing traditional institutions". The disappointing results of so-called 'formal' agricultural credit programs over the last 30 years prompted Adams (1992) to investigate rotating savings and credit associations and other types of 'informal' finance: he considers the possibilities of grafting the mechanisms of popular types of 'informal' finance onto 'formal' credit programs' in order to increase their so-called 'sustainability'.

Third, many acclamations of the role and distribution of rotating savings and credit associations are nothing more than lip-service or hypotheses. For example, the staff of the Asia Regional Office of the World Bank (1987), which is one of the main international donor agencies and employs thousands of highly qualified people, has to admit that, "Although the informal credit system is significant in size and coverage, this report was limited to the formal rural credit institutions due to resource constraints (pp. iv and v)". Another example is the statement of Bouman and Moll (1989) about the long history and wide geographical distribution of ROSCAs in Indonesia. They wisely speak in terms of likelihood because their statement cannot be supported by a vast number of publications spelling the development and diversity of rotating savings and credit associations (see also Ohio State University 1989). In old publications of Dutch rural finance specialists like Fruin (1937) and Ballendux (1951), no single reference to indigenous savings and credit associations is to be found. Kern (1986) assures that, "There is no recorded history to establish the beginning of indigenous credit institutions" (p.116) in Indonesia.

### *Most Interesting Quotations*

This paper is not to further explore the policy debate on the use of rotating savings and credit associations as a model or mechanism for planned development. I believe that such a debate is – to put it nicely – rather premature without some understanding of the diversity and development of rotating savings and credit associations. In my view, one of the best ways to prepare such a policy debate and to contribute to a better understanding of rotating savings and credit associations is to reassess popular quotations and classical works.

Many authors who want to illustrate the ROSCA model or mechanism or want to provide an excuse for new empirical studies, simply quote the study of either Geertz (1962) or Ardener (1964). For Indonesia the study of Geertz is the popular quotation: it contains one of the few and, probably, the first descriptions of rotating savings and credit associations in Eastern Java. Geertz' study is still gratefully cited to demonstrate the existence of rotating savings and credit associations now and for Indonesia as a whole. This is

rather embarrassing because the paper of Geertz has been published nearly 30 years ago and – worse still – I am not aware of any documented case of rotating savings and credit associations outside Java except for Ambon (see Chapter 4). The first objective of this paper is therefore, to compare the findings of Geertz (1962) to more recent data on rotating savings and credit associations in Indonesia.

Although Geertz and Ardener published nearly three decades ago, their studies are still unique works in the literature on rotating savings and credit associations. A distinctive feature of both studies is the comparative analysis of rotating savings and credit associations in different parts of the world. Further, both studies together are a vivid debate on the development of rotating savings and credit associations: the classical work of Ardener was the earliest response to that of Geertz. However, after Ardener formulated her critique the debate has abated: more recent comments on the study of Geertz (cf. Kurtz 1973; Schrader 1991) usually cite the criticism of Ardener. Some of these comments might now probably get the approval of Geertz himself because his article of 1962 was clearly framed in a now outdated modernization theory. The institutional analysis of Ardener has seldomly been critically analyzed itself. I believe that taking a fresh look at both papers may further both the policy debate as well as the formulation of new research questions on rotating savings and credit associations. The second objective of this paper is, therefore, to reassess the debate between Geertz and Ardener on the development of rotating savings and credit associations.

The third objective of this paper is to provide an example of the diverse backgrounds and roles of rotating savings and credit associations in a small Indonesian town on the basis of my own field research in 1989-90. From the point of view of one particular group of people, the role of rotating savings and credit associations is compared to other savings and credit arrangements, methods, strategies and organizations.

### **Studies of ROSCAs in Indonesia**

This section contains a brief outline of Geertz' analysis of rotating credit associations in Eastern Java and a larger, issue-wise, review of more recent findings. To accentuate these findings I compare them to those of Geertz.

Geertz (1962) describes rotating credit associations of different locations in Eastern Java. According to the author, its most elementary form is found in Modjokuto, a town-village complex in Eastern Java: "interest is not calculated, rotation is determined by lot or by agreement, memberships tend to be small, and a separate staff does not exist" (p.243). Geertz emphasizes that a meeting of this rotating credit association, called *arisan* is "commonly viewed by its members less as an economic institution than a broadly social one whose main purpose is the strengthening of community solidarity"

(ibid). He outlines that more commercial forms of *arisan* in rural areas evolve as a result of processes of 'commercialization' and 'urbanization'. The minds of people change: there is "an increased sensitivity to and understanding of the economic aspects of the rotating credit association, as against its symbolic, ritualistic aspects". This especially applies to inhabitants of urban compounds and towns. It is in these urban contexts where the most clearly and specifically economic *arisan* can be found: the market *arisan*. This type of *arisan* is characterized by daily contributions, no meetings, fixed order of drawing and a large number of members.

### **Geographical Distribution**

The recognition that "our understanding of financial development would remain incomplete unless we systematically set out to learn about the informal sector" (Ghate 1990, foreword) prompted the Asian Development Bank to conduct a comparative study that looked at informal finance<sup>5</sup> across a common set of issues in five Asian countries including Indonesia. One of the types of informal finance that was distinguished and studied was the so-called ROSCA. The overview volume states that "ROSCAs are widespread in Indonesia, where they are known as *arisan*" (Ghate 1990: ch.6, p.13). However, neither the field report of the Indonesian research team nor any other written material can have been the source of information to support this observation. The efforts of the Indonesian research team like those of many others (Lindauer 1971; Scheepens 1978; Patmo-Mingoen 1980; Hesselink-van Stelle 1983; Williams and Johnston 1983; Jansen 1987; Papanek and Schwede 1988; Veltenaar 1988; Bouman and Moll 1989; Van der Brugh 1989) who happened to study rotating savings and credit associations were concentrated on some parts of Java. Unfortunately, also Geertz (1962) provides no information or hypothesis on rotating credit associations in the so-called 'Outer Islands': Sumatra, Kalimantan, Sulawesi, Nusa Tenggara and the Moluccas. My conclusion is that the widespread character of rotating savings and credit associations in Indonesia has yet to be documented. I have to resort to personal communication with fellow researchers<sup>6</sup> — a method

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5. Ghate (1990) emphasizes two dimensions of the concept of informal finance: "informality" and - what might be called - self-regulation. "Informality is characterized by highly personalized loan transactions entailing face-to-face dealings with borrowers and flexibility in respect of loan purposes, interest rates, collateral requirements, maturity periods and debt rescheduling" (ch.1, p.5). Self-regulation is my own term for Ghate's view that, "The informal financial sector functions outside the purview of regulations imposed by the formal sector in respect of capital, reserve and liquidity requirements, ceilings on lending and deposit rates, mandatory credit targets, audit and reporting requirements and so on" (ch.1, p.6).

6. All fellow researchers happen to be staff members, fellows, PhD students or graduate students of the Department of Agrarian Law of the Wageningen Agricultural University.

that was also employed by Ardener (1964) – to provide some case material from Sumatra, Sumba and Sulawesi.

Slaats-Portier<sup>7</sup> (pers.comm.) reports that on North Sumatra *arisan* became the dominant term for rotating savings and credit associations in the 1980s to replace that of *jula-jula* that was much-heard in the 1970s. *Arisan* are organized by officials of the Family Welfare Program (PKK) and the organization of female civil servants (Dharma Wanita). Some women consider *arisan* appropriate instruments to quickly satisfy their consumptive needs. Traders respond to this need and use *arisan* to safeguard their sale of luxury goods.<sup>8</sup> Wijngaard and Hoeve<sup>9</sup> (pers.comm.) report that rotating savings and credit associations in Tukka, a village on North Sumatra, are specially organized to finance one of the following expenditures: weddings, house construction or university education. The finance of weddings is the most popular target of the associations. One of them is called *julo-julo adat nako*. Like most of the rotating savings and credit associations that are organized to finance weddings, the contributions of this association are in meat (cf. Geertz 1962: p.246: *paketan daging*). All 92 members contribute one kilogram of meat each to the wedding fund few days before the marriage. The ultimate sanction on default is a public confiscation of household goods.

Van de Ven<sup>10</sup> (pers.comm.) mentions several *arisan* of female teachers who work at the same school in village Hiang, Jambi Province of Sumatra. He also reports about *kelompok gotong royong* which is a common denominator of a variety of local cooperative undertakings. One type of such a cooperative undertaking is a praying and singing society (*pengajian*) that keeps *arisan* every week. The members also work in small labor groups to finance the purchase of meat for the fasting month. The laborers do not want to get paid immediately but collect their income just before the fasting month.

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7. Slaats-Portier has done extensive research among the Karo Batak of North Sumatra that resulted in a PhD thesis on social mobility and social security among the Karo Batak.

8. This much resembles the practice of Ibu Isoh on West Java as described by Veltenaar (1988: 85-88): Ibu Isoh is a tailor and organizes *arisan* to sell her produce. In several villages she gathers about 10 women willing to buy her clothes or embroidery. The women regularly contribute to a rotating fund which is used to buy for instance, a bedspread from Ibu Isoh. In some cases the *arisan* bedspread passes into one that serves to buy and sell table-covers of Ibu Isoh. In other cases, the members decide to start an *arisan* pan, *arisan* plates, *arisan* money or *arisan* gold coordinated by Ibu Isoh who receives a small commission for her services. In 1988 she coordinated 20 *arisan* including four *arisan* bedspread. At that time Ibu Isoh herself participated in an *arisan* with a contribution of Rp. 100,000 per month (for a Bolivian version of this type of *arisan*: see Adams, D.W. and Canavesi, M.L. (1992).

9. Wijngaard and Hoeve were graduate students of the Wageningen Agricultural University. They conducted a comparative study on credit unions and rotating savings and credit associations in North Sumatra from October 1991 till March 1992.

10. Van de Ven conducted field research on agrarian law and social security in Kerinci (Jambi Province, Sumatra) as part of his PhD program.

According to Vel<sup>11</sup> (pers.comm.) *arisan* on Sumba are to be found among salaried people only. The observation of Vel (1991) that money is a scarce good on this island is a plausible explanation of the limited occurrence of rotating savings and credit associations with contribution and distribution in cash. With respect to two older types of associations on Sumba, it is better to speak of a rotating 'pool' instead of a rotating 'fund': the first type refers to a group of farmers, all men, who cut *imperata* grass.<sup>12</sup> The daily yield is divided on a rotating basis among the members to be used for repair of the roof of the house. The second type concerns a group of people from well-to-do households, men and women, who annually contribute a large amount of rice to a pool that is cashed by the winner to buy roof plates of zinc. A new version of these two types of rotating associations with contributions in kind has been recently introduced by the local development organization assisted by Vel (pers.comm.): women have been organized in a group that makes mats of *pandanus* leaves to be sold every two weeks to the benefit of one of the members. Usually, the winner uses the fund to buy household utensils.<sup>13</sup>

Tang<sup>14</sup> (pers.comm.) distinguishes two types of rotating savings and credit associations on South Sulawesi: *mengandelek*<sup>15</sup> and *arisan*. *Mengandelek* is the popular term among *becak* drivers, fishermen and wives of fishermen. Daily contributions to the fund which is distributed every ten days, characterize this type of rotating savings and credit association. Whereas the rise of *mengandelek* dates back to the 1950s, *arisan* or the use of the term *arisan*, evolved in the 1970s. Officials of the Family Welfare Program (PKK) organize *arisan* of neighbors (*dasa wisma*) who contribute on a monthly basis. *Arisan* with a monthly contribution are also common among teachers.

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11. Vel worked as an advisor to a small rural development organization of the Protestant Church of Sumba from 1983 to 1990. She studied the local economy and culture of the western part of Sumba island with a special emphasis on indigenous food security systems and their interaction with development programs.

12. For a description of *imperata* grass: Ronald E. Seavoy (1975), 'The origin of tropical grasslands in Kalimantan, Indonesia, in: The Journal of Tropical Geography, vol.40, pp.48-52.

13. March and Taqqu (1986) make a distinction between "rotating credit associations" and "rotating labour associations" in their survey of women's informal associations in developing countries. However, the last example of Vel (pers.comm.) is obviously a mixture of both.

14. Tang has conducted a PhD research on social security in South Sulawesi.

15. *Mengandelek* shows resemblance to the Dutch word *aandeel* (which means: share). Scheepens (1978) who compared "traditional savings and credit organisations and modern credit organisations of village Bojong" in West Java, found a similar term. He casually remarks that "some people told me that in early days there were also *arisan* (named *andilan*)" (p.30). *Andilan* looks like the Indonesian pronunciation (*andil*) and noun (*an*) of the Dutch word *aandeel*. This suggests that Dutch colonial administrators or welfare workers might have stimulated Indonesian people to organize themselves in *arisan*.

## Women

Papanek and Schwede (1988) found that 106 women in their 1972-1974 survey among 146 lower-middle and middle class Jakarta women belonged to one or more *arisan*. Drawing lots was the typical mode of rotation. The respondents belonged predominantly to *arisan* formed among friends or work colleagues (57 percent of 262 memberships); there were also 75 neighborhood *arisan* (29 percent) and 38 kin-group *arisan* (14 percent). The authors conclude that "*arisan* are ad hoc social institutions that depend for their effectiveness on preexisting bonds that form the basis of mutual trust" (p.92). Most savings were intended for the acquisition of capital assets: land, house, car, motorcycle, household equipment, jewelry. According to the authors, some urban women commented that "*arisan* were helpful in protecting small sums against casual requests by men and children because all family members could understand how shameful it would be not to make one's promised contribution at the next meeting" (p.95). Others commented that "husbands who might object to what they considered women's excessive socializing were mollified by the economic gains that *arisan* membership brought with it (ibid).

The specific urban setting and selection of middle class women of the study of Papanek and Schwede make it impossible to draw generalizations with regard to Indonesian women's use of rotating savings and credit associations – if possible at all. The authors "are not aware of any recent systematic studies of the role of *arisan* among women in Indonesia" (p.92).<sup>16</sup> Long time ago Geertz (1962) mentions that the *arisan* becomes an "extraordinarily popular institution" among "people who represent a semi-urban, semi-rural proletariat, the members of which, though they have been forced to adopt many of the social, political, and economic patterns of the town, still cling to many of the values and beliefs of the village" (p.246). He adds that *arisan* are most particularly popular among the women of this proletariat, "who hold the purse strings in any case" (ibid).

## Contributions

One of the eight prevailing forms of agricultural credit on Central Java characterized by Lindauer (1971) is *arisan*. He observes that "during the inflation in the Sukarno era, the contributions were linked to the price of rice or gold" (p.267, my translation). In the country study on "Informal Credit Markets in Indonesia" implemented under the auspices of the Asian

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16. Chapter 4 contains general information on women's involvement in *arisan* on Ambon, the Moluccas. It also describes the case of a praying society of women that starts *arisan* and business activities.



Development Bank, three adaptations of *arisan* to inflation are casually reported: first, the agreement to make contributions in kind; second and third, to index the cash contribution to the price of a gramme of gold or a sheet of zinc (Prabowo et al. 1989). Ghate (1990) who has put together the findings of the country study on "Informal Credit Markets in Indonesia" in an overview volume, mentions that, "Apart from cash *arisan*, many of the *arisan* entailed contributions in kind (such as building materials, labor and foodgrains). Moreover some of the cash *arisan* were dedicated to the purchase of specific objects such as household utensils and furniture (popular among women) or livestock and roofing, piping and fencing material (which were popular among the men)" (ch.6, pp. 13-14).<sup>17</sup> The article of Geertz (1962) does not include information on this kind of details.

### *Non-rotation*

Another form of agricultural credit described by Lindauer (1971) is *tengelan*, which is a non-rotating savings and credit association: the fund does not rotate but is lent to third parties. In this connection the paper of Williams and Johnston (1983) provides an interesting final thought: they suggest that *arisan* on Java may evolve in the future as non-rotating savings and credit associations: "In order to avoid the *arisan*'s element of unpredictability, some groups are dissolving their *arisan* and forming *kelompok simpan-pinjam* (savings and loan groups)" (p.72). Prabowo (1989) remarks that, "Some *arisan* have developed lending and credit arrangements beyond those of traditional ROSCAs" (p.9): the group fund is used for giving credit and does not rotate. Prabowo adds that, "In our survey such associations are identified as *simpan pinjam*, *usaha bersama* [which means: to work together, my translation] or credit union" (p.10). Geertz (1962) who discusses in detail the evolution of rotating savings and credit associations (see second section), does not include non-rotating savings and credit associations in his analysis.

### *Bidding for the Fund*

To my knowledge the only published article that solely deals with *arisan* is the article of Williams and Johnston (1983). The authors coordinated community development projects on central Java and discovered *arisan* all over the place. According to Williams and Johnston, two new types of *arisan*

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17. Scheepens (1978), Hesselink-van Stelle (1983) and Veltenaar (1988) classify *arisan uang* (which means: money) and *arisan barang* (which means: goods). With *arisan barang* the fund is targeted to the purchase of glasses, plates, spoons, forks or pans. Patmo-Mingoen (1980), Jansen (1987) and Van der Brugh (1989) distinguish *arisan uang* and *arisan beras* (which means: rice). Just-mentioned authors have conducted village studies on Java as graduate students.

have emerged after Geertz published his survey in 1962. The first type is the '*arisan* call' (cf. Prabowo et al. 1989). The rotation of the fund of this type is determined by commercial bidding. Williams and Johnston believe that the *arisan* call "has gained great popularity among the urban elite since the mid-1960s [...]. It is quite common for wives of high-ranking public servants and military officers to be members of 10 or more *arisan* call groups at the same time" (p.72). According to the two development workers, "this form of *arisan* is based on the Chinese *hui* (Chinese for: association) which has long been practised by the ethnic Chinese business community in Indonesia" (ibid). The findings of Williams and Johnston imply a reassessment of the observation of Geertz (1962) who concluded that in contrast with *arisan* in rural Java "almost all urban *arisans* decide on the order with which the individual draws the fund not by agreement but by lot" (p.247).

### Official Arisan

The second new type of *arisan* distinguished by Williams and Johnston (1983) is the '*official arisan*'. This type of *arisan* is organized under the auspices of government bodies or official welfare programs such as the Family Welfare Program (PKK) which is primarily directed at women "who, after all, are the members of the community who are most concerned with health, progress and prosperity of the family (Rustam 1986: 77). Rustam (1986) who, as the wife of the Minister of Home Affairs, is the chairman of the PKK at national level, says that the PKK has "spread rapidly" and evolved into a "nation-wide movement" after its official recognition in 1972. The organization of *arisan* is part of the PKK programs on health and housing: the PKK "sets up rotating lottery (*arisan*) groups to finance<sup>18</sup> the repair or building of houses, family lavatories and bath plus laundry units" (p.81). Martin-Schiller (1989) reports that "the popular *arisan*, under the auspices of PKK (Program Kesejahteraan Keluarga - the government Family Welfare Program) or other women's organizations, are purely women's activities" (p.36). Prabowo and others (1989) speak of '*programmed*' or '*dependent*' *arisan* versus '*independent*' *arisan*. The authors indirectly define

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18. Rustam (1989) who wonders how to organize fund raising activities to finance PKK activities, finds to her own relief that, "Fortunately, there are old customs for this kind of activity: women may be told to put a single spoonful of rice into another pot every time they cook; once a week all those spoonfuls are added to what other villages have collected; when there is enough, the rice can be sold, and the 'little money' needed is obtained" (p.80). Sinaga and others (1976) distinguish two types of local savings and credit groups of the West Javanese village Sukagali: *arisan* and groups called *beras parelek* (which means: a spoonful of rice). According to the authors most of the women are member of *beras parelek* groups. Every members saves a spoonful of rice each day as a contribution to a collective stock that serves as a security fund for families who have run out of rice in the pre-harvest period (*paceklik*).

'programmed' and 'dependent' *arisan*: they deplore with regard to independent *arisan* that, "It is difficult to compute the exact number because their activities are not registered in the district administration book" (par.4.2).

According to Williams and Johnston, the *arisan* of PKK and other government or government-supported bodies function as a "drawcard" of government officials who "have gradually intensified efforts to capitalise on the economic and social potential of the *arisan* in order to popularise women's activities and other development programmes" (p.67). However, in many cases PKK meetings might have become little more than a brief *arisan* like happened with a radio listeners' group of women, organized as part of a government program for dissemination of information (Martin-Schiller 1989: 36; see also Hesselink-van Stelle 1983: 41). Williams and Johnston (1983) warn that, "In fact, high attendance at PKK meetings can easily be deceptive because participation in the *arisan* may become an end in itself, while the aims of the programme are overlooked" (p.71). In addition, they critically remark that, 'A study of six villages in West Java found that *arisan* formed on official initiative tended to be less popular than those formed spontaneously by local people' (pp. 71-72).

Geertz (1962) mentions that, "The *arisan* is also quite popular among the elite of the town, those who, for the most part, live in the stone houses along the streets. In this group it is almost always based on one or another of the dozens of sodalities, political parties, youth groups, labor unions, charitable associations, school societies, women's clubs, athletic associations, which have proliferated on the urban scene since the Revolution of 1945" (p.247). An interesting but difficult question is what happened with these – what Geertz described as – "voluntary associations" and their *arisan* activities after the New Order (*Orde Baru*) was established in 1965. Maybe all activities of these voluntarily associations were temporarily postponed at the time the central government restructured the relationships between public and private bodies. The official recognition in 1972 of the Family Welfare Program (PKK) by the central government can be possibly interpreted as a new impulse to – what government officials describe as – "a voluntary movement operating at grass-roots in country villages and wards" (cf. Rustam 1986: 77) and to what government officials call '*arisan*'.

### Different Comparative Studies

The specific interest of Geertz in rotating savings and credit associations<sup>19</sup> can only be understood as part of his broader interest in processes of social transformation. The young anthropologist Geertz is much concerned with the "shift from a traditionalistic agrarian society to an increasingly fluid commercial one" (p.260) in the so-called 'underdeveloped nations'. According to him, this process involves a problematic shifting of "the whole framework of peasants from one emphasizing particularistic, diffuse, affective, and ascriptive ties between individuals, to one emphasizing - within economic contexts - universalistic, affectively neutral, and achieved ties between them" (p.260). Geertz (1962) conceives rotating savings and credit associations as a product and conductor of this transformation: "the rotating credit association has been found associated with a lesser or greater penetration of an elaborated, and ultimately international exchange economy into a primarily agrarian society" (p.261). He describes *arisan* on Java as "a link between the largely unmonetized economy of the past and the largely monetized economy of the future" (p.245). The functional significance of rotating savings and credit associations in this process is "primarily to facilitate social and cultural change in respect to economic problems and processes" (p.261). Geertz mentions the rotating savings and credit association as an educational and socializing mechanism that learns peasants to be traders in the broad cultural sense (p.260). He places different rotating savings and credit associations on a continuum (like Van der Brugh 1989, pp. 32-40) "ranging from more traditionalistic to more rationally oriented types" (p.261). Solidarity and other social values are central features of the first, simple forms of rotating savings and credit associations described by Geertz. These associations are 'modern' forms of cooperation which reinforce existing social and cultural ties. Therefore, the contribution and distribution of money is a social and cultural act. The next, more complex associations on the continuum described by Geertz have a lesser social and cultural meaning: rational-economic considerations of members become more important. Meetings do not serve as cultural exchange in a narrow sense but rather as an exchange of business information. In many cases the need to gather is not felt anymore. The association transforms from an association of people into an association of capital. Geertz suggests that, "In this sense, the form is, perhaps, self-liquidating, being replaced ultimately by banks, cooperatives and other economically more rational types of credit institutions" (p.262).

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19. I consider "rotating credit associations" and "rotating savings and credit associations" as synonyms (see also: note 2) but prefer the latter because this term expresses savings capacities and - preferences of members.

Geertz is one of the few who has tried to analyze the rise and evolution of rotating savings and credit associations from a general perspective on processes of social transformation. It should be emphasized in this connection that Geertz is not only interested in this type of associations but in "the family of institutions" that "not only spring up in the economic, but in the political, religious, stratificatory, familial and other aspects of the social system as well" (p.263). Geertz conceives these institutions as "middle rungs between traditional society and more modern forms of social organization" (p.263). A critique of Geertz' description and analysis of rotating savings and credit associations therefore, implies a critique of his general perspective. Three points follow:

First, Geertz describes and analyzes rotating savings and credit associations of different places as part of an evolutionist continuum. This is only acceptable when every place follows the same societal development. Geertz, who cites Eisenstadt, speaks in this respect of the "general direction of modernization" (p.260). From this perspective the development of associations in the least developed places is fully predictable. It then follows that it is almost unnecessary to further specify changes and contexts of rotating savings and credit associations because all these associations are product of the same modernization process. However, this argument is false. Geertz seems to underestimate the very complex societal dynamics that evolve when an international exchange economy 'penetrates' a primarily agrarian society. It is hard to accept that an increasing interwovenness of international, national and local economies provides the momentum of a modernization process that reduces these economies into phases of one and the same development plan. Still, Geertz treats whole countries and provinces as homogenous economic units including rotating savings and credit associations with a corresponding degree of complexity.

Second, Geertz simply assumes that all rotating savings and credit associations that occur in a specific region are in the same phase of development or same place on the continuum. The evolutionist model of Geertz does not take into account the possibility of co-existing but extremely different types of rotating savings and credit associations in one place or region. Different groups of people or even one group of people (see third section) in a particular place might for instance, want to participate in different rotating savings and credit associations that vary much in terms of social and economic purposes.

Third, Geertz suggests that rotating savings and credit associations are 'irrational' when he predicts their transformation into banks, cooperatives and "other rational credit institutions" (p.263). He adds that the latter "can only function when the differentiation of a specific economic pattern of norms has occurred - when courts will enforce contracts, when managers worry about their business reputations and keep honest books, and when investors feel safe in giving cash resources to debtors to whom they are not

related" (p.263). On the one hand, the number of sources that doubts whether these conditions have been met, is still growing. For instance, Kurtz (1973) who describes rotating savings and credit associations (*cundina*) in urban Mexico and the USA, reports about "explicitly negative attitudes of the poor regarding institutions of finance, such as banks and savings & loan companies. [...] Banks were considered exploitative and rude. In general, many people felt that banks were unfriendly, demanding, or placed restrictions on loans which the *cundina* did not" (pp. 55-56). On the other hand, there is little evidence of some rotating savings and credit associations who have transformed themselves into non-rotating savings and credit associations (Williams and Johnston 1983; Prabowo 1989).

In spite of the shortcomings of the Geertz' analysis (1962) I believe his approach is not to be set aside. Those who briefly review Geertz' paper easily throw the baby out with the bathwater: they conclude that the evolutionist perspective of Geertz is not appropriate or appealing and forget about analysis of rotating savings and credit associations as part of processes of social transformation altogether (cf. Schrader 1991). My suggestion is to redefine the analysis of rotating savings and credit associations in terms of Geertz' larger interests and drop the evolutionist bias. The idea of rotating savings and credit associations as flexible forms of cooperation that restructure social relations in changing contexts, remains. Furthermore, I believe a more differentiated look at people and development in particular regions is needed. Most case studies of rotating savings and credit associations do not relate the diversity and development of these associations to local economic, social and political developments. They confine themselves to description of some institutional features of rotating savings and credit associations.

### *To Isolate According to Clear Criteria*

The paper of Ardener (1964) "The comparative study of rotating credit associations" is to be mentioned together with that of Geertz as one of the classical survey studies of rotating savings and credit associations. Ardener believes that her paper "may complement Geertz' work" (p.202). This certainly applies to the many detailed descriptions in both papers of diverse types of rotating savings and credit associations: they hardly overlap. However, in terms of analysis of the backgrounds and development of rotating savings and credit associations the paper of Ardener sharply differs from the one of Geertz. Whereas Geertz uses a deductive approach and takes rotating savings and credit associations as a case study of the process of modernization, Ardener tries an inductive approach that not results in a grand theory, but in some empirical generalizations and research questions. Ardener has great difficulties with the evolutionist model of Geertz and points at exceptions and contradictory developments (pp. 221-222): first, she

is not convinced that rotating credit associations are product of a shift from a traditionalistic agrarian society to an increasingly commercial one as claimed by Geertz, and suggests that they have been partly, at least, causative. Second, she questions "why do these associations flourish in some societies which have made this transition, while they are less important in others which have also done so?" (p.221). Third, Ardener briefly refers to communities in which "associations are confined to non-trading wage-earners" to illustrate her doubts of Geertz' notion of peasants learning to be traders. Fourth, Ardener provides evidence that counters the notion that 'economic' or 'rational' aspects necessarily predominate in the more sophisticated institutions or those with larger membership.

Both the strength and shortcoming of the paper of Ardener (1964) can be traced back to her objective that is mentioned in the last sentence of the postscript: "In this paper I have attempted to isolate according to clear criteria one type of institution which has received comparatively little treatment so far in the literature, and to draw attention to some of the variables relevant to its analysis" (p.223). According to Ardener, the two elements of rotation and regularity are the essential criteria to distinguish rotating credit associations from the whole range of mutual benefit clubs and cooperative undertakings. She distinguishes the following 'structural variables' of rotating credit associations: membership, organization, contributions, the fund, transferability, deductions from fund, and sanctions (pp. 210-217). The strength of the paper of Ardener is the systematic and detailed descriptive analysis of various types of rotating savings and credit associations. Her data collection enabled her to easily refute the 'theory' of Geertz. The shortcoming is the other side of the coin of institutional analysis of rotating savings and credit associations. I feel that such an institutional analysis ignores two important questions: first, the self-regulative and adaptive behavior of members of rotating savings and credit associations and second, the relative significance of rotating savings and credit association compared to other savings and credit arrangements, methods, strategies and organizations.

Members of rotating savings and credit associations make rules and join associations that fit their employment conditions, income flows, savings and money needs. When a collective income determines the contribution to a fund, the actual rotation is not necessarily regular (see Chapter 4): for instance, a group of harbor laborers might agree to put all daily group earnings in excess of a minimum amount of money into an *arisan* fund. Only when enough money has been saved, the fund is distributed. As a result of fluctuating team incomes, the actual rotation of the fund is not regular. Members of a rotating savings and credit associations might also decide to contribute to a permanent fund that parallels the rotating fund (*ibid*). It is also possible that rotating savings and credit associations evolve into non-rotating savings and credit associations (Williams and Johnston 1983;

Prabowo 1989). To overemphasize the essential criteria of rotating credit associations as defined by Ardener (1962), is to easily disregard the rule-making and adaptative behavior of members of rotating savings and credit associations.

Self-regulation of rotating savings and credit associations implies endless possibilities to meet diverse financial needs and objectives of members: indexed contributions, mutual exchange of turns, competitive bidding, borrowing from the organizer, and shared or multiple membership are some of the many examples. Therefore, it is very tempting not to study the use of alternative savings and credit arrangements, methods, strategies and organizations. However, it is exactly this kind of study that gives an opportunity to better understand the relative significance of rotating savings and credit associations.

It was not the intention of Ardener (1964) to extensively describe the self-regulation and adaptations of particular rotating savings and credit associations nor the relative significance of these associations compared to other savings and credit arrangements in a particular place. However, I feel that for a better understanding of the role and development of rotating savings and credit associations it is not enough to compare institutional features of these associations. One of the next steps is to study changes of rotating savings and credit associations and their particular roles as a savings and credit alternative. It is people that count: people make rules, adapt rules and compare rules and resources of different saving and credit arrangements.

### **Different Backgrounds and Roles of ROSCAs in a Moluccan Town**

Perhaps the region in Indonesia that has longest been articulated with the world-wide economy are the islands of spices of the Moluccas. The arrival of Portugese traders in the sixteenth century marked the beginning of a dramatic expansion of the trade networks that included this region. Other European traders followed and struggled for the privilege to buy cloves from local rulers. The Dutch East Indies Company (VOC) that took over control from the Portugese in 1605 (Knaap 1981a) forced the producers to sell all their cloves at the price of 56 rixdollar per bahar (550 pounds): five for the local rulers, one for transport and fifty for the producer. The VOC was the first in the spice trade to pay their suppliers in cash. In 1863 Dutch governors had to abolish their policy of enforced cultivation because the new cultivation of cloves in African Zanzibar had pushed the world market price below the cost price of the Dutch (Knaap 1981b). At independence in 1945 the new Indonesian leaders inherited a free market system. It was not until late in the post-colonial period that clove producers faced a monopoly on cloves marketing and fixed prices again: Presidential Decree No.8 (1980)



orders that only government village cooperative (KUD) are entitled to buy cloves from the farmers for a fixed price.

The typical irregularity of the clove production, corruption of local rulers and austere production and price policies make it hard to reconstruct how much money was actually earned by Moluccan clove producers under colonial rule. But at least they touched money from time to time – whether considerable or not. In the eyes of Geertz (1962) this contact might provide a ground for rotating credit associations that he describes as "a link between the largely unmonetized economy of the past and the largely monetized economy of the future" (p.245). However, in spite of three hundred fifty years of exposure to Dutch traders, missionaries and administrators, rotating savings and credit associations are likely of a late post-colonial origin in the Moluccan region.<sup>20</sup>

One of the main reasons of the late development of rotating savings and credit associations in the Moluccan region is the central importance of sago and fishery in the local economy (Knaap 1981a). Sago palms provide the traditional staple food as well as necessary materials for house construction and the sea is a supplier of fish, an integral part of the daily diet (see Chapters 2 and 4). The plentiful sago palms can be harvested every time of the year. Even more important - sago and fish were not exchanged for money until recently: they have been near-full subsistence crops. The paradise-like availability of sago and fish has been the silent barrier for centuries of a gradual monetization of the local economy after the first contacts with foreign traders and rulers. There is little need for thrift and regular saving among sago and fish collectors. Traditional sago cultivation and fishing neither imply cash investments nor enable or give much sense to contributions in cash to a common fund.

Another main reason why rotating savings and credit associations did not evolve in the Moluccan region as a result of the early articulation of the local economy with the world economy is that clove trees yield abundantly only once per three to four years. This irregular production does not enable regular saving. Furthermore, group saving of clove producers is hard to realize because clove production is very location specific. Still, one might also assume that irregular cash income necessitates more or less regular saving, like in the many rice producing areas of Indonesia where women used to save a spoonful of rice every day to bridge the difficult pre-harvest period.<sup>21</sup> However, the abundancy of sago and fish in the Moluccan region provided

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20. The historical studies of Rumphius (1910) and Knaap (1987) do not contain descriptions of rotating savings and credit associations on the Moluccas or Ambon island in particular. Neither do the field notes of Kennedy (1950) and comprehensive village study of Fraassen (1972). Even Van Paassen (1986) who conducted a socio-economic study of Tulehu, makes no reference to rotating savings and credit associations.

21. See note 18.

no reason to start regular saving in cash or kind. Periods of food scarcity rarely occurred. Money needs were extremely modest because sago and fish guaranteed most inhabitants a minimum living standard in terms of food supply and housing.

Whereas the Moluccan economy as a whole has been in contact with international trade networks for centuries without changing so much, the village economy of Tulehu has dramatically altered within the last two decades as a result of the village becoming a new regional trade and transport centre. Tulehu is located at the northeastern coast of Ambon island and is a link between Ambon city and other ports of Indonesia on the one hand and the hinterland of the Central Moluccas on the other. The small town that officially numbers 12,000 people (census 1989) attracts many migrants looking for work and education. About one third of its population consists of Butonese migrants who are much involved in the clove trade. Sumatran, Chinese and Javanese migrants are smaller, but economically powerful groups who dominate as shopkeepers and restaurant owners. Many government services have got an office in Tulehu which is the administrative capital of a sub-district. In Tulehu, rotating savings and credit associations have become a new phenomenon since the 1970s. I distinguish three different backgrounds of rotating savings and credit associations: migrants, government extension and organization, and increased money needs.

### *Migrants: Parallel Social and Economic Associations as Forms of Collective Self-Help*

To speak of a late 'origin' of rotating savings and credit associations in the Moluccan region is somewhat misleading. The first associations in this region have probably been started by migrants (cf. Ardener 1964: 209). In Tulehu, Sumatran migrants started rotating savings and credit associations some 15 years ago. Each week they came together to eat, drink and play *arisan* as a means to strengthen ethnic ties. They had former exposure to rotating savings and credit associations in Sumatra, where they were called *bajulo-julo* (see also Chapter 4).

The first Sumatran migrants of Tulehu started selling self-baked cookies as a street vendor (*kaki lima*), then opened restaurants and after a few years managed to establish medium-sized shops. With the help of these pioneers, new Sumatran migrants easily found opportunities to make a little income and ways to finance their larger business plans. The Sumatran entrepreneurs started to use *arisan* as an efficient vehicle to save for investments. The socio-cultural *arisan* gradually commercialized and discontinued weekly meetings. A pre-arranged sequence of receivers, instead of the lottery system, now determines the order of rotation; all participants bring their contributions each day to the group leader and after ten days, one participant comes to the leader to receive the deposits. The group leader is the first person to take the

fund (see Chapter 4). Both Sumatran men and women participate in these commercial *arisan*. I found two *arisan* of Sumatran shopkeepers and restaurant owners of Tulehu: the first *arisan* consists of ten men and three women who each contribute Rp. 5,000 per day, except for two members paying Rp. 10,000 for two positions.<sup>22</sup> Every 10 days the fund is distributed so that the full cycle takes nearly five months and the rotating fund amounts to Rp. 750,000. The full rotation is determined by lottery at the start of the cycle. The first position forms the exception, the organizer receiving the first fund. The second *arisan* consists of 14 Sumatran women with a daily contribution of Rp. 1,000. Four of them each have two positions and one member even three positions, so that one cycle takes more than six months. Many Sumatran couples own two shops or try to open a second one. The wife manages the first shop and pays for daily household expenses. Possibly, this explains the smaller standard contribution of the women *arisan*.

Parallel to the commercial *arisan*, other, more social savings and credit associations have evolved as well. In Tulehu an association of 40 Sumatran households called *Ikatan Keluarga Saiyo Sakato* (IKSS) coordinates at least three activities. First, all 40 households contribute Rp. 2,500 per month to a social fund that is deposited by the secretary into a savings account at the *Bank Rakyat Indonesia* (BRI). The non-rotating fund is used for funeral ceremonies (Rp. 25,000 per case) and trips to Sumatra (one ticket per family). Secondly, most of the members of the IKSS weekly contribute to a fund for the annual *hari raya qurban*, an Islamic festival. A Sumatran shopkeeper who is a *haji*, keeps this non-rotating fund. In 1989-90 34 families together contributed about Rp. 40,000 per week. When a household is unable to save the required amount (the price of a goat or a seventh part that of an ox) the savings are retained for the next season or returned just prior to the festival. Third, 26 women gather every month for religious classes at the local Islamic university. Their club, *Bando Kanduang* (which means: dedicated women), keeps *arisan* every meeting. Each member contributes Rp. 5,000 while two members receive half a fund. The women also contribute monthly Rp. 500 each to a social fund for emergencies and birthday presents. Every three months the women together with their husbands, come to the Islamic university to discuss the progress of the *uang qurban* and have a large celebration.

Butonese migrants participate on a limited scale in labor associations with a rotating fund. In small groups they cut sago trees and distribute the proceeds of the sale of sago pith on a weekly rotating basis. Butonese migrants are much more involved in pre-harvest arrangements with Ambonese: they buy the rights to harvest clove trees for one or more (good)

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22. US\$1.00 = Rp. 1,760 (July 1989).

seasons.<sup>23</sup> The small Chinese and Javanese minorities of Tulehu are not involved in rotating savings and credit associations. Still, an old Chinese shopkeeper remembered *hui* as the Chinese name of rotating savings and credit associations that used to be popular among Chinese entrepreneurs in large urban centres of Indonesia.

### ***Government Extension and Organization of Women***

The second 'origin' of rotating savings and credit associations in the Moluccan region is government extension and organization. About ten years ago the first 'official' *arisan* was started in Tulehu by wives of police officers and the military. These run smoothly due to the regular income of their husbands. They are organized as part of semi-official women's clubs. The monthly contributions vary from Rp. 5,000 to Rp. 15,000. *Arisan* that result from government educational programs perform rather poorly in Tulehu, like the one of the local Family Welfare Program (PKK) that collapsed, failing to attract women to extension meetings. The *arisan* of the Office of Coordinated Services (*Posyandu*) has still to attract many women to the extension meetings. The contribution per month or two weeks is quite low, not exceeding Rp. 1,000.

It is difficult to describe *arisan* of government extension services in terms of the dualistic and evolutionary notions of social clubs that gradually transform into economic ones. There are no ethnic or neighborhood ties that serve as a pre-existing social basis of *arisan*, and there are no future economic targets to finance. Besides, meetings are not to be discontinued but to serve as an extension mechanism for a long time. To a lesser extent this also applies to the *arisan* of wives of police and military officers. They live on compounds with their husbands, mostly migrants who happen to be stationed in Tulehu. In all these cases, however, the role of the *arisan* as an organizational tool or tying device of government programs directed at women, should not be underestimated.

### ***Increased Money Needs and New Social Units***

*Arisan* among the native Ambonese population of Tulehu are the most recent ones. Three types have evolved in the last five to seven years: the *arisan* of economic peers who earn a regular income, the neighborhood *arisan* and the *arisan* of members of a religious society. The evolution of all three

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23. Cf. Ardener (1964): "Hill suggests that, in Ghana, they are unlikely to spread into areas where farmers can raise capital by pledging their farms, although pledging of land among the Mba-Ise Ibo of Nigeria did not inhibit the development of rotating credit associations there" (p.206).

types is much related to the increased need, use and importance of money in the local economy.

Until recently, Ambonese relatives and neighbors helped each other with the construction of traditional sago houses on a more or less rotating basis (*masohi*). The forests provided all necessary construction materials. However, Ambonese villagers got a taste for modern house construction material when the enormous incomes from the sale of cloves in the 1970s enabled them to finance the construction of new houses with concrete walls and zinc roofs. As a result, the need to organize *masohi* faded. Rotating savings and credit associations, such as on Java, to finance the purchase of zinc roofs, did not evolve because the Ambonese started to bank on the clove harvest as the best single opportunity to invest in housing.

*Arisan* in Tulehu are likely no adaptations of *masohi*. *Arisan* of Ambonese people, who earn income from non-farm activities satisfy rather different needs than the *masohi* of subsistence farmers. These non-farm activities are an example of the new economic opportunities in Tulehu as well as an expression of people's increased money needs. When prices of cloves dropped in the 1980s, the farmers still had their increased money needs only. Besides, the zinc roof as the new standard of housing, rice had become the new standard of consumption, to replace the tasteless sago porridge. To meet both these needs, the growing non-farm opportunities to earn extra income in Tulehu were gratefully exploited. *Arisan* serve as a tool for efficient cash flow management. Contrary to the Sumatran entrepreneurs of Tulehu, who started *arisan* to strengthen ethnic ties, *arisan* of Ambonese people who earn a regular income, have no social or ethnic precursor. These *arisan* not only serve as a means to protect members against sudden expenditure but also against claims of family members.

Both men and women are involved in these *arisan* that appear as new social units in commercializing Tulehu. *Arisan* of harbor laborers consist of men only; a small *arisan* of petrol vendors includes one woman; *arisan* of fish traders are a female affair, as are the *arisan* of market women. All contributions are on a daily basis; the number of members varies from three to 25 people. Harbor laborers determine the full order of rotation at the very beginning of the cycle by lottery. The fish women use both lottery and a pre-determined order. Market women deliberate each time to decide who is next to receive the fund.

Neighborhood *arisan* function less to strengthen neighborhood ties but rather to collect money. The use of daily or monthly contributions, such as among neighboring civil servants and pensioners, is an expression of the central importance of money collection through neighborhood *arisan*. Default of members has made this type of *arisan* not so popular: they were not a common phenomenon in the many wards of Tulehu. Those people, who were involved in neighborhood *arisan* were typically women.

Every week members of a religious society come together to sing and pray Islamic verses. There are male societies as well as female ones. It is very striking that only female societies organize *arisan* at the end of the evening to stimulate members to participate in the meetings. I feel that this is not because women are less dedicated Islamic people than men. The large involvement of women in street vending activities and vegetable and fish markets and, last but not least, their dominant role in managing the household purse, have made many women aware of functions and possibilities of money. It is not only the lottery as the common method to determine the rotation of the fund, that is attractive for women to participate in *arisan*, but also the mere use of money. Most of the religious gatherings are held at the place of the winner of the fund who pays for the tea and snacks at the next meeting. In one case, the house of the leader, who is married with one of the most well-to-do men in town, is the place of weekly congregation. Besides the common contribution of Rp. 1,000 to the *arisan*, all 20 to 40 members also contribute Rp. 100 each to a non-rotating emergency fund.

### The Use and Relative Importance of ROSCAs

Case studies and inquiries involving many different people, can provide information on the use and relative importance of rotating savings and credit associations. For pragmatic reasons and comparative purposes, I concentrate on one particular group of people and their different savings and credit alternatives: Sumatran migrants of Tulehu.

Ibu Efi is a member of an *arisan* of Sumatran shopkeepers and restaurant managers. Once per five months, she receives the fund of Rp. 750,000. Her husband and brother-in-law are members as well. They all manage their own shop and daily contribute Rp. 5,000 each to the *arisan*. Ibu Efi runs the first shop of her husband that he started at the time she had not yet migrated to Ambon island. The young Sumatran women explains that proceeds of her shop are used to pay for food and medicines. Still, she is involved in another *arisan* as well, that includes Sumatran shopkeepers of Ambon city. There are 16 positions and Ibu Efi pays four positions of Rp. 1,000 per day. Every ten days the fund is distributed. She used her last four draws of Rp. 160,000 as follows: she sent Rp. 550,000 to her mother on Sumatra to purchase gold (Rp. 250,000) and to pay her ticket to Ambon (Rp. 300,000). The remaining Rp. 90,000 Ibu Efi used for small consumptive needs.

Pak Wir is a member of an *arisan* of Sumatran shopkeepers and restaurant keepers. He draws two lots of Rp. 750,000 in one cycle of about five months. Pak Wir has used the funds of *arisan* for the following types of expenditures: first, when he started his first shop in Tulehu in 1983, he used the fund mostly for the purchase or payment of working capital. According to Pak

Wir, the fund served to smoothen business operations that had to guarantee a stable income and food security. Second, at a later date, he also used the fund for large investments: Pak Wir rented a house for seven years at the price of Rp. 1,500,000. The Ambonese owner of the house requested Pak Wir to pay the rent in zinc sheets to replace the roof of sago palm leaves. Pak Wir was unable to pay the rent himself and discussed the matter with his Chinese wholesaler. He told him that within two weeks it was his turn to receive the fund of the *arisan*. The wholesaler immediately provided the zinc sheets and half the interest-free loan was repaid two weeks later. Third, Pak Wir mobilized *arisan* funds for unexpected expenditures: Pak Wir was taken by surprise when the District Office of the Ministry of Transport and Communication decided to use the business place that was rented to Pak Wir, to tax licensed private buses. Pak Wir asked the Sumatran community of Tulehu for help and one of them was prepared to waive his rights as a lessee of a place at the price of Rp. 1,800,000. Pak Wir twice used his draw from the *arisan* as a payment to his friend. The most recent and fourth use of the fund is the purchase of gold that he considers, like many other Sumatran people, an extremely attractive form of savings because of its stability. The wife of Pak Wir, who runs their first shop and participates in three *arisan*, regularly wears golden earrings and a golden necklace.

The finance needs and strategies of Pak Wir are not exceptional for the Sumatran community of Tulehu. Most of them are involved in *arisan* and are very enthusiastic about the financial services of their Chinese wholesaler. Another common experience of the Sumatran entrepreneurs that they certainly do not share with the many small Ambonese shopkeepers, is to have been visited by the manager of the local unit of the *Bank Rakyat Indonesia* (BRI). Since the opening of this unit in Tulehu in 1987, the manager has tried to interest the Sumatran entrepreneurs in loans from his unit. However, many feel there is no need to borrow money from this bank because they enjoy the credit (*modal percaya*) of their Chinese wholesaler who, according to Pak Wir, is even prepared to borrow goods from local Chinese shopkeepers to serve his Sumatran customers. Those Sumatran people who manage a restaurant, add that their business does not require much capital and certainly not a loan from a bank. The conclusion to draw is that *arisan* and suppliers' credit are much more appreciated sources of finance than bank credit in the eyes of Sumatran entrepreneurs.

With regard to the use of the savings facilities of the BRI unit *desa*, the Sumatran entrepreneurs have less in common. Many shopkeepers consider savings at this bank a waste of money because of the inflation and the weak Indonesian currency. Pak Wir will never try a bank deposit, "unless they let

me open a dollar account". He prefers to invest his profits immediately<sup>24</sup> or to use them to reduce his current debts with the Chinese wholesaler. Others take a different point of view: although shopkeeper Pak Sanan has to travel by scooter to reach the BRI unit desa of Tulehu, he still enjoys the simple savings procedures and easy withdrawal procedures of his SIMPEDES<sup>25</sup> account that he uses as his business current account. Pak Beti who manages a restaurant, also has a SIMPEDES account at the BRI unit desa. He uses this account to deposit his draws from his *arisan*. His basic motive for participation in *arisan* and transfer of *arisan* funds to the bank, is to save for higher education of his children. The conclusion to draw with respect to savings strategies of Sumatran entrepreneurs is that many of them let their savings first accumulate in an *arisan*. Usually, most of the fund is then mobilized for investment and consumptive expenditures. When investment opportunities lack or consumptive needs have been met, (remaining) funds are converted into gold or deposited at a local bank.

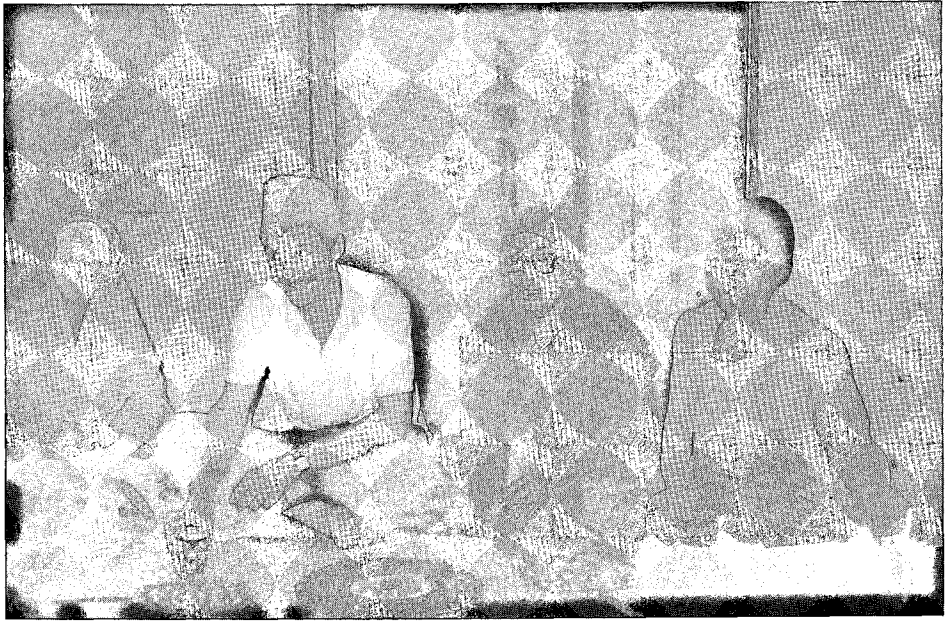
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24. Pak Wir told me he had saved coins in a traditional money box, but found he opened the box whenever a pedlar passed by.

25. SIMPEDES is short for *Simpanan Pedesaan* (village savings) and is the name of a deposit mobilization program launched by the *Bank Rakyat Indonesia* on a national scale in 1986 (see: Asian Regional Office of the World Bank, 1987, p. 38-43). SIMPEDES offers simple savings procedures, easy withdrawal procedures, the possibility to win prizes in lottery schemes and interest rates up to 13.5 percent per annum (see also Chapter 4).



**Photograph:** Three members of a praying society-cum-*arisan* and myself, ready to throw a small and folded paper indicating the name of the winner of the *arisan*.



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## Women's Differential Use of ROSCAs in Indonesia<sup>1</sup>

The new benevolent attention to rotating savings and credit associations is also directed to those in Indonesia that have only recently been praised for their impressive and promising qualities. For example, according to Kern (1986: 118), former credit adviser with the USAID/Government of Indonesia Provincial Development Programme in East Java, "one of the most interesting forms of rural financial institutions in Indonesia, as well as many other countries, is the Rotating Savings and Credit Association (ROSCA), or in Indonesian, *arisan*". And Bouman and Moll (1992: 215), who are rural finance analysts, state that, "The most ancient and widespread form of group finance in Indonesia is likely to be the rotating savings and credit association (ROSCA) called *arisan*." However, any praise of ROSCAs has to be interpreted with great caution. First, I am concerned that it is not the self-regulative capacities of poor people that is acclaimed but rather the ROSCA as a model. (The use of the abbreviation 'ROSCA' is very telling in this respect.) My second concern is that it is not the savings and organizational capacities and preferences of poor people that are praised but rather the ROSCA as a mechanism to mobilize rural savings.<sup>2</sup> And third, many acclamations are nothing more than lip-service or hypotheses. I have elaborated these points elsewhere in a longer version of this paper (see Chapter 5).

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1. Originally published in *Money-Go-Rounds: The Importance of Rotating Savings and Credit Associations for Women*, edited by Shirley Ardener and Sandra Burman, Oxford: Berg, 1995, pp. 127-148. Reprinted with permission of the publisher.

2. It is striking that among present-day policy analysts and development planners the term 'Rotating Savings and Credit Associations' (RoSCA or ROSCA) is standard, whereas in the older and more anthropological literature (Geertz 1962; Ardener 1964) the term 'rotating credit associations' is used.

Those who promote ROSCAs as a model or mechanism easily forget that, strictly speaking, ROSCAs do not behave; rather it is people who construct and reconstruct their own form of the association. No use is made of an actor perspective (cf. Long 1989) in their methodologies and analyses. One of the consequences of this bias is the production of quite general and simplistic ideas on the significance of rotating savings and credit associations for particular groups or categories of people. Probably the most dramatic example in this connection concerns about half the world's population: women. Few studies attempt to differentiate women according to their socio-economic background and their use of ROSCAs. Below I describe how different groups or categories of women participate in different kinds of savings and credit associations. For this purpose I outline the diverse backgrounds of different ROSCAs in a small Indonesian town. In my view, such an outline is a precondition for a more nuanced look at women's differential use of these associations.

### Comparative Studies

Although Geertz (1962) and Ardener (1964) published nearly three decades ago, their studies on rotating savings and credit associations are still unique works in the literature, and are much quoted. The contribution by Geertz contains one of the few and probably the earliest descriptions of ROSCAs in Eastern Java.<sup>3</sup> I am not aware of any documented case of ROSCAs outside Java except for Ambon (see Chapter 4). As a young anthropologist, Geertz was much concerned with the "shift from a traditionalistic agrarian society to an increasingly fluid commercial one" (1962: 260) in the so-called underdeveloped nations". According to him, this process involves a problematic shifting of "the whole framework of peasants from one emphasizing particularistic, diffuse, affective, and ascriptive ties between individuals, to one emphasizing within economic contexts - universalistic, affectively neutral, and achieved ties between them" (p.260). Geertz conceives rotating savings and credit associations as a product and conductor of this transformation: "the rotating credit association has been found associated with a lesser or greater penetration of an elaborated, and ultimately international exchange economy into a primarily agrarian society" (p.261). He describes *arisan* on Java as "a link between the largely unmonetized economy of the past and the largely monetized economy of the future" (p.245).

Geertz is one of the few who have tried to analyse the rise and evolution of ROSCAs (which he termed RCAs) from a general perspective of processes of

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3. I consider 'rotating credit associations' and 'rotating savings and credit associations' as synonyms (see also: note 2) but prefer the latter because it suggests members' savings capacities and preferences.

social transformation. It should be emphasized in this connection that he is interested both in this type of association and in the family of institutions that "not only spring up in the economic, but in the political, religious, stratificatory, familial and other aspects of the social system as well" (p.263). He conceives these institutions as "middle rungs between traditional society and more modern forms of social organization" (p.263). Geertz seems to underestimate the very complex societal dynamics that evolve when an international exchange economy 'penetrates' a primarily agrarian society. It is hard to accept that an increasing interweaving of international, national and local economies provides the momentum for a modernization process that reduces these economies into phases of one and the same development plan. Yet Geertz treats whole countries and provinces as homogeneous economic units, including ROSCAs despite varying degrees of complexity. Second, Geertz's evolutionist model does not take into account the possibility of very different types of ROSCAs co-existing in one place or region. Third, Geertz (p.263) suggests that ROSCAs are 'irrational' when he predicts their transformation into banks, co-operatives and 'other rational credit institutions'. An ever-increasing number of sources doubt whether this is likely to occur. For instance Kurtz (1973), who describes ROSCAs (*cundina*) in urban Mexico and the USA, reports explicitly negative attitudes by the poor to financial institutions such as banks and savings and loan companies. Many people felt that banks were unfriendly or demanding, or placed restrictions on loans which the *cundina* did not (pp. 55-56). On the other hand there is little evidence of ROSCAs which have transformed themselves into non-rotating savings and credit associations (Williams and Johnston 1983; Prabowo 1989).

In spite of the shortcomings of Geertz's analysis, I believe his approach is not to be set aside. My suggestion is to redefine his analysis in terms of his wider interests and drop the evolutionist bias. The idea remains of ROSCAs as flexible forms of co-operation that restructure social relations in changing contexts. Furthermore, a more differentiated look at people and development in particular regions is needed. Most case studies do not relate the diversity and development of these associations to local economic, social and political developments.

The article by Ardener (1964), is another classical survey of ROSCAs. Whereas Geertz uses a deductive approach and takes ROSCAs as a case study of the process of modernization, Ardener tries an inductive approach that results, not in a grand theory, but in some empirical generalizations and research questions. Ardener is not convinced by the evolutionist model of Geertz, and points to exceptions and contradictory developments (pp. 221-222). The strength of Ardener's study is her systematic, detailed descriptive analysis of various types of ROSCAs. Her data collection enabled her easily to refute the 'theory' of Geertz. The shortcoming is the other side of the coin of an institutional analysis of ROSCAs, which ignores two important questions: first, the self-regulative and adaptive behavior of members of ROSCAs, and second, the relative significance

of ROSCAs compared to other savings and credit arrangements, methods, strategies and organizations.

Members of ROSCAs make rules and join associations that fit their employment conditions, income flows, savings and money needs. For example, because of fluctuating incomes, the actual rotation of a fund may not be regular (see Chapter 4). It is also possible – if unlikely – that ROSCAs evolve into non-rotating savings and credit associations (Williams and Johnston 1983; Prabowo 1989). Self-regulation of ROSCAs implies endless possibilities to meet members' diverse financial needs and objectives: for example, indexed contributions, mutual exchange of turns, competitive bidding, borrowing from the organizer, and shared or multiple membership. Therefore it is very tempting not to study the use of alternative savings and credit arrangements, methods, strategies and organizations. However, it is exactly this kind of study that gives an opportunity to better understand the relative significance of ROSCAs. We must remember that it is people that count: people make rules, adapt rules and compare rules and the resources of different saving and credit arrangements.

### Studies of ROSCAs in Indonesia

According to Geertz (1962), the most elementary form of ROSCA in Eastern Java is found in Modjokuto, a town-village complex where: "interest is not calculated, rotation is determined by lot or by agreement, memberships tend to be small, and a separate staff does not exist" (p.243). Geertz emphasizes that the *arisan* is "commonly viewed by its members less as an economic institution than as a broadly social one whose main purpose is the strengthening of community solidarity" (ibid). More commercial forms of *arisan* in rural areas evolve as a result of processes of commercialization and urbanization. The minds of people change: there is "an increased sensitivity to and understanding of the economic aspects of the rotating credit association, as against its symbolic, ritualistic aspects". It is in urban contexts that the most clearly and specifically economic *arisan* can be found: the market *arisan*, which is characterized by daily contributions, no meetings, fixed order of turns and a large number of members.

The Asian Development Bank conducted a comparative study of informal finance across a common set of issues in five Asian countries, including Indonesia. Although in his overview Ghate (1992: 93) states that "ROSCAs are widespread in Indonesia", this has yet to be fully documented; I have referred to some of the literature in Chapter 5. I have had to resort to personal communication with fellow researchers<sup>4</sup> – a method that was also employed

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4. All fellow researchers happen to be staff members, fellows, PhD students or graduate students of the Department of Agrarian Law at Wageningen Agricultural University.

by Ardener (1964) – to provide some of the case material below from Sumatra, Sumba and Sulawesi.

Slaats-Portier (pers. comm. 1991) reports that on North Sumatra *arisan* became the dominant term for ROSCAs in the 1980s, replacing that of *jula-jula*, which was much heard in the 1970s. *Arisan* are organized by officials of the Family Welfare Programme (PKK) and the organization of female civil servants (Dharma Wanita). Some women consider *arisan* appropriate instruments to satisfy their consumption needs quickly. Traders respond to this need, and use *arisan* to safeguard their sale of luxury goods.<sup>5</sup> Wijngaard and Hoeve (pers. comm. 1991) report that ROSCAs in Tukka, a village on North Sumatra, are specially organized to finance one of the following expenditures: weddings, house construction or university education. The finance of weddings is the most popular aim of the associations. One of them is called *julo-julo adat nako*. Like most of the ROSCAs that are organized to finance weddings, the contributions of this association are in meat (cf. Geertz 1962: 246, *paketan daging*). Each of the 92 members contributes one kilogram of meat to the wedding fund a few days before the marriage. The ultimate sanction for default is public confiscation of household goods.

Van de Ven (pers. comm. 1991) mentions several *arisan* of female teachers who work at the same school in Hiang village, Jambi Province of Sumatra. He also reports on *kelompok gotong royong*, a common denominator of a variety of local cooperative undertakings. One such is a praying and singing society (*penghajian*) that maintains a weekly *arisan*. The members also work in small labor groups to finance the purchase of meat for the fasting month. The laborers do not want to get paid immediately, but collect their income just before the fasting month.

According to Vel (pers. comm. 1991), *arisan* on Sumba are found only among salaried people. Her observation that money is a scarce good on this island is a plausible explanation of the limited occurrence of ROSCAs with contributions and distribution in cash. With respect to two older types of associations on Sumba, it is better to speak of a rotating 'pool' (instead of a rotating 'fund'), as in the case of a group of male laborers who together cut *imperata* grass. Their daily yield is divided among members on a rotating basis to be used for roof

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5. This much resembles the practice of Ibu Isoh on West Java, as described by Veltenaar (1988: 85-88): Ibu Isoh is a tailor, and organizes *arisan* to sell her products. In several villages she gathers about ten women willing to buy her clothes or embroidery. They regularly contribute to a rotating fund which is used to buy, for instance, a bedspread from Ibu Isoh. In some cases the bedspread *arisan* changes into one that serves to buy her table-covers. In other cases the members decide to start an *arisan* for purchase of zinc sheets (*pan*), *arisan* for plates, money *arisan* or gold *arisan* coordinated by Ibu Isoh who receives a small commission for her services. In 1988 she coordinated 20 *arisan* including four to buy bedspreads. At that time Ibu Isoh herself participated in an *arisan* with a contribution of Rp. 100,000 per month. (For a Bolivian version of this type of *arisan*: see Adams and Canavesi 1992).

repairs. The second type is a group of men and women from well-to-do households who annually contribute a large amount of rice to a pool that is cashed by the winner to buy zinc sheets for roofing. A new version of associations with contributions in kind has recently been introduced by the local project society, assisted by Vel (pers. comm.): women have been organized in a group that makes mats of *pandanus* leaves, to be sold every two weeks for the benefit of one of the members. Usually the recipient uses the fund to buy household utensils.<sup>6</sup>

Tang (pers. comm. 1991) distinguishes two types of ROSCA on South Sulawesi: *mengandelek* and *arisan*. *Mengandelek*<sup>7</sup> is the popular term among becak drivers, fishermen and fishermen's wives. Daily contributions are made to funds which are distributed every ten days. Whereas the rise of *mengandelek* dates back to the 1950s, *arisan* (or the use of the term *arisan*), evolved in the 1970s. Officials of the Family Welfare Programme (PKK) organize *arisan* of neighbors (*dasa wisma*), who contribute on a monthly basis. *arisan* with a monthly contribution are also common among teachers.

Papanek and Schwede (1988) in their 1972-1974 survey found that 106 women among 146 lower-middle and middle-class Jakarta women belonged to one or more *arisan*. Drawing lots was the typical mode of rotation. The respondents belonged predominantly to *arisan* formed among friends or work colleagues (57 per cent of 262 memberships); there were also 75 neighborhood *arisan* (29 per cent) and 38 kin-group *arisan* (14 per cent). The authors conclude that "*arisan* are ad hoc social institutions that depend for their effectiveness on pre-existing bonds that form the basis of mutual trust" (p.92). Most savings were intended for the acquisition of capital assets: land, house, car, motorcycle, household equipment, jewellery. According to Papanek and Schwede, some urban women commented that "*arisan* were helpful in protecting small sums against casual requests by men and children because all family members could understand how shameful it would be not to make one's promised contribution at the next meeting" (1988: 95). Others commented that "husbands who might object to what they considered women's excessive socializing were mollified by the economic gains that *arisan* membership brought with it" (ibid).

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6. In their survey of women's informal associations in developing countries March and Taquu (1986) distinguish between 'rotating credit associations' and 'rotating labour associations'. However, the last example of Vel (pers. comm.) is obviously a mixture of both.

7. *Mengandelek* shows resemblance to the Dutch word *aandeel* (share). Scheepens (1974), who compared 'traditional savings and credit organizations and modern credit organizations of village Bojong' in West Java, found a similar term. He casually remarks (p.30) that "some people told me that in early days there were also *arisan* (named *andilan*)."*Andilan* looks like the Indonesian pronunciation (*andil*) and noun (*an*) of the Dutch word *aandeel*. This suggests that Dutch colonial administrators or welfare workers might have stimulated Indonesians to organize themselves in *arisan*.

The specific urban setting and selection of middle-class women studied by Papanek and Schwede make generalizations impossible about Indonesian women's use of ROSCAs. The authors "are not aware of any recent systematic studies of the role of *arisan* among women in Indonesia" (p.92).<sup>8</sup> A long time ago Geertz (1962) mentioned that the *arisan* became an 'extraordinarily popular institution' among "people who represent a semi-urban, semi-rural proletariat, the members of which, though they have been forced to adopt many of the social, political, and economic patterns of the town, still cling to many of the values and beliefs of the village" (p.246). He added that *arisan* were most particularly popular among the women of this proletariat, "who hold the purse strings in any case" (ibid).

### Contributions

On Central Java, one of the eight prevailing forms of agricultural credit is the *arisan* (Lindauer 1971). Lindauer observes that "during the inflation in the Sukarno era, the contributions were linked to the price of rice or gold" (p.267, my translation). In the study on 'Informal Credit Markets in Indonesia' sponsored by the Asian Development Bank, three adaptations of *arisan* to inflation are casually reported: first, the agreement to make contributions in kind; second and third, to index the cash contribution to the price of a gram of gold or a sheet of zinc (Prabowo et al. 1989). Ghate (1990) mentions that "apart from cash *arisan*, many of the *arisan* entailed contributions in kind (such as building materials, labor and foodgrains). Moreover some of the cash *arisan* were dedicated to the purchase of specific objects such as household utensils and furniture (popular among women) or livestock and roofing, piping and fencing material (which were popular among the men)" (Ghate 1992: 94).<sup>9</sup>

### Non-rotation

In this connection the paper by Williams and Johnston (1983) provides an interesting final thought: they suggest that *arisan* on Java may in future evolve as non-rotating savings and credit associations: "In order to avoid the *arisan*'s element of unpredictability, some groups are dissolving their *arisan* and forming kelompok simpan-pinjam (savings and loan groups)" (p.72). Prabowo (1989: 9)

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8. Chapter 4 contains general information on women's involvement in *arisan* on Ambon, the Moluccas. It also describes the case of a women's praying society which initiates *arisan* and business activities.

9. Scheepens (1974), Hesselink-van Stelle (1983) and Veltenaar (1988) distinguish between *arisan uang* (which means: *arisan* money) and *arisan barang* (which means: *arisan* goods). In the case of *arisan barang* the fund is targeted to the purchase of glasses, plates, spoons, forks or pans. Patmo-Mingoen (1980), Jansen (1987) and Van der Brugh (1989) also distinguish *arisan uang* and *arisan beras* (which means: *arisan* rice).



remarks that, "Some *arisan* have developed lending and credit arrangements beyond those of traditional ROSCAs": the group fund is used for giving credit and does not rotate. Prabowo (p.10) adds that, "In our survey such associations are identified as *simpan pinjam*, *usaha bersama*, meaning to work together (my translation) or credit union" (p.10). Geertz (1962) does not include non-rotating savings and credit associations in his analysis.

### *Bidding for the Fund*

To my knowledge the only published article dealing solely with *arisan* is that by Williams and Johnston (1983), who discovered *arisan* that are widespread on Central Java. According to them, two new types of *arisan* have emerged since Geertz published his survey in 1962. The first is the '*arisan call*' (cf. Prabowo et al. 1989), in which the rotation of the fund is determined by commercial bidding. They believe that it "has gained great popularity among the urban elite since the mid-1960s .... It is quite common for wives of high-ranking public servants and military officers to be members of 10 or more *arisan* call groups at the same time" (op. cit.: 72). Further, "this form of *arisan* is based on the Chinese *hui* ('association'), which has long been practised by the ethnic Chinese business community in Indonesia". These findings imply a reassessment of Geertz's conclusion (1962: 247) that "almost all urban *arisans* decide on the order with which the individual draws the fund not by agreement but by lot".

### *Official Arisan*

The second new type of *arisan* distinguished by Williams and Johnston (1983) is the '*official arisan*', organized under the auspices of government bodies or official welfare programmes such as the Family Welfare Programme (PKK). This is primarily directed at women "who after all, are the members of the community who are most concerned with health, progress and prosperity of the family" (Rustam 1986: 77).

Rustam who, as the wife of the Minister of Home Affairs, is the chairman of the PKK at national level, says that the PKK has spread rapidly and evolved into a nation-wide movement after its official recognition in 1972. The organization of *arisan* is part of the PKK programmes on health and housing: the PKK "sets up rotating lottery (*arisan*) groups to finance the repair or building of houses, family lavatories and bath plus laundry units" (p.81).<sup>10</sup>

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10. Rustam (1986), who wonders how to organize fund-raising activities to finance PKK activities, finds to her relief that, "Fortunately, there are old customs for this kind of activity: women may be told to put a single spoonful of rice into another pot every time they cook; once a week all those spoonfuls are added to what other villagers have collected; when there is enough, the rice can be sold, and the 'little money' needed is obtained" (p.80). Sinaga and others (1976) distinguish two types of local savings and credit groups of the West Javanese village Sukagali:

Martin-Schiller (1989) reports that "the popular *arisan*, under the auspices of PKK (*Program Kesejahteraan Keluarga*, the government Family Welfare Programme) or other women's organizations, are purely women's activities" (p.36). Prabowo and others (1989: par. 4.2) speak of 'programmed' or 'dependent' *arisan* versus 'independent' *arisan*. The authors indirectly define 'programmed' and 'dependent' *arisan*: they deplore, with regard to five independent *arisan*, that "it is difficult to compute the exact number because their activities are not registered in the district administration book".

According to Williams and Johnston (1983), the *arisan* of PKK and other government or government-supported bodies function as a 'drawcard' used by government officials who "have gradually intensified efforts to capitalize on the economic and social potential of the *arisan* in order to popularize women's activities and other development programmes" (p.67). However, in many cases, PKK meetings might have become little more than a brief *arisan*, as happened with a group of women radio listeners organized as part of a government programme for the dissemination of information (Martin-Schiller 1989: 36; see also Hesselink-van Stelle 1983: 41). Williams and Johnston (1983: 71) warn that "in fact, high attendance at PKK meetings can easily be deceptive because participation in the *arisan* may become an end in itself, while the aims of the programme are overlooked". In addition, they critically remark that "a study of six villages in West Java found that *arisan* formed on official initiative tended to be less popular than those formed spontaneously by local people".

Geertz (1962) mentions that "the *arisan* is also quite popular among the elite of the town, those who, for the most part, live in the stone houses along the streets. In this group it is almost always based on one or another of the dozens of sodalities, political parties, youth groups, labour unions, charitable associations, school societies, women's clubs, athletic associations, which have proliferated on the urban scene since the Revolution of 1945" (p.247). An interesting but difficult question is what happened with these 'voluntary associations' and their *arisan* activities after the New Order (*Orde Baru*) was established in 1965. Perhaps the central government recognition in 1972 of the Family Welfare Programme (PKK) can be interpreted as a new impulse towards what government officials describe as "a voluntary movement operating at grass-roots in country villages and wards" (cf. Rustam 1986: 77) and towards what government officials call *arisan*.

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*arisan* and groups called *beras parelek* ('a spoonful of rice'). According to the authors, most of the women are members of *beras parelek* groups. All members save a spoonful of rice each day towards a collective stock that serves as a security fund for families who have run out of rice in the pre-harvest period (*paceklik*).

### **The Background to Women's Differential Use of ROSCA: The Case of Tulehu**

Perhaps the region in Indonesia that has longest been articulated with the world-wide economy is the spice islands of the Moluccas. The arrival of Portuguese traders in the sixteenth century marked the beginning of a dramatic expansion of trade networks that included this region. Other European traders followed and struggled for the privilege to buy cloves from local rulers. The Dutch East Indies Company (VOC) that took over control from the Portuguese in 1605 (Knaap 1981a) forced the producers to sell all their cloves at a price of 56 rixdollars per bahar (550 pounds): five for the local rulers, one for transport and fifty for the producer. The VOC was the first in the spice trade to pay its suppliers in cash. In 1863 Dutch governors had to end their policy of enforced cultivation because the new cultivation of cloves in African Zanzibar had pushed the world market price below the cost price of the Dutch (Knaap 1981b). At independence in 1945 the new Indonesian leaders inherited a free market system. It was not until late in the post-colonial period that clove producers faced a monopoly on cloves marketing and fixed prices again: Presidential Decree No. 8 (1980) orders that only government village co-operatives are entitled to buy cloves from the farmers for a fixed price. However, in spite of three hundred and fifty years of exposure to Dutch traders, missionaries and administrators, ROSCAs seem to be of late post-colonial origin in the Moluccan region.<sup>11</sup>

One reason why ROSCAs did not develop is the importance of sago and fishery in the local economy (Knaap 1981a). Sago palms provide the traditional staple food as well as materials for house construction, and the sea provides fish, an integral part of the daily diet (see Chapter 4). The plentiful sago palms can be harvested all year round. Even more important, sago and fish were not exchanged for money until recently: they have been more or less subsistence crops. The paradise-like availability of sago and fish has for centuries been a brake on the gradual monetization of the local economy which followed the first contacts with foreign traders and rulers. There is little need for thrift and regular saving among sago and fish collectors. Traditional sago cultivation and fishing neither imply cash investments nor enable or give much sense to cash contributions to a common fund.

Another reason why ROSCAs did not develop is that clove trees yield abundantly only once in three or four years, and this does not make for regular saving. Furthermore, group saving by clove producers is difficult because clove

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11. The historical studies of Rumphius (1910) and Knaap (1987) do not contain descriptions of ROSCAs on the Moluccas or Ambon island in particular: nor do the field notes of Kennedy (1950) and the comprehensive village study of van Fraassen (1972). Even van Paassen (1986), who conducted a socio-economic study of Tulehu, makes no reference to rotating savings and credit associations.

production is very location-specific. Still, non-daily cash income can necessitate more or less regular saving, as in the many rice-producing areas of Indonesia where women used to save a spoonful of rice every day to bridge the difficult pre-harvest period. However, the abundance of sago and fish in the Moluccan region provided no reason to start regular saving in cash or kind. Periods of food scarcity rarely occurred. Money needs were extremely modest because sago and fish guaranteed most inhabitants a minimum living standard in terms of food supply and housing.

Within the last two decades the economy of Tulehu has dramatically altered since the village became a new regional trade and transport centre. Located at the north-eastern coast of Ambon island, it is a link between Ambon city and other ports of Indonesia on the one hand, and the hinterland of the central Moluccas on the other. The small town, which officially numbers 12,000 people (census 1989), attracts many migrants looking for work and education. About a third of its population consists of Butonese incomers who are much involved in the clove trade. Sumatran, Chinese and Javanese migrants form smaller but economically powerful groups, who dominate as shopkeepers and restaurant owners. Many government services have offices in Tulehu, which is the administrative capital of a sub-district. In Tulehu ROSCAs are new phenomena since the 1970s. I distinguish three different situations which encourage the formation of ROSCAs: migration, government extension and organization, and increased money needs.

### ***Migrants: Parallel Social and Economic Associations as Forms of Collective Help***

To speak of a late 'origin' of ROSCAs in the Moluccan region is somewhat misleading. The first associations in this region were probably started by migrants (cf. Ardener 1964: 209). In Tulehu, Sumatran migrants started ROSCAs some fifteen years ago. Each week they came together to eat, drink and play *arisan*, to strengthen ethnic ties. They had earlier been exposed to ROSCAs in Sumatra, where they were called *bajulo-julo* (see Chapter 4).

The first Sumatran migrants of Tulehu started selling home-baked cookies as street vendors (*kaki lima*), then opened restaurants, and after a few years managed to establish medium-sized shops. With the help of these pioneers, new Sumatran migrants easily found opportunities to make a little income and ways to finance their larger business plans. They started to use *arisan* as efficient vehicles to save for investments. The socio-cultural *arisan* gradually became commercialized and discontinued weekly meetings. A pre-arranged sequence of receivers, instead of the lottery system, now determines the order of rotation; all participants bring their contributions each day to the group leader, and after ten days one participant comes to the leader to receive the deposits. The group leader is the first person to take the fund (see Chapter 4). Both Sumatran men and women participate in these commercial *arisan*. I found two *arisan* of

Sumatran shopkeepers and restaurant owners of Tulehu: the first consists of ten men and three women, who each contribute Rp. 5,000 per day, except for two members paying Rp. 10,000 for two turns.<sup>12</sup> Every ten days the fund is distributed so that the full cycle takes nearly five months and the rotating fund amounts to Rp. 750,000. The full rotation is determined by lottery at the start of the cycle. The first turn forms the exception, the organizer receiving the first fund. The second *arisan* consists of fourteen Sumatran women with a daily contribution of Rp. 1,000. Four of them each have two turns and one member even has three turns, so that one cycle takes more than six months. Many Sumatran couples own two shops or try to open a second one. The wife manages the first shop and pays for daily household expenses. Possibly this explains the smaller standard contribution of the female *arisan*.

Parallel to the commercial *arisan*, other, non-rotating social savings and credit associations have evolved. In Tulehu an association of forty Sumatran households called *Ikatan Keluarga Saiyo Sakato* (IKSS) coordinates at least three activities. First, all forty households contribute Rp. 2,500 per month to a social fund, which the secretary deposits in a savings account at the Bank Rakyat Indonesia (BRI). The non-rotating fund is used for funeral ceremonies (Rp. 25,000 per case) and trips to Sumatra (one ticket per family). Second, most of the members of the IKSS contribute weekly to a fund for the annual *hari raya quarban*, an Islamic festival. A Sumatran shopkeeper, who is a *haji*, keeps this non-rotating fund. In 1989-90 thirty-four families together contributed about Rp. 40,000 per week. When a household is unable to save the required amount (the price of a goat or a seventh part of that of an ox) the savings are retained for the next season or returned just prior to the festival. Third, twenty-six women gather every month for religious classes at the local Islamic university. Their club, *Bando Kanduang* or 'dedicated women', keeps *arisan* every meeting. Each member contributes Rp. 5,000, while two members receive half a fund. The women also each contribute Rp. 500 monthly to a social fund for emergencies and birthday presents. Every three months the women come with their husbands, come to the Islamic university to discuss the progress of the *uang quarban* and have a big celebration.

Butonese migrants participate on a limited scale in labor associations with a rotating fund. In small groups they cut sago trees and distribute the proceeds of the sale of sago pith on a weekly rotating basis. Butonese migrants are much more involved in pre-harvest arrangements with Ambonese: they buy the rights to harvest clove trees for one or more (good) seasons.<sup>13</sup> The small Chinese and Javanese minorities of Tulehu are not involved in ROSCAs. But an old Chinese

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12. US\$1.00 = Rp. 1,760 (July 1989).

13. Cf. Ardener (1964): "Hill suggests that, in Ghana, they are unlikely to spread into areas where farmers can raise capital by pledging their farms, although pledging of land among the Mba-Ise Ibo of Nigeria did not inhibit the development of rotating credit associations there" (p.206).

shopkeeper remembered hui as the Chinese name of ROSCAs that used to be popular among Chinese entrepreneurs in large urban centres of Indonesia.

### *Government Organization of Women*

About ten years ago the first 'official' *arisan* was started in Tulehu by wives of police officers and the military. These run smoothly due to the regular income of their husbands. They are organized as part of semi-official women's clubs. Monthly contributions vary from Rp. 5,000 to Rp. 15,000. *arisan* that result from government educational programmes perform rather poorly in Tulehu, like the one of the local Family Welfare Programme (PKK) which collapsed, failing to attract women to extension meetings. The *arisan* of the Office of Coordinated Services (Posyandu) has still to attract many women to the extension meetings. The monthly or fortnightly contribution is quite low, not exceeding Rp. 1,000.

It is difficult to describe the *arisan* of the government extension services in terms of the dualistic and evolutionary notions of social clubs that gradually transform into economic ones. There are no ethnic or neighborhood ties that serve as a pre-existing social basis of *arisan*, and there are no future financial economic targets. Besides, these associations have no end dates. To a lesser extent this also applies to the *arisan* of wives of police and military officers. They live in compounds with their husbands, mostly migrants who happen to be stationed in Tulehu. In all these cases, however, the role of the *arisan* as an organizational tool or device to tie women to government programmes should not be underestimated (but see above for reservations).

### *Increased Money Needs and New Social Units*

The most recent *arisan* of Tulehu are those of the native Ambonese. Three types have evolved in the last five to seven years: the *arisan* of economic peers who earn a regular income, the neighborhood *arisan*, and the *arisan* of members of a religious society. The evolution of all three types is closely related to the increased importance of money in the local economy.

Until recently, Ambonese relatives and neighbors helped each other to build traditional sago houses on a more or less rotating basis (*masohi*). The forests provided all necessary construction materials. However, with the enormous incomes from the sale of cloves in the 1970s Ambonese villagers got a taste for building new houses with concrete walls and zinc roofs. As a result, the need to organize *masohi* faded. ROSCAs to finance the purchase of zinc roofs, as on Java, did not develop because for the Ambonese the clove harvest provided the best single opportunity to invest in housing.

*Arisan* in Tulehu are not likely to be adaptations of *masohi*. The *arisan* of Ambonese people, who earn income from non-farm activities, satisfy needs rather different from the *masohi* of subsistence farmers. These non-farm activities are an example of the new economic opportunities in Tulehu, and also an

expression of people's increased money requirements. When prices of cloves dropped in the 1980s, the farmers still had their increased money needs. Besides the zinc roof as the new standard of housing, rice had become the new standard of consumption, replacing the tasteless sago porridge. The growing opportunities to earn extra non-farm income were gratefully exploited, and *arisan* served as a tool for efficient cash flow management. In contrast to the *arisan* started by Sumatran entrepreneurs of Tulehu to strengthen ethnic ties, *arisan* of Ambonese people who earn a regular income have no social or ethnic precursor. These *arisan* not only protect members against sudden expenditure; they also deter claims from family members.

Both men and women are involved in these *arisan*, which appear as new social units in increasingly commercial Tulehu. Those of the harbor laborers consist of men only; one small *arisan* for petrol vendors includes one woman; fish traders' *arisan* are a female affair, as are the *arisan* of market women. All contributions are made daily; memberships vary from three to twenty-five. Harbor laborers determine the full order of rotation by lottery at the very beginning of the cycle. The fisherwomen use both a lottery and a pre-determined order. Market women deliberate each time on who is to receive the fund next.

Neighborhood *arisan* function less to strengthen neighborhood ties than to collect money. Neighbors who are civil servants and pensioners, typically women, make daily or monthly contributions. But default has made this type of *arisan* less popular and less common in the many wards of Tulehu. People involved in neighborhood *arisan* were typically women.

Every week members of a religious society come together to pray and sing Islamic verses. There are male societies as well as female ones. It is very striking that only female societies organize *arisan* at the end of the evening to stimulate members to participate in the meetings. I feel that this is not because women are less dedicated to Islam than men. The large involvement of women in street-vending activities and vegetable and fish markets, and their dominant role in managing the household purse, have made many women aware of the functions and possibilities of money. It is not only the lottery as the common method of determining the rotation of the fund that attract women who participate in *arisan*, but also the mere use of money. Most of the religious gatherings are held at the place of the winner of the fund who pays for the tea and snacks at the next meeting. In one case the house of the leader, who is married to one of the most well-to-do men in town, is the place of weekly congregation. Besides the common contribution of Rp. 1,000 to the *arisan*, all 20-40 members also contribute Rp. 100 each to a non-rotating emergency fund.

### Women's Differential Use of ROSCAs: Some Case Studies

I have just noted that there are *arisan* composed of female Sumatran shopkeepers, female Ambonese government employees, market women, female fish traders, female neighbors, and women who come together to sing and pray. My field survey in 1989 showed that sixteen out of twenty-four *arisan* consisted of women only, and four *arisan* had a mixed gender composition (see Chapter 4). Therefore one might safely conclude that ROSCAs are predominantly female affairs in Tulehu. The diverse socio-economic backgrounds of these Tulehu women, however, make it impossible to speak of women's use of ROSCAs without referring to the different groups or categories of women involved. To further illustrate my argument, I briefly describe four cases of women and their use of ROSCAs. Each includes some tentative conclusions on the significance of ROSCAs for the group or category of women as a whole.

The first case is that of Ibu Efi, one of thirteen members (ten men and three women) of an *arisan* of Sumatran shopkeepers and restaurant managers. Once every five months she receives the fund of Rp. 750,000. Her husband and brother-in-law are members as well. They all manage their own shops, and daily contribute Rp. 5,000 each to the *arisan*. Every ten days the fund is distributed. Two members of the *arisan* draw two times in one cycle, as they pay for two turns, that is, Rp. 10,000 per day. Ibu Efi runs the first shop her husband started before she had migrated to Ambon island. The young Sumatran woman explains that proceeds of the shop she manages are used to pay for food and medicines. She is also involved in another *arisan*, which includes Sumatran shopkeepers of Ambon city. There are sixteen turns and Ibu Efi pays for four of Rp. 1,000 per day. Every ten days the fund is distributed. She used her last four draws of Rp. 160,000 as follows: she sent Rp. 550,000 to her mother on Sumatra to purchase gold (Rp. 250,000) and to pay for her ticket to Ambon (Rp. 300,000). The remaining Rp. 90,000 Ibu Efi used for small consumption needs. The main reason for Sumatran women joining ROSCAs is not to protect small sums of money against requests by relatives or husbands in particular (cf. Papanek and Schwede 1988). Close relatives live far away in Sumatra and the local Sumatran migrant community has few kinship ties. On the contrary, ROSCAs are often used to tighten family relations. Many funds of the Sumatran associations have been used by female and male members to finance a journey to Sumatra. The wife's responsibility for one of the two shops of a Sumatran couple which is common among the Sumatran community of Tulehu suggests a rather independent position of the entrepreneurial wife vis-a-vis her likewise entrepreneurial husband. However, the domestic responsibilities of Sumatran women seem to limit their capacity to participate in ROSCAs with large contributions. Finally, the golden earrings and necklaces many Sumatran women possess suggest that they commonly use ROSCAs as a stepping-stone towards savings in gold.



The second case is that of Posyandu, short for *Pos Pelayanan Terpadu*, a small semi-official health centre. Right behind the building of the sub-district administration in Tulehu, the coordinator of the Posyandu organizes a meeting every fortnight. Every meeting consists of three parts: a health issue, an *arisan*, and gymnastics – in that order. According to the co-ordinator and her assistants, the meetings are meant to strengthen feelings of unity and mutual help among the forty female participants; and *arisan* should be seen as an integral part of this. The contribution is Rp. 1,000 each fortnight. At every meeting two folded pieces of paper, each with a name on it, are drawn from a glass full of papers: two women have to share the fund of Rp. 40,000. Although the *arisan* is clearly meant to attract women to meetings, it has not been important enough to guarantee a high degree of participation for two reasons: first, the health centre is some distance up hill from the village centre, making this unsuitable for regular meetings. Second, the initiative to organize the meetings comes from above not only in a spatial sense but also in an abstract sense. Most of the Tulehu women do not appreciate these initiatives from semi-governmental bodies. An early collapse of the *arisan* is the result, as happened with the PKK unit in Tulehu, which had started an *arisan* that stopped rotating after a few meetings.

My third case is that of Ibu Aci, a member of two praying societies of elderly Ambonese women. Both societies meet weekly, and organize *arisan* when the late praying and singing has come to an end. As she puts it herself, Ibu Aci lives in a very small and ugly house, with her husband who runs a small shop in the front room. These externals conceal the fact that Ibu Aci is quite a wealthy woman, with an impressive savings account at a bank in Ambon city. In fact she makes millions of rupiahs from the inter-island trade in clothes sold on credit. She could afford to participate in an *arisan* with large contributions, like the *arisan* of Ibu Efi that collects Rp. 50,000 per member every ten days. However, the *arisan* connected to the praying societies only require a contribution of Rp. 1,000 per week. Obviously the *arisan* serves to stimulate women to attend the meetings regularly and is not a pure savings device. What makes the *arisan* of religious societies of elderly Ambonese women quite effective, unlike those of the Posyandu and PKK-unit, is that they reinforce existing ties of friendship, kinship and religion.

My fourth case is that of two Ambonese market women: Ibu Cum and Ibu Ida, who are the treasurers of two different *arisan* of vegetable sellers and restaurant-keepers. Every day the members of these *arisan* bring their contributions of Rp. 2,500 to the nearby market stall of their treasurer. The daily contributions are not distributed immediately but are saved till the fifth day, when the women decide who will get the accumulated fund. Not surprisingly, Ibu Cum and Ibu Ida are known as very honest women. The substantial amount of daily savings underlines their responsibility as treasurers: Rp. 2,500 is about 30-40 per cent of the daily net income of a market woman of Tulehu. Ibu Ida's predecessor was the Sumatran restaurant keeper Pak Hab, who was married to

an Ambonese woman. Pak Hab was one of the few Sumatran people strongly in favor of the integration of the Sumatran and Ambonese communities. In spite of his good intentions, he had to hand over the leadership of the *arisan* of Ambonese women because they felt a little ashamed (*malu*) of bringing their contributions to a Sumatran man – albeit a very friendly one. Ibu Cum has a much longer reputation as a solid treasurer than her friend Ibu Ida. Possibly her husband plays an indirect role in this connection: he is a high official in the Departmental Office for Education and Culture earning a regular and considerable high income. Somehow he managed to let his office donate Rp. 300,000 to his wife as the best market woman of Tulehu, as a board above her market stall shows. Ibu Cum can expect only few requests for money from her husband. This certainly does not apply to all market women, who are well aware that they cannot save individually at home without demands upon them. Therefore they use the ROSCA as a savings device to protect their small daily earnings against the many requests of relatives.

Women's differential use of ROSCAs in Tulehu cannot be understood without reference to the changing local society and rural economy. Put even more strongly, my case suggests that the study of women's use of these associations is an exciting but demanding attempt to understand change and continuity within different sets of relationships – migrants and their hosts, government employees and their clients, and small-scale entrepreneurs and their relatives. To look through the eyes of Tulehu women is to look through the eyes of migrants, target groups of government programmes, wives and mothers. Hence it is important not to use the label 'ROSCA' or the label 'women' in an undifferentiated way. Different classes or categories of women have their own particular and changing reasons to join, adapt or frustrate rotating savings and credit associations. Therefore the study of women's differential use of ROSCAs may provide much-needed pictures of people – and it is people that count.



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## The Struggle for Cooperatives<sup>1</sup>

The history of so-called cooperatives in developing countries is a litany of broken promises. National governments of developing countries have long assured rural populations as well as international funding agencies that to introduce cooperatives with their rules and procedures, is to emancipate the so-called backward and unorganized rural population, to bring prosperity to its member-producers, to increase the production of food and cash crops, to guarantee national food security and to induce national economic development. Although the exact package of promises varies from nation to nation and from development plan to development plan, all packages have in general been of a grand or grandiose quality.

However, those institutions called cooperatives did not function as they were supposed to function and were not what they were supposed to be according to the ideals, policies and even 'theories' of their different supporters. The United Nations Research Institute for Social Development concluded that, "... rural cooperatives have seldom achieved the development goals set for them by economic and social planners. This has been most clearly evident when the goals have included structural changes" (UNRISD 1975: 10). In his FAO report Dulfer (1976) says that "for some time now critical voices from the spheres of project implementation and empirical research have been making themselves increasingly heard. They point out numerous failures or at any rate examples of lack of success either in individual projects or in entire cooperative programmes" (p.1). According to Baviskar and Attwood (1984), "...the performance of cooperatives in most countries has been spotty and mostly discouraging" (p.85).

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*From Reassurance to Reassessment of Cooperatives*

Different conclusions have been drawn by the different actors involved in 'the cooperative debate'. Three main types of arguments against cooperatives can be distinguished.

First, many of these actors now question the intrinsic or absolute value of the cooperative as a tool to combat rural poverty in developing countries. In their World Bank paper Lele and Christiansen (1989) citing Hanak and Loft (1987) for example, recommended that Nordic donors drastically review their assumptions on the role of cooperatives in development: "unless Nordic donors openly begin to reassess the blanket assumption that cooperatives are a good thing everywhere, there are dangers that future promotion will again turn to areas where cooperatives do not stand a chance of success" (p.19). Abbott (1989), former chief of the Marketing and Credit Service of the FAO, also emphasizes the relative value of cooperatives and suggests that, "Cooperatives are needed as a competing channel, not as a monopoly" (p.19). Even the staunchest adherents of cooperatives like a top official of the International Cooperative Alliance now admit, "It is becoming apparent, whether cooperative supporters wish to realise it or not, that cooperatives are not always the best or most appropriate development tool" (Thordarson 1988: 46). The so-called cooperative has lost its privileged status as a development instrument to the benefit of small rural producers.

Second, many participants in the discussion on the role of the cooperative in development have concluded that so-called cooperatives in developing countries are not 'genuine' cooperatives but 'pseudo-cooperatives' (Verhagen 1988) or 'gov-operatives' (Van Dooren 1978). It is now accepted wisdom among the wide range of international development agencies that many cooperatives in developing countries are far from being member-controlled institutions and – analytically and practically speaking – qualify better as a government-controlled institution. "If member participation and democracy are among the basic cooperative values, they are noticeable by their absence in much of the developing world" (Thordarson 1988: 42). The so-called cooperative has lost its reputation as a 'self-help association'. This has focussed attention on what precisely are the essential features or 'basic values' of the cooperative (Watkins 1985; Marcus 1988) so as to make a better distinction between false and genuine cooperatives. The strong and now widespread conviction that, "The relationship between cooperatives and government remains, with little doubt, the single greatest obstacle to the success of cooperative development efforts in the South..." (Thordarson 1988: 49) explains the increasingly heard policy rhetoric on the need for "de-officialisation" (ibid) or "appropriate roles for government in promoting the cooperative movement" (United Nations 1987). It is more or less assumed that it is possible and necessary to transform those organisations called cooperatives by international development agencies and national

governments into organisations which are much closer to a pre-defined set of cooperative ideals and principles.

The third conclusion is an extreme version of the second. It elaborates the conclusion that the concept of the cooperative is misleading and no guarantee of 'self-help' and 'self-regulation'. The central idea is not to transform so-called cooperatives into 'genuine' cooperatives but to break with the concept of 'the cooperative' altogether in favor of alternative concepts like 'self-help association' and 'self-help promoting institution' (Verhagen 1988). However, attempts to define 'self-help' and to solve the paradox of 'self-help promotion' will demonstrate that this break is not that fundamental. The essential features of 'self-help associations' and 'cooperatives' are both hard to define and to use as analytical tools such as to distinguish these organisations from other types of organisations. In the international network of so-called Non-Governmental Organisations (NGOs) organized parallel to governmental aid agencies which partly finance them (Hospes 1988), the idea of promoting these alternative concepts is rather popular. Those who promote this idea, however, run the risk of immediate disqualification as participants in the development policy discussion on 'the cooperative'. Persistent believers in the concept of the cooperative (e.g. 'single issue' bodies as the International Cooperative Alliance) feel uneasy about these ideas. However, broadly-based international development agencies which change policy discourse from time to time and 'play on' a range of development instruments will have less scruples in welcoming these people to the 'cooperative debate' (cf. Seminar on the Donor Support to the Promotion of Rural Cooperatives in Developing Countries organized by the World Bank, 1990).

### *Cooperatives Do Not Speak for Themselves*

This article is about the struggle for cooperatives. I want to review the promotion, evaluation as well as the discouragement of those institutions in developing countries which are called cooperatives by national governments and international development agencies. Different assumptions, ideas and views on the essence of cooperatives as well as conflicting interests of the parties involved in cooperatives have assured a lively debate and a fierce struggle for cooperatives. This debate and struggle suggest that cooperatives are best viewed as social-normative constructs as well as swords which fit many hands. This argues for the development of legal-pluralistic and political-economic approaches to cooperatives.

Two main themes function as entry points to describe the struggle. The first concerns the poorly understood Western European and colonial histories of early so-called cooperative movements. The second main theme is the Babylonian confusion over the essence and evaluation of cooperatives which arose when cooperatives proved unable to create heaven on earth in

developing countries. Both themes are related: one-sided historical interpretation of the significance of cooperatives in Western Europe and their areas of overseas influence has contributed to confusion about the essence and evaluation of cooperatives in developing countries. A more comprehensive understanding of these histories as cases of farmers' technical-economic and political-economic interest articulation however, will not yield the essence and appropriate evaluation of 'the cooperative'. It will rather emphasize historically specific roles of cooperatives facing particular circumstances and the disregarded significance of governments and unions in both Western Europe and its colonies in supporting the interests of farmers.

In the first section of this article, I reconstruct the misleading picture of the potential of the cooperative based on its success in Western European history. My first argument is that the history of the first Western European cooperative movements has placed excessive weight on farmers with their back to the wall as a result of poor socio-economic conditions in general and exploitative traders in particular. My second argument is that the 'self-help promotion' efforts of national governments during the rise and consolidation of cooperative movements in Western Europe have been poorly articulated in the debate on the role of the cooperative in developing countries.

In the second section, I draw lessons from histories of cooperatives in colonized economies. For pragmatic reasons I concentrate on cases from British East Africa. A first lesson is that cooperatives were not immediately set up on a nation-wide basis but rather emerged in particular cash crop-producing areas as marketing bodies (see Van Dooren 1978; Vincent 1988; Cranenburgh 1990). Secondly, the rise of these cooperatives pre-dated national cooperative law (see Vincent 1988; Cranenburgh 1990). A third lesson is that introduction of cooperatives in East African colonies increased the awareness of farmers and their leaders of colonial conditions and provided an opportunity to openly discuss the tasks and responsibilities of the colonial ruler (*ibid*).

The third section is about the post-colonial history and debate of so-called cooperatives in the developing countries, as they are now called. This history begins with the formation of the alliance between Third World national governments and international development agencies with regard to promote cooperatives. Lively debates start when the cooperatives supported by these national governments and development agencies evolved as the anti-climax of a wider historical development of cooperatives, which began in Western Europe and spread to the colonies. I address three main themes: the first concerns the essence and 'proper' evaluation of so-called cooperatives. What are the essential features of a cooperative and how do we evaluate cooperatives in different contexts? The use of local-traditional forms and concepts of cooperation for cooperative development strategies is the second theme. Baviskar and Attwood (1988) regret in this connection that, "Most cooperatives are planned without any real knowledge of how, and under

what circumstances, village people do cooperate informally with each other" (p.10). The third theme is the relationship between cooperatives and governments. Central questions concern 'appropriate roles' of governments in cooperative promotion and the nature and possibilities of turning government-controlled cooperatives into member-controlled institutions ('de-officialisation of cooperatives').

### **When the First Western European Cooperative Movements Emerged**

The Industrial Revolution which took place in the first half of nineteenth century England was a specific combination of technological progress and social underdevelopment. In this historical context, consumer cooperatives were started as an attempt of small industrial producers and industrial laborers to relieve their social distress and to provide an attractive alternative to the truck system which meant that employees were more or less forced to buy basic consumption goods of their employers. However, the breakthrough of the consumer cooperative movement took place after wages and salaries had gone up considerably. It was not so much the first pains of the Industrial Revolution but rather the economic gains which followed which guaranteed the continuity of the cooperative as an organization to defend consumer interests in England.

The grain crisis in Western Europe at the end of the nineteenth century (1877-1895), a result of the enormous supply of cheap North American wheat, provided the seeds of a European-wide wave of agricultural cooperative movements. Farmers faced financial difficulties and were almost forced to work together to market agricultural produce so as to minimize costs. However, the Western European farm cooperative movement had just experienced an organizational take-off when the world grain crisis subsided at the turn of the century and a period of new economic growth began. Farmers were in need of a marketing instrument which could efficiently handle the enormous expansion of the flows of modern agricultural inputs and agricultural produce (Stuijvenberg 1977). This marketing instrument had to be organizationally complementary to the family farm as the unit of agricultural production. The cooperative was their answer and evolved as a technical-economic extension of the family farm.

Input suppliers and output dealers were catalysts of the movement. Under poor socio-economic conditions, but even more so when economic conditions improved, agricultural traders were a thorn in the farmers' flesh. Sharp increases in traders' profits with the enormous expansion of trade was hard to accept and further motivated farmers to start cooperatives (Stuijvenberg 1977).



The history of the first Western European cooperative movements has been associated too much with farmers in dire straits as a result of poor socio-economic conditions in general and exploitative traders in particular. Cooperatives have been too easily considered as just an expression and answer to crises. The less recognized historical significance of cooperatives in Western Europe is their role *after* situations of crisis: these cooperatives proved not so much an instrument to combat rural poverty but rather a product of recovery and growth. Small farmers joined cooperatives to claim their share of the new economic welfare which otherwise might have ended up in the hands of traders and large farmers.

The first cooperatives of Western Europe were the initiative of small industrial producers and industrial laborers (in England) and farmers and their leaders of local agricultural communities (in the Netherlands, Germany, Ireland and Denmark) in response to poor economic conditions and exploitation of input suppliers. As expression of mutual material interests of laborers or small farmers, these cooperatives support definition of 'the cooperative' as a timeless, invariable and universal phenomenon. However, the *specific* features of the historical-economic circumstances which forced and enabled laborers and farmers to cooperate cannot be emphasized too much.

The need for more emphasis on the circumstances specific to the rise and consolidation of cooperatives in Western Europe also applies to the general political situation. There is a broad consensus that at the turn of the century Western European liberal governments were not involved in formation of cooperatives which started as a 'self-help movement'. The common conclusion that governments played no role or at most a minor one, disregards the active indirect role of Western European liberal governments vis-a-vis agriculture in general and cooperatives in particular. These governments enabled cooperatives to increase and stabilize their market shares of agricultural produce and to become one of the most distinctive features of Western European agricultural systems in the twentieth century. The most profound but least recognized step of Western European governments in stimulating cooperative development however, has not so much been the supply of a whole array of support services (in the fields of law, tax and quality control of agricultural inputs and produce) but the (re)construction of the organisational infrastructure of the agricultural sector: government stimulated farmers to organize themselves better in cooperatives as well as unions and to form representative national bodies to defend their interests and to discuss agricultural policies. These incentives contributed to the development of an enormous diversity of cooperatives and unions which in turn reflected different product-specific interests and socio-cultural backgrounds of the farming population. Cooperatives primarily defended the technical-economic interests of farmers whereas farmer unions concentrated on their political-economic interests (see Smith 1961; Diepenbeek 1988). The

technical services and legal instruments of governmental bodies created near-optimal conditions for cooperatives as farmer service centres. Representatives of unions were given opportunities to inform national agricultural policy makers about the points of view of the farming population.

### **Cooperatives in Colonized Economies**

The success of the cooperative movements of Western Europe inspired national governments to implement their ideas on cooperatives in their colonies. The first step of the Dutch in promoting cooperatives overseas was to officially declare the Dutch Law on Cooperative Societies as the official cooperative law in the East Indies in 1915. The British conceived credit cooperatives as appropriate instruments to combat rural indebtedness in India (cf. Robert 1983). Indigenous farmers in British East Africa were stimulated to organize themselves in marketing cooperatives (see e.g. Van Dooren 1978). The significance of the ideas and practices of the colonial ruler with respect to rural institution-building cannot be underestimated as these ideas and practices have resulted in legal-organizational structures which condition the development of government-supported cooperatives in the post-colonial era. Vincent (1988) states that, "many of the legal and governmental structures within which cooperatives in Uganda function today, were framed within the colonial period" (p.189).

This section draws some conclusions from the histories of cooperatives established in East Africa under British colonial rule. These cooperatives were the common effort of indigenous traders and the colonial government. Indigenous agricultural produce traders successfully used cooperatives to increase their own market shares by breaking the monopolies of Asian traders (Van Dooren 1978: 40). In Tanzania, according to Cranenburgh (1990), "The cooperatives' early success was not due to their superior efficiency compared to private traders, but to their political appeal: they were instrumental in wresting economic control away from immigrants and toward Africans" (p.125).

The very first forms of farmer cooperation organized by agricultural traders pre-dated national cooperative law making. When cooperatives proved attractive in facilitating cash crop marketing, colonial governments intensified their efforts to construct a legal-administrative framework to give cooperatives a central – if not monopolistic – position in the marketing of cash crops (for Tanzania, see Cranenburgh 1990: 126-127). "Cotton which made up less than 10 percent of Uganda's exports in 1906-7 [...] accounted for over 90 percent of its total exports twenty years later. At that point, as the indigenous cooperative movement began to spread eastwards to Teso, government policy makers advocated the establishment of a cooperative system under government control throughout the whole country" (Vincent

1988: 190). The government control of Teso District was particularly important as it had "the highest average per capital production in the protectorate" (ibid: 199).

Cooperatives were not immediately set up on a nation-wide basis (as happened in the post-colonial era) but rather emerged in particular cash crop producing areas. For Tanzania Cranenburgh (1990) notes that, "The expansion of the movement was limited, however to the cash crop producing areas of Kilimanjaro and Bukoba, Sukumaland and the south" (p.127). Cooperatives were not used to market food crops, as they were supposed to in the post-colonial era (see Lele and Christiansen 1989: 18).

In public rhetoric the role of cooperatives was acclaimed as an expression of proper British government administration which enabled local people to acquire leadership capacities. "The fundamental principle of the [cooperative] system is identical to that of 'Indirect Rule' - which could be better named 'Cooperative Rule' - the essential aim of both being to teach personal responsibilities and initiative ... Not the least attractive feature of this movement is that no other system offers better prospects of producing leaders from among the people" (Lugard, quoted in Coulson 1982: 98; Cranenburgh 1990: 126). The British colonizer wished to 'educate' the colonized how to manage and cooperate according to a modern western formula. One of the less intended consequences of these educational efforts however, was that cooperatives increased farmers' awareness of the tasks and responsibilities of the colonial ruler. Cranenburgh (1990) says that in Tanzania, "The multiplication of cooperative societies and unions ... during the 1950s gained a great social and political significance. Indeed, the cooperative movement became the most important institutional forum for the representation of African interests vis-a-vis the colonial government" (p.128). In her detailed historical account of the cooperative movement in Teso District of Uganda, Vincent (1988) states that, "It was in the context of African nationalism that the cooperative movement got off the ground in Teso" (p.195). Vincent however, emphasizes that seizure of state power has neither been the central demand of the cooperative movement nor the first wish of upcoming nationalist leaders involved in cooperatives. "It may be suggested, then, that the cooperative movement in Teso developed as only one phase of a reform commodity movement which had its earliest expression in the 1920s [...]. A reform commodity movement, according to Jeffrey Paige (1975: 70), is a typical form of political expression in a small-holding agricultural system such as that of Teso. It is concerned with the control of marketing in agricultural commodities. It demands neither the redistribution of property nor the seizure of state power" (Vincent 1988: 201). The development of Ugandan cooperatives cannot be seen in isolation from the growth of the Uganda African Farmers Union. This Union was founded in 1948 by Ignatius Musazi who is described as 'Uganda's first modern national leader' (Engholm, quoted in Vincent 1988: 195). "Registered under

the Business Names Ordinance as a partnership of twenty persons, its objective was to act as commission agents for the sale of cotton, coffee and other produce. Since its main purpose was to pressure the government into fixing higher prices for cotton, its growth was rapid" (ibid: 194).

The post-colonial history of cooperatives in Uganda and many other Third World countries painfully demonstrates that the combined mobilization of cooperatives and unions vis-a-vis national rulers has been a rather unique feature of cooperative development in the late pre-independence era.

### **Post-Colonial History and Debate of Cooperatives**

Although cooperatives were a foreign formula, independence did not end cooperative development in the new nations but instead ushered in an enormous growth of new cooperative movements as 'the third way' (differing from the capitalist and socialist models) to organize and develop rural economies. The new leaders praised the nation-wide tradition of mutual help and described cooperatives as its modern expression. They promised that cooperatives would effectively combat rural poverty, acting as a counterweight to defend and secure the interest of farmers against exploitative traders who were regarded a main obstacle to economic growth (see Bouman 1981). Cooperatives became integral parts of rural development programs and were given a privileged status in the new economic constitution as key instruments of economic and social development. Ministries of Cooperatives were established to implement cooperative policies and programs.

Decolonization did not put an end to foreign support to cooperative development in the South. The post-war and post-colonial boom of international development agencies further guaranteed the continued promotion of cooperatives as an appropriate tool to combat rural poverty. As members of these international development agencies, former colonial states were able to contribute indirectly to cooperative movements in developing countries. Ministries of Foreign Aid or Development Cooperation were established to include bilateral support to cooperatives in developing countries.

With the financial support of international development agencies of western countries, Third World national governments could spend a great deal of capital planning and implementing cooperative projects. However, enormous financial support to these cooperative projects and ambitious development objectives set by national governments sharply contrasted with their generally disappointing results. The dramatic report of the United Nations Research Institute for Social Development (1975) on the role of cooperatives as agents of change in developing countries was the beginning of a period of confusion and disagreement on the essence and 'proper'

evaluation of cooperatives among large international development agencies such as the United Nations, Food and Agriculture Organization and World Bank on the one hand and cooperative interest bodies such as the International Cooperative Alliance, Committee for the Promotion of Cooperatives and World Council of Credit Unions on the other.

### *The 'Essence' of Cooperatives and Their Evaluation*

UNRISD's extensive research in the period 1968-70 of 40 individual cooperatives and related institutions in thirteen countries in Africa, Latin-America and Asia was based on the view that, "Among the ideals associated with the cooperative movement has been the aim that class distinctions among members should be eliminated or at least greatly reduced and that the cooperative should promote egalitarianism with regard to the means of production (access to equipment and credit, water supply, in some cases size of holdings, etc.) and with regard to income and benefits" (UNRISD 1975: 6). The Research Institute concluded that their sample provided not much cause for optimism on the role of cooperatives as 'agents of change':

A general conclusion of the study is that cooperatives introduced into rural communities characterized by significant inequalities of wealth, power and status are not likely to be very effective in bringing about fundamental social change in favour of the more disadvantaged groups. Those in a more advantageous position will tend to take advantage of the cooperative. Instead of changing the local structure, the cooperative is more likely to be absorbed by it and may reinforce and deepen existing inequalities by yielding benefits to a limited group. If the poorer members of the cooperative do not benefit from the cooperative services or if the poorer members of the community at large do not belong to the cooperative, then the effect of the cooperative in relieving rural mass poverty will be minimal (UNRISD 1975: 7).

The International Cooperative Alliance, one of the largest post-colonial guardians of cooperative business and ideology, tried very hard to refute UNRISD's findings. First, it presented a methodological critique and questioned the tendency of UNRISD to generalize across levels and across different types of cooperatives. The ICA warned against "generalization from some rural cooperatives to other rural cooperatives, from rural cooperatives to urban cooperatives and from one type of cooperative, e.g. credit cooperatives, to other types of cooperatives, dealing with production, marketing, transportation, etc." (ibid: 25). Besides, the ICA complained that "the cases studied were not all genuine cooperatives..." (ibid). So, even ICA knows some (many) cooperatives are bogus, even if officially chartered as cooperatives. Secondly, the ICA presented a substantive critique and opposed

the view of UNRISD on the role of cooperatives in development. According to the ICA, cooperatives should not be primarily burdened with the task of reducing socio-economic inequality in rural societies. This creates wrong or unreasonably high expectations and easily results in negative evaluations of cooperatives. The ICA suggested that, "It would be more correct to say that it is a major purpose of cooperatives to provide small and medium-sized producers with better access to the means of production and productive techniques. Viewed in this light most of the cases studied showed some progress" (ibid: 26). The ICA further mentioned that UNRISD had confused 'equality' with 'equity'. According to the ICA, "Cooperative principles are primarily concerned with equity and not a blanket equalitarianism. The difference is that equity implies rewards commensurate with contributions" (ibid: 27). Not surprisingly, the ICA was convinced that from this point of view the overall results of cooperatives in developing countries were not as disappointing as claimed by UNRISD.

From the perspective of UNRISD the concept of cooperatives as 'agents of change' referred to an instrument that brings benefits to the masses of poorer inhabitants in developing countries. However, UNRISD underestimated the complexities of social stratification at local level and inadequately conceptualized cooperatives as *part* of the social context. The ICA had a more modest agent of change in mind and refused to consider distribution of benefits of cooperatives as part of the larger problem of social inequality. Still, it is very useful (even in an economic sense) to think about how social inequality of society at large affects the possibilities of cooperatives to start and to serve the economic interests of their members. Baviskar and Attwood (1988) addressed the problems of cooperative action in stratified societies and asked whether cooperatives contribute toward equalization of opportunity. They conclude that "cooperation, whether formal or informal, whether based on grass-roots initiative or state planning, is not likely to change the indigenous social structure very far, especially not where the economy is stagnating and opportunities for innovation are absent. However, inequality, at least moderate inequality, is not necessarily an obstacle to cooperation" (p.5).

A better understanding of the dynamism of cooperatives in different social contexts implies an understanding or consensus of the essential features of 'the cooperative'. A seemingly minor methodological criticisms by the ICA of the UNRISD research was that not all studied cases were genuine cooperatives. However, this is not a mere methodological critique but rather a substantive one. It suggests that the ICA clearly understood the difference between 'real' and 'false' cooperatives and that the working definition used by UNRISD was inappropriate. The selection of case studies by UNRISD did not follow a pre-defined set of substantive features defining 'the cooperative' but rather a loose approach. UNRISD simply selected those institutions called 'cooperative' as case studies and studied a wide range of different

'cooperatives' with varying degrees of involvement by governmental agencies, peasant syndicates, rural syndicates, Catholic Church authorities, Protestant missions, national cooperative organizations, development projects, cooperative unions and the local farming population (UNRISD 1975: 59-64). This diversity of 'cooperative' institutions provides another strong argument against general statements (like those of UNRISD in its final report) on the effectiveness of 'cooperatives' on whatever grounds. At the same time this diversity complicates attempts to define more or less abstract features, principles or values of 'the cooperative' and to make distinctions in diverse concrete situations between 'real' and 'false' cooperatives.

Top officials of the ICA hold the view that their cooperative principles differ only slightly from those of the famous Rochdale cooperative (Marcus 1988) which started in 1844 and is regarded the first 'real' Western European cooperative (see e.g. Van Dooren 1978: 13). However, during the 23rd ICA Congress in 1966 it was decided to speak of 'democratic control' as one of the six main cooperative principles instead of the classical Rochdale formula of 'one man, one vote'. The Rochdale principles of 'goods sold at regular retail prices, business conducted on a cash basis and the number of shares which one man might own are limited' (Filley 1922: 21-22) were also discarded. The new principles were 'open and free membership, internal and external extension and cooperation between cooperatives at national and international levels' (later known as 'movement to movement assistance': see Thordarson 1988: 51ff). The Rochdale principle of 'earnings divided in proportion to patronage' is probably the best conserved, since it still is one of the top six ICA cooperative principles.

These seemingly subtle redefinitions force officials of the ICA to cite 'Basic Values' as the supposedly common and constant normative base of changing 'Cooperative Principles'. 'Basic Values' are characterized as "self-help values, mutual help values, non-profit interest values, democratic values, voluntary effort values, universal values, education values and purposeful values" (Watkins 1986; Marcus 1988; Book 1988). The recognition by the ICA that the problems and situations faced by the Rochdale Pioneers differ greatly from those of current cooperatives (Marcus 1988) basically explains ICA's increased emphasis of abstract-normative values underlying cooperative principles. These vaguer notions of the essence of the cooperative make it very hard to take the self-confident words of the president of the ICA very seriously when he states that: "We know what makes a cooperative and whom it should serve ..." (Marcus 1988: 5).

However, the words of the president gain significance when he continues that, "... our principles do not explain how it should operate when changes are taking place in the surrounding socio-economic field" (ibid). Whether intended or unintended, the president introduces a central dilemma of the evaluation of cooperatives. How do (changing) socio-economic circumstances affect the essence of cooperatives? When do so-called 'cooperatives' which

adapt themselves to changing circumstances turn into non-cooperatives? How does the essence of cooperatives materialize under different circumstances? Do all these institutions qualify as 'cooperative'? How have these questions been approached? The case of Apthorpe and Gasper (1979) is probably the most instructive. They were invited to an international consultation in 1977 to present a brief critique of cooperatives and their pertinence, or lack of it, for the rural poor. However, their critique passed "without mention in the proceedings published in the following year" which is "perhaps, some indication of the sensitivity of criticism that students of public policies can encounter" (p.35-36).

Apthorpe and Gasper (1979) distinguish two pairs of evaluative approaches of cooperatives: 'immanent-transcendent and essentialist-instrumentalist'. They consider these four types neither "mutually exclusive or a comprehensive catalogue of approaches in evaluation nor consensually applied in particular cases" but as "the leading elements in some overall approaches found in the evaluative discussion of cooperatives and other organizations" (p.4). An immanent evaluation is an 'internal approach' which "takes as its criteria those used within the policy/institution itself" (ibid). In a transcendent evaluation an 'external approach' is used. This approach takes "its criteria independently of the policy evaluated, without any necessary overriding reference to the policy's self-conception or implied criteria" (ibid). The weakness of the immanent evaluation is two-fold: first, it seems to ignore that many conflicting official and unofficial criteria and objectives might be used within the policy/institution itself. "In the case of cooperatives, goals have generally been set by governments but at times the government's 'hidden objectives' may be as strong as – or even stronger than – the stated objectives. This makes investigations of the fulfilment of only stated goals rather obscure" (Holmén 1990: 9). Secondly, it is very hard to determine whether the criteria and objectives used 'within' the policy or institution itself have an 'internal' or 'external' origin. "With cooperatives it is often the case that their goals and roles have been determined by external actors, usually the state and international aid agencies, and then they have been superimposed on local societies" (ibid). The weakness of the immanent approach thus provides a critique of the distinction between an 'immanent' and 'transcendent' evaluation.

An 'essentialist approach' can "sometimes be seen as an extreme form of an immanent approach. There is a particular commitment concerning the matter being evaluated [...]. Its essential and true form must be distinguished, free from distortions which disguise its potential, its true nature. It should be assessed only in the light of its own avowed, true and distinctive objectives. Usually the commitment is a positive one; the true nature posited is good" (Apthorpe and Gasper 1979: 7). Apthorpe and Gasper, placing all four types of evaluative approaches on a continuum, characterize an 'instrumentalist



approach' as an extreme form of 'transcendent evaluation (ibid: 8)'. This approach,

treats particular activities and measures simply as means toward some more general ends; ends without reference to features of particular means. For example, in considering the promotion of a particular type of programme or institution, an instrumentalist approach would, roughly speaking, first consider 'whether' rather than 'how'... This detachment from particular means leads to a willingness to entertain considerations about, and to be open to, the adoption of a variety of means, and different means in different cases, according to circumstances. That is, it tends very much to situationalism in assessment and prescription (Holmén 1990: 7).

The weakness of an instrumentalist approach is two-fold: first, it assumes that we all have a common frame of reference when discussing the possibilities of cooperatives. It simply considers 'the cooperative' as one type of instrument. Among international development agencies an instrumentalist approach easily results in 'joy riding' with concepts (like 'cooperatives', 'self-help associations' and 'NGOs'). Second, the instrumentalist approach gives the false appearance of 'objectivism'. It ignores different expectations and interpretations of cooperatives as well as differences of opinion with regard to the 'essence of development' as a goal of cooperatives. "With instrumentalism it can be the goals rather than the means to attain them which tend to be seen as not requiring much defence or even close examination" (Holmén 1990: 7). This also implies that the difference between the essentialist and instrumentalist approach resembles the false distinction between 'normative' and 'objective' approaches. The instrumentalist approach is a many-sided but normative approach. It is based on vague notions about 'development' and implicit ideas about the suitability of different 'instruments' as means towards the ultimate aim of 'development'.

Apthorpe and Gasper reviewed four large studies and conclude that three of them use an immanent-essentialist approach and one is instrumentalist.<sup>2</sup> The immanent-essentialist as well as transcendent approaches offer few possibilities to analyze how (changing) circumstances affect the essence of cooperatives. The instrumentalist approach does take different and changing circumstances into consideration but denies the normative dimension of (evaluation of) cooperatives. Another approach or combination of approaches

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2. Immanent-essentialist: a) the 1968-70 UNRISD-studies b) the 1977 survey study called "A Review from within the Cooperative Movement" which served as a background study for c) the 1977 Loughborough Consultation organized by the ICA. Instrumentalist: a) the 1977 survey study called "Cooperatives and the Poor: A Comparative Perspective" which also served as a background study for the Loughborough Consultation (Gasper and Apthorpe 1979: 9-16).

is needed to go beyond the limitations of these four types of evaluative approaches.

I believe the opposite of an essentialist approach is not an instrumentalist approach but rather the combination of a 'legal-pluralist' and 'legal-anthropological' approach. This combination is not an evaluative tool but rather an analytical perspective. A legal-pluralist perspective distinguishes a plurality of 'essences' or normative complexes instead of one 'essence' or standard (see Benda-Beckmann 1983a; Griffiths 1986). From a legal-anthropological perspective these 'essences' are considered social-normative constructs which means that in human interaction these 'essences' are being created, changed and mixed (for a case study see: K. von Benda-Beckmann 1987). The enormous diversity of human interaction again explains plurality of norms, ideas, definitions, expectations and assumptions.

From a legal-pluralist perspective it is impossible to speak of the essence, the material features, or the development objectives of the cooperative but rather different natures and conflicting objectives of so-called cooperatives. Thordarson (1988), ICA Development and Associate Director says that, "While they may all look alike on the surface and all call themselves cooperatives, they have evolved from very different sources and carry out fundamentally different functions" (p.46). However, his distinction of three different kinds of cooperatives is not very impressive as he admits himself:

There is little but the name in common between the large agricultural cooperatives which process and market sugar in India, coffee in Kenya, and ground nuts in Senegal; multipurpose cooperatives formed at the initiative of government departments to provide credit and inputs to farmers; and the grass roots cooperatives which have grown at the initiative of local members in order to provide the poor with improved services and bargaining power. A distinction among these three fundamentally different kinds of cooperatives is not always clear. In some countries single purpose consumer cooperatives function as grass roots institutions (Antigua), while in others they are part of a state system to distribute essential commodities (India) (p.47).

Therefore, he safely concludes that, "Nevertheless, any analysis of the success or failure of cooperatives as a development tool must take into consideration the different nature of cooperatives and the different goals which they seek to accomplish" (ibid).

A legal-anthropological perspective however, emphasizes that it is not cooperatives that seek goals but different bureaucrats as well as farmers and traders who differently define the nature and objectives of cooperatives in which they are to some degree involved. 'Cooperative principles' cannot not explain how the cooperative "should operate when changes are taking place in the surrounding socio-economic field" (Marcus 1988). These principles do

not speak for themselves (see Benda-Beckmann 1983b). It is rather human beings as part of changing socio-economic fields who try to put their flag on top of the 'mountain' of different principles, features and objectives of cooperatives. This shifts the issue of the debate from the essential features of the cooperative towards the struggle of different interest groups to further public and private goals with the help of 'cooperatives' as social-normative constructs.

### *Cooperatives and Other Forms of Cooperation*

While the efforts of most of these groups [new forms of grass roots organizations based on cooperative patterns] are only to be encouraged, it would be a sad day for the cooperative movement if its own theory and practices were being better and more effectively applied by groups which felt the need to disassociate themselves from the formal cooperative sector. [...] If cooperative organisations do not place a greater importance on this kind of policy research [on indigenous or tribal forms of cooperative behaviour] and search for innovative approaches [based on this research], there is a considerable danger that other forms of 'self-help organizations' may replace cooperatives as a favoured instrument of grass-roots development (Thordarson 1988: 43 and 60).

This quotation from a top official of the International Cooperative Alliance illustrates claims of the ideal of organized cooperation for the 'formal cooperative sector'. Thordarson refuses to award 'the title of cooperative' to cooperative organizations which behave like the cooperative movement should according to its own theory. The idea that 'other forms of self-help organizations' could be 'real' cooperatives does not even occur to him. He believes that the 'formal cooperative sector' must be protected. The approval of this ICA official to explore 'other forms of self-help organizations' can thus be interpreted as an attempt to both incorporate these other forms and improve the formal cooperative sector.

Ideas and research proposals like those of Thordarson are not unknown among national governments of developing countries: the histories of cooperatives as part of rural development programs in Indonesia (Bowen 1986) and Tanzania (Cranenburgh 1990) are full of political abuse and distortion of traditional local concepts and even suggest that national policy makers might have very well understood the magic charm of traditional local concepts of cooperation to further their 'cooperative policies'.

The highest rank which might be awarded to 'other forms of self-help organizations' with the permission of adherents of 'the cooperative ideal' is 'the pre-cooperative' (Munckner 1981; United Nations 1983). This concept implicitly recognizes the existence of 'other forms of self-help organizations' but fails to recognize their diversity. Even worse, it conceives of these 'other

forms' as a primitive form of cooperative organization which however, might evolve into 'the cooperative' as the final stage of legal-organizational development. The disappointing record of those organizations called cooperatives in developing countries and confusion over their nature and objectives provide sufficient reason not to simply consider 'the cooperative' as the ultimate concept or form of cooperation but instead as an alternative concept which has been given different functions and meanings in different places and times. The same argument also applies to the concept of 'self help association' as a substitute for 'pseudo-cooperatives' (Verhagen 1987). Large international development agencies might welcome and use such an alternative concept to raise funds and to (falsely) guarantee their efficient use. The still virginal concept then evolves as a new title for an old litany.

Many colonial and post-colonial governments assumed that the social norms underlying 'traditional forms of cooperation' would be a fertile base for the smooth introduction of 'modern cooperatives'. Dore (1971) concluded that this assumption is based on a romanticized view on the nature of traditional communities. Besides, "even if traditional communities are solidary and egalitarian it is difficult for them to take on the formal institutions of modern cooperatives, such as rational auditing and control over managers, without destroying the very bonds of solidarity and mutual trust which are supposed to be their advantage" (Dore 1971: 60). There are two 'practices' which provide completely different perspectives on use of 'traditional' concepts of cooperation for 'modern' cooperative development strategies. First, those few national cooperative planners in developing countries who have read Dore's conclusions might have decided to put more emphasis on 'cooperative education and training' and the careful reconstruction of traditional local concepts. With respect to the role of education, these planners still enjoy the support of international development agencies: "Education in cooperation has to be undertaken in the formative years of children, if they are to acquire a sound understanding of the principles of cooperation and democratic self-management" (United Nations 1987: 11). Secondly, "new forms of grass roots organizations based on cooperative patterns" (Thordarson 1988) evolve as 'modern' expressions of so-called traditional local organization. This development refutes assumptions on the static character of traditional societies, the lack of organizational capacities of their members and the idea of 'the cooperative' as the ultimate modern form of organization. An interesting dimension in this connection is that there is a need for these 'new forms' to loosen their relationship with those (modern) cooperatives which are more or less regulated by government agencies (see Thordarson 1988: 43).

### *Cooperatives and Governments*

There is broad agreement among scholars and international development agencies about the problematic role of national governments in promoting 'cooperatives' in developing countries (see e.g. Van Dooren 1978; Baviskar and Attwood 1988; Cranenburgh 1990). "In accepting public aid, cooperatives have often become dependent on governments, which, in not a few countries, have used this leverage to gain control over these organizations. To the extent this happens, it serves to undermine the democratic and autonomous nature of the cooperative organization" (United Nations 1987). In this section some results of the debate of international development agencies on the ideal and actual relationship between cooperatives and governments have been analyzed. These results suggest that the debate has at least four shortcomings.

First, it is misleading to talk about the relationship between governments and cooperatives. The central question of the United Nations seminar (1987) on "The Role of Government in Promoting the Cooperative Movement" in which representatives from Ministries of Cooperatives of two dozen Third World countries participated, provides a nice illustration: "How to reconcile government support for cooperatives without compromising member interests and the self-reliant character of cooperatives, is a challenge to both government officials and cooperatives alike" (United Nations 1987). This definition of the problem confuses the ideal and actual relationship between governments and cooperatives. Ideally, government officials and cooperatives are two separate entities. However, in many developing countries it is hard to determine where the tasks and responsibilities of governments end and those of 'cooperatives' begin (for Indonesia, see Schott 1985). Diepenbeek (1990) holds that cooperatives in many developing countries have evolved as 'internal economic organisations' (p.16). This implies that the question of cooperative organisation is an internal affair of centrally planned economies (ibid: 2) or part of public administration.

A second shortcoming is that policy recommendations for changing relationships between governments and cooperatives are extremely vague. In his article<sup>3</sup> called "From Stockholm to Stockholm: The Lessons of Three Decades of Cooperative Development", Thordarson (1988) considers 'de-officialisation of cooperatives' as one of the priorities for the future of the cooperative movement in developing countries. This ICA leader seems very much aware of the interwoven goals of cooperatives and government when he describes 'de-officialisation' as "the transformation of government-controlled

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3. This article was presented at the Seminar on the Donor Support to the Promotion of Rural Cooperatives in Developing Countries, organized by the World Bank in January 1990, held in Washington D.C.

cooperatives into a more member-controlled form" (p.48). However, it is not very clear what is meant by 'de-officialisation'. Thordarson only refers to the need for "increased autonomy" of cooperatives to be realized on the basis of a "partnership" of governments and cooperatives which, however, suggests that the false distinction between governments and cooperatives has not been understood. Van Dooren (1978) describes 'de-officialisation' as the government promotion of autonomy of cooperatives. He mentions "education and training of members and chosen managers of cooperatives on the one hand and transfer of state authority and programs to central organizations of cooperatives on the other, as the best steps towards cooperative autonomy and democratization" (p.45, own translation). According to Van Dooren (1978) 'de-officialisation' implies that "the state should take action to transform cooperatives which have been established by the government into independent, democratic self-help cooperatives" (p.45, own translation).<sup>4</sup> He is convinced that 'the state' should take the initiative to 'de-officialize' cooperatives because "experience has shown that expectations for the automatic transformation of 'state cooperatives' into real democratic self-help cooperatives have nowhere been fulfilled" (ibid: p.45, my own translation). However, these recommendations ignore the interests of national governments in promoting and controlling cooperatives, which leads to the next shortcoming of the international debate on cooperatives and governments.

A third shortcoming is that policy recommendations on the appropriate roles of governments in promoting cooperatives fail to view governments as part of the problem. One of the main fiscal policies of national governments in developing countries is maximizing the difference between national consumer prices and export prices of food crops. A large difference enables these governments to finance their budgets and to make investments in industry and infrastructure. At the same time low domestic agricultural prices support the national government in a political sense: low national consumer prices are effective tools to win and sustain political support from urban populations. Cooperatives are extremely useful tools to implement this policy and minimize its social costs. Anti-farmer price policies might lead to rural unrest.<sup>5</sup> However, this reveals the 'multi-purpose' character of cooperatives. Propaganda on the role of cooperatives in 'nation building' disguises economic and administrative control. A cooperative administration with the common three-tier structure (national, provincial and local) enables governments to monitor and control marketing of agricultural produce and

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4. In his publication Dooren (1978) uses the term "state" and "government" as synonyms.

5. One of the four main questions of the farmers of Teso District of Uganda under British Rule was: "(1) what was the relationship between the world price of cotton and the prices paid to growers.... While the first question was common to farmers throughout Uganda ... (Vincent 1988: 199)".

farmers' organizational initiatives. Distribution of privileges related to cooperatives does the rest: new leadership, cheap credit, trade monopolies and monopsonies buy off agricultural price discrimination and stifle rural unrest. These government objectives are rarely spelled out in official publications on the role of governments in promoting cooperatives. In the United Nations report (1987) on the "Role of Government in Promoting Cooperative Movement" for instance, the strong involvement of national governments in cooperatives is regretted but merely taken as an occasion to emphasize (again) and distinguish five 'appropriate' roles that governments can usefully play in promoting cooperative development: "effective legislation for governing the establishment and operations of cooperatives, granting financial and concessional benefits, general promotion of the cooperative movement, support to cooperative education and training programs and regulatory control to ensure that the officers and members of cooperatives discharge their responsibility in conformity with legal practice" (pp. 5-14). High expectations are fostered with regard to the 'appropriate legal framework' which is "necessary to prevent abuses which plague the cooperative movement in many countries or to remedy those which arise" (ibid: 6).

But given the implicit but decisive objectives of national governments in promoting cooperatives, it is doubtful whether the legal, financial and educational services of governments described in the report guarantees less government control. An idealized view of the record of governments in promoting cooperatives feeds unrealistic notions on 'appropriate roles' of governments in promoting cooperatives:

It is widely acknowledged that government has played an important role in encouraging the formation and strengthening the operation of cooperative organizations in many developing countries as well as developing countries. This observation remains particularly valid in developing countries where poor people, if left without assistance from the state, would have meager prospects for organizing cooperatives and running them efficiently (United Nations 1987: 4).

This observation also underestimates the damage done by national governments to cooperatives as 'self-help organizations'. It does not take into account that millions of rural people in Third World countries now associate institutions which are 'cooperatives', at least according to government officials and international development agencies, with government intervention, gifts and control.

A fourth shortcoming is that no implications are drawn from the significant rise of cooperative organizations which prefer not to be government sponsored or registered.

Many small cooperatives may find it convenient not to be registered, hoping thus to remain unknown to national authorities. This applies, for instance, to cooperatives set up in some countries by trade unions. A significant recent development is the emergence of a more experimental approach to the problems of organizing popular participation. This has created a 'grey area' involving organizations which, though clearly not cooperatives, have common objectives with cooperatives. [...] There are also considerable numbers of associations which, although they have certain characteristics of cooperatives, do not meet all the requirements for formal registration as cooperatives. This is perhaps one of the most significant developments in recent years (United Nations 1983: 107).

### Conclusions

In many developing countries government support of so-called cooperatives has been a kiss of death for small rural producers: cooperatives have been institutional components of low domestic agricultural price policies of national governments. The monoculture of institution building by national governments promoting cooperatives as the privileged development tool has eroded small rural producers' possibilities to protest government price policies. Therefore, better articulation of responsibilities and interests of governments and farmers involved in cooperatives is needed to transform cooperatives from rural tax systems to enterprises serving the material needs of farmer-members. However, this is not a mere technical affair which requires more training or extension. The conclusion to draw is that most of the debate about the nature of cooperatives is irrelevant, because it fails to deal with the motives for and realities of the capture of cooperatives by governments.

Insights on conflicting interests of governments and farmers raise discussion on the need and possibilities for political-economic interest articulation by farmers *vis-a-vis* governments. In this discussion the transformation of government-controlled cooperatives into a more member-controlled institution is a political and economic problem. Its central question is whether national governments will accept the farmers' articulation of their interests in union-like organizations functioning parallel to cooperatives or in apex<sup>6</sup> cooperatives. This seemingly passive act of acceptance might be one of the most decisive steps of governments in promoting cooperative movements to benefit small rural producers. This does not imply a reduction of

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6. Apex cooperatives are secondary or tertiary cooperatives which represent village cooperatives (primary cooperatives) or secondary cooperatives at the national level.



responsibilities of governments with respect to cooperatives but rather a stronger commitment to stimulate farmers to articulate their own interests.

The histories of cooperatives in Western Europe and in colonized economies provide interesting lessons, being case studies of rural political-economic and technical-economic interest articulation. These histories also shed light on policies and publications which emphasize the relative value of cooperatives as a development tool. These histories do not suggest that the disappointing results of cooperatives in developing countries are a reason to select another development tool or concept to replace the cooperative as the favored formula, but rather emphasize the complementary role of cooperatives and unions in articulating farmer interests vis-a-vis national governments.

A divorce of the post-colonial marriage between Third World governments and international donor agencies in promoting cooperatives is an important pre-condition for substantial change in the nature of many cooperative movements in developing countries. Without the approval and financial support of international agencies, these governments are less able to continue their 'promotion' of cooperatives. Holmén (1990), who tries to "determine the conditions under which cooperatives can be suitable institutions for enhancement of development" (p.6) in Africa, even believes that, "Termination of development aid and of external support to praetorian<sup>7</sup> states might seem cruel in the short perspective. In the longer run, however, it would most likely force governments to reduce (albeit reluctantly) their direct interference in local and regional economic life" (ibid: 76). However, this drastic termination would throw the baby out with the bathwater. International donor agencies might require national governments to be on speaking terms with NGOs like, for instance, farmer unions. Finance then becomes related – or even subordinated – to attempts to build a rural organizational infrastructure as an arena for farmers to articulate their different interests.

It is very tempting for international funding agencies to claim the ideal of organized cooperation for so-called 'self help associations' now that government-supported cooperatives have failed to serve farmer interests in many developing countries. Some of these agencies seek collaboration with NGOs (see, for instance, Newiger 1984: 99-100) as 'self help promotion institutions' and new partners in promoting grass-roots development. From a legal-pluralist perspective these attempts might be qualified and analyzed as

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7. Holmen (1990: 57) mentions that, "Praetorian societies are defined by "their lack of community and effective political institutions" (Huntington S, 1968), ... by their absence of agreed procedures, ... the fragility of institutions, .... [and] the lack of widespread sentiment of their legitimacy" (Finer SE, quoted from Naur M, 1986, p.151).

'formula shopping'<sup>8</sup> and not of much interest to small rural producers in developing countries. A more pragmatic and political-economic approach deserves much more attention among international policy makers. This approach takes the wider question of political-economic and technical-economic interest articulation of farmer populations as its starting point.

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8. This is analogue to concepts used by two legal anthropologists: K. von Benda-Beckmann (1984) speaks of 'forum shopping' with regard to Minangkabau people who approach different courts to win disputes. Spiertz (1986) suggests the concept of 'idiom shopping' to characterize the strategic use of local normative complexes by villagers involved in a funeral ceremony on Bali.



## Struggles to Secure the Supply of Cloves: The Case of Ambon

Clove producing areas of Indonesia have been the scene of many struggles of private and public traders to secure their supply of cloves. The trade of this cash crop is a conflict-laden business as it involves considerable investments, high risks but also potentially enormous profits. Attempts of private and public traders to control the marketing of cloves have also indirectly fueled conflicts between producers claiming ownership or usufructuary rights on the same clove trees. This article focusses on the struggles of clove traders, while recognizing that conflicts between producers (Benda-Beckmann 1990a, 1991, 1992) complicate efforts of traders who want to buy cloves or the right to harvest them.

In the first half of the seventeenth century Portugese, British and Dutch trading companies crossed the oceans to wage war with each other and local rulers of the Moluccas to establish a monopoly over the trade of cloves (Knaap 1981). In the period 1651-1656, the military arm of the Dutch East Indies Company (VOC) was able to take control of the most important clove producing areas of the Ambon islands. This marked the beginning of the world-wide clove monopoly of the VOC that would last for more than two centuries. The cruel establishment of this monopoly was followed by an even more rigid control of the production of cloves: to realize optimal world market prices, the VOC tried to control production by all possible means, varying from the enforced expansion of the cultivated area to the burning of clove gardens.<sup>1</sup> Not surprisingly, the monopolistic VOC required that all

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1. This optimalization, however, is very hard to realize, because there is a time lag of about five years between the planting and maturing of clove trees. This means that the planting of trees, at a time when demand and prices are high, is no guarantee of good prices after five years, when these new trees come into production. On the contrary, low prices might easily result as a result of over-ambitious plantation. Clove cultivation, in fact, is one of the best examples of

cloves had to be sold to the company against a fixed price. However, in 1864 the VOC had to surrender its monopoly position because world market prices fell below the cost price of the Dutch due to the increasing supply of cloves from Zanzibar.

In the post-colonial era the struggle for cloves has been fueled by similar interventions, that is, efforts of public and private agencies to control fully the marketing of cloves and regulate production and prices. Both the differences and similarities with former price and production policies of the VOC are striking. In contrast to the colonial era, cloves are not now primarily bought for auction at foreign commodity markets but to meet the enormous domestic demand for cloves as an ingredient of the popular *kretek* cigarette. These cigarettes are produced at large *kretek* factories on Java that are the major buyers of cloves. Village cooperatives (KUDs) are supposed to play a key role as primary collectors of cloves: since 1980, these cooperatives have the official mandate to buy cloves from farmers at a fixed price (Presidential Decree no. 8, 1980).

In fact, KUDs can be considered the backbone of the clove production and marketing policy of the Indonesian government that is directed at the following objectives: to offer clove farmers a reasonable price and to free them from the clutches of private traders, leading to an increase in the income and well-being of clove farmers; to build up a Fund for the Rehabilitation of Cengkeh (SRC) in order to provide incentives to clove farmers to increase clove production; to strengthen the role of the KUD as a means of increasing the well-being of clove farmers; and to secure a stable supply of cloves to the *kretek* cigarette factories (Ministry of Trade and Cooperatives 1980). The formal decision of the Indonesian government in 1980 to give KUDs a central role in the trade of cloves marked a shift towards policies that are basically aimed at control of the marketing.

Before 1980 the Indonesian government concentrated on policies that were directed at the increase of production. According to Godoy and Bennett (1990), the Indonesian government "embarked during the 1960s upon an ambitious and highly successful smallholder clove intensification program" (p.62) to meet the enormous domestic demand for cloves and to economize on foreign currencies. This policy was continued in the 1970s: "Government assistance for clove cultivation, in the form of credit and seedling distribution, coupled with rising farm gate prices during the 1970s, induced smallholders to expand and rehabilitate clove stands" (ibid). In the 1980s, clove marketing policies were introduced as a follow-up of the production-oriented policies: not only were KUDs given official monoposony rights, the

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the so-called 'pig cycle'.

government also declared an increasing number of provinces as official clove producing areas. This number increased from six in 1981 to fourteen in 1991.

One of the most dramatic attempts at controlling the marketing of cloves at the national level has been the establishment, in 1991, of a new national marketing board, BPPC (Saptari 1992; Vlasblom 1992, 1993). The BPPC resulted from a merger between a large trade consortium and the government buying agency that was supposed to guarantee minimum floor prices to KUDs and its farmers. This semi-public agency has been given official powers to buy all cloves from KUDs as well as to act as the only supplier of cloves to the *kretek* cigarette factories. This, of course, has been very hard to accept for the captains of the clove industry. Also, it is very doubtful whether many clove farmers will benefit from the monopolistic BPPC that officially is meant to secure the income of clove farmers. Because the chairman of the BPPC feared that his marketing board would not be able to buy more than half of the domestic clove production in 1992, he suggested that the remaining half be burned (Vlasblom 1992).

In spite of the attempts of national government agencies and large private enterprises to control the marketing of cloves, little is known about the struggles for cloves at the local level in the post-colonial period. Few studies have explored the diverse transactions, arrangements and forms of cooperation in the clove trade in any one of the clove producing areas of Indonesia (Clauss 1988; Godoy and Bennett 1990). Moreover, although KUDs have been given official monopoly powers in the purchase of cloves from member-producers, there are scarcely any regional or case studies that describe regional clove markets and explain the seemingly poor performance of many of these cooperatives (K. von Benda-Beckmann 1987; Godoy and Bennett 1990).

The first objective of this chapter, therefore, is to analyze how different clove traders in the Central Moluccas try to secure the supply of cloves. The analysis is based on field research in 1989-1990 and includes a reconstruction of earlier strategies of traders in the 1970s and 1980s. Strategies of clove traders can be characterized according to their different use of financial, social and legal means in securing the supply of cloves. Financial means include price fixing and the supply of credit against the promise of repayment in cloves. The use of social means refers to the mobilization of social relations based on kinship, trade connections and/or credit ties. Legal means concern different types of pre-harvest arrangements and official regulations on the marketing of cloves. One can expect that traders use combinations of financial, social and legal means that are hard to distinguish from each other as integral parts of their strategies and relations.

The second objective of this chapter is to describe the structure of clove trade networks in the Central Moluccas and to analyze their dynamics. A main determinant of these networks is the source of working capital of a trader. Possible sources of working capital are: credit from *kretek* cigarette

factories, from large shopkeepers, agricultural traders, pawnbrokers, banks or personal or family capital. Another determinant of clove trade networks are official regulations concerning the organization of the clove market. These regulations only recognize the government cooperative channel (from farmer via KUD to PUSKUD) to increase its market share vis-à-vis the private channel (from farmer via shopkeeper and private trader to agent of cigarette company). Changes in the organization of this market can be analyzed as intended or unintended consequences of these official regulations.

The third objective is to analyze how two structural features of clove production affect strategies of traders: first, there is a large variation in production on a small scale and on a time basis. This has strong implications for output-securing strategies of traders in terms of working areas and buying or credit transactions. Second, a low level of the total production of cloves in a specific region does not automatically imply high market prices and vice versa. On the contrary, high regional levels of production can go together with high market prices and, worse still, low levels of production may coincide with low market prices. In other words, estimates of total regional production are hardly useful for predicting the development of seasonal market prices. These prices are instead the outcome of struggles and speculations of national *kretek* cigarette companies who are officially called the consumers of cloves.<sup>2</sup> This implies that local traders should have an 'upward orientation' for information on price developments. At the same time, they have to develop strategies to both secure their supply of cloves and minimize disadvantageous effects related to the fluctuation in market prices.

The fourth objective is to describe how the strategies of different traders and their effectiveness have changed as a result of increased money circulation and transport facilities in the Central Moluccas. For instance, in the 1970s 'farm gate' prices of cloves soared from Rp. 1,000 up to Rp. 10,000-15,000/kg, but then declined to Rp. 2,000-3,000/kg by the end of the 1980s (Godoy and Bennett 1990: 63). Money circulation also increased because of changes in consumer preferences from sago, a locally available food crop, to rice that is not grown locally; and from sago houses to concrete houses with zinc roofs. In addition, in the late 1980s, some Ambon-based banks opened branches at the village level. Finally, the impact of the increase in the number of buses and boats connecting villages over land and sea in the Moluccan archipelago should not be underestimated. Changes in the marketing of cloves in terms of barter-like transactions, pre-harvest arrangements, profit margins, credit sources and the selection of them, can be seen as the differential outcome of these processes.

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2. In this respect, the Indonesian clove market might be described as a buyers' market: generally speaking, buyers of cloves have greater influence on prices than sellers of cloves.

### Clove Marketing Chains in the Central Moluccas

At the village level in the Central Moluccas, one or more of the following possibilities exist for farmers to sell their cloves or future harvest: pedlars with cloth merchandise, village shopkeepers, village cooperatives, itinerant Butonese traders, office-based Chinese agricultural traders and large Ambon-based shopkeepers (see Figure 8.1).

Chinese agricultural traders and, to a much lesser extent, village cooperatives also act as secondary-level traders: Chinese agricultural traders buy, store or sell cloves from small Butonese traders. Travelling agents of village cooperatives supply consumer goods to shops in distant villages to be repaid in cloves. In this respect, these agents imitate the much larger and longer-established operations of a small number of middlemen who also operate at the secondary level. Middlemen buy cloves from village shopkeepers but also from a smaller number of village cooperatives.

Large Ambon shopkeepers provide middlemen with daily consumer goods and house construction materials against future payments in cloves. The middlemen are not employed by the large shopkeepers but have developed close working relations with them and, in fact, act as their retailers-cum-collectors. Chinese agricultural traders, Butonese traders, pedlars with cloth merchandise are, or used to be, agents of the 30-40 large Ambon shopkeepers<sup>3</sup> involved in the clove trade (see also: Godoy and Bennett 1990). Even some KUDs supply cloves to these shopkeepers, although they are expected to sell their cloves on the auction floor at the centre for the village cooperatives (PUSKUD). Yet even cloves on the auction floor might first have passed through the hands of a village shopkeeper, middleman and/or large Ambon shopkeeper (see Figure 8.1).

The large Ambon shopkeepers are the main suppliers of cloves to the four agents of *kretek* cigarette companies stationed in Ambon City. These agents also have access as potential buyers to the auction floor of the PUSKUD where they bid against the prices offered by the state-buying agent, Kerta Niaga.

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3. According to key informants, the following enterprises and shops have the largest clove trade businesses in Ambon City: Sama Subur, Inkara, Banju Mas, Goti, Marga Bhakti, Marga T., Mitra Usaha, Maluku Indah, Manusela, Bumi Jaya, Usaha Baru, Rimba Raya and Sama Rasa.



Figure 8.1: Clove trade networks in the Central Moluccas

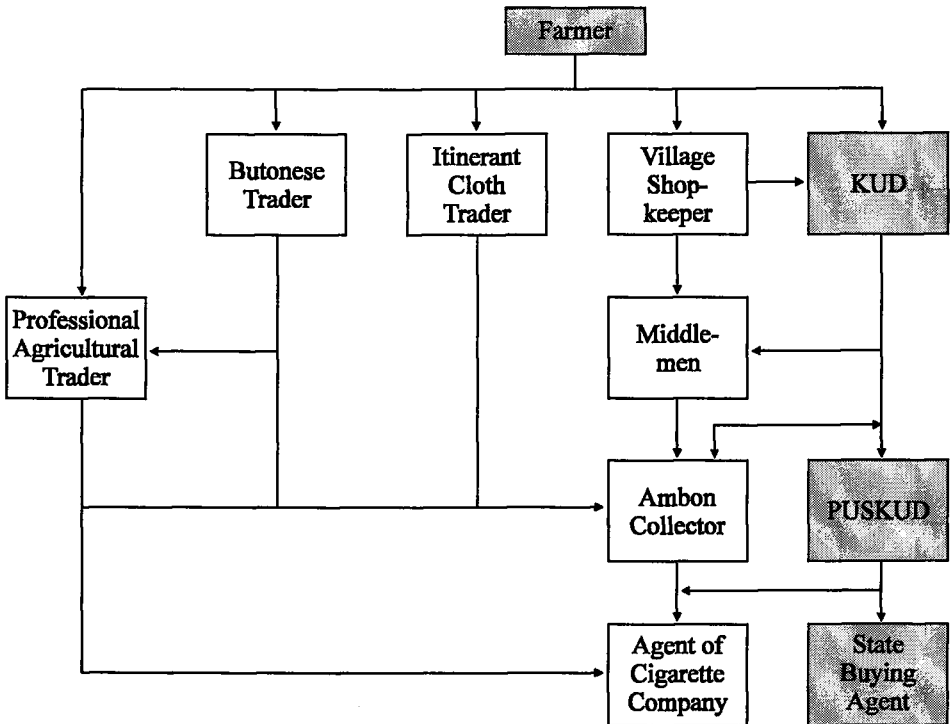


Figure 8.1 provides a picture of the possible flows of cloves, but not of the 'mechanisms' or arrangements used to buy or sell cloves, such as: direct purchase, provision of a loan in cash or consumer goods to be repaid in cloves (with local arrangements called *panjar uang*, *tolong petani* and *cengkeh kilo*) and purchase of the right to harvest clove trees for one or more seasons (called *beli buah* for short-term transactions and *sewa pohon* for longer-term transactions). Figure 8.1 likewise does not offer insights into changes of trade networks and time-spatial variations in buying or selling mechanisms. It is a map, a static representation, of what is a dynamic complex of clove trade systems in the Central Moluccas. To provide a more historical perspective and explain changes in the flows of cloves, I will therefore describe specific

segments of Figure 8.1, and the changing practices for buying cloves in more detail in the following two sections.

In the first section I concentrate on the position of cooperatives and the PUSKUD in clove trade networks, providing data for the Central Moluccan region as a whole. Some Ambon City-based collectors play a key role in the marketing of cloves through cooperatives. Hence, this regional and city-based section includes two cases of these collectors and their collaboration with village cooperatives.

The second section provides a picture from the village-level perspective. It describes changing roles and strategies of different clove traders who are based in the village of Tulehu. Again, the KUD is described and compared with other clove traders. Their changing roles and strategies mirror broader socio-economic developments but also the particular position of Tulehu in regional trade and transport networks.

### **The Use of State Cooperatives: *Cengkeh Murni Mixed With Cengkeh Toko***

Since 1980 clove farmers in Indonesia are supposed to sell their cloves to the village cooperative (KUD). Officially, the KUD has become their only marketing outlet since KUDs have been given monopoly rights in the purchase of cloves from farmers. To effectuate this monopsony, KUDs have been accorded two official privileges: first, the Bank Rakyat Indonesia (BRI) provides them with special working capital on soft terms, the so-called Kredit Tata Niaga Cengkeh (TNC), to buy cloves from farmers. Second, only KUDs are allowed to auction cloves at the PUSKUD, the centre for cooperatives. A floor price system at the auction is meant to guarantee KUDs and its member farmers stable and reasonable prices for their cloves. However, there is strong evidence – supported by local official resources – that many farmers have not benefitted from the floor price system and do not sell their cloves to the KUDs but to private traders. Many of these KUDs have developed working relations with traders and shopkeepers as their suppliers of cloves. This section explains the stagnant, marginal share of KUDs in the direct purchasing of cloves from farmers in the Central Moluccas as well as the evolving forms of cooperation between KUDs and private traders.

#### ***The Auction***

There are two PUSKUDs in the Moluccan province: one in Ternate in the northern district of the Moluccas, and one in Ambon in the central district. The PUSKUD of Ambon was officially opened in 1980, and in 1989 served 97 KUD-members, spread over the 18 sub-districts of the Central Moluccas. The

privileged access of KUDs does not imply that all these cooperatives can bring their cloves at any time they wish to the auction floor of the PUSKUD. The officials of the PUSKUD invite only four to five KUDs to auction their cloves on a specific date. In addition, participating KUDs are not free to decide the amount they wish to sell at the auction floor. The stipulated amount of cloves per auction is 3,025 kilogram per KUD. Finally, a KUD cannot sell different grades of cloves. Sucofindo, a semi-official body, takes samples of every batch of cloves to assess their quality: if the sample is too humid or too dirty, the batch cannot be offered for auction. This quality control is not only important for determining which batches can be auctioned and which not; it also sets the floor price of good batches. If the cloves exactly meet minimum standards, the state agent is obliged to bid the official floor price of Rp. 7,000 per kilogram. The state agent uses a tabulated price index with dryness and cleanliness as the two variables that determine his offer for cloves meeting minimum quality standards.

Besides the state agent, inter-island traders (PAP) who are agents of the *kretek* cigarette companies bid for the cloves. The following *kretek* cigarette companies have an agent in Ambon City who participates formally in the auction at the PUSKUD: Gudang Garam, Bentoel, Djarum and Sampurna. Not surprisingly, participation in the auction was not very attractive for the agents in periods when market prices were much lower than the officially prescribed prices on the auction floor, such as for instance in 1986-1989. They simply did not show up and the counting of the auctioneer, awaiting a higher bid than that of the state agent from Kerta Niaga, was a formal show rather than a real competition in buying cloves.

Within two days after the auction the 'winner' of the auction has to pay for the cloves as well as the auction fee (*biaya lelang*) and a contribution to the fund for the rehabilitation of clove trees (*Sumbangan Rehabilitasi Cengkeh*) at the Bank Rakyat Indonesia. The BRI transfers the SRC, which is Rp. 500 per kilogram, to an account of the Provincial Government at the Bank Pembangunan Daerah Maluku (BPDM). The auction fee is one percent of the price of the cloves and is distributed between the PUSKUD (25 percent), Sucofindo (5 percent) and the Provincial Technical Team (75 percent).

The buying price of the cloves paid by the KUD to the farmers is officially determined as the minimum floor price minus 500 rupiah, that is, Rp. 6,500 per kilogram. The BRI distributes the margin of Rp. 500 as follows: Rp. 100 per kilogram is transferred to an income account of the KUD (*Rekening Pendapatan*); Rp. 100 is transferred to a KUD savings account; and Rp. 300 is deposited in an account for the financial support of farmer members of KUDs. The latter two accounts are not freely managed by the KUDs since the head of the Provincial Department of Cooperatives recommends when and how these funds should be used (Surat Dirjen Bina Usaha Koperasi 1987).

The Presidential Decree of 1980 that prescribes the privileges of KUDs in the clove trade does not provide these cooperatives with instant access to the

auction floor. The Provincial Technical Team has to scrutinize applications of KUDs for membership of the PUSKUD. These teams are chaired by high officials of the Provincial Department of Trade and Department of Cooperatives with officials from Economic Affairs, Fiscal Affairs and the Bank Rakyat Indonesia acting as members. Still, the very low number of registered cooperatives in the Moluccas before 1980 (Damanik 1981) suggests that the Presidential Decree of 1980 marked or even kick-started the take-off of the official cooperative sector in the Moluccas.

The number of KUDs in the Central Moluccas given the privilege to auction their cloves at the PUSKUD in Ambon increased ten-fold in the 1980s (see Table 8.1). However, in the same period the average percentage of member-cooperatives that actually sold cloves on the auction floor was not more than 60 percent, with lowest rates of 20 and 30 percent in 1984-1986.

Not all those KUDs that sell cloves at the auction are given the same number of opportunities to participate. In 1989, 57 KUDs participated only one to three times in an auction, whereas 21 KUDs participated four to six times.

Table 8.1: Number of member-KUDs, KUDs that sold at auction (PUSKUD, Ambon City) and auction days

<i>Year</i>	<i>Number of member-KUDs per 31 December</i>	<i>Number of KUDs that sold at the auction</i>	<i>Number of auction days</i>
1980 <sup>4</sup>	9	13	42
1981	35	31	94
1982	44	31	103
1983	58	39	99
1984	63	14	45
1985	69	22	30
1986	72	19	30
1987	78	51	128
1988	91	65	84
1989	97	78	61

Sources: PUSKUD Ambon, summary review of the auction of cloves in the period 1980-1988 and annual reports of 1984, 1988 and 1989.

4. The number of 13 cooperatives that actually sold cloves on the auction floor in 1980 exceeds the number of 9 member-cooperatives at that time. It seems that those cooperatives that had applied for membership of the PUSKUD, and were awaiting the final approval of the Technical Team, participated in the auction.

On the other hand, not all cloves that were exported from Ambon to the national stock or the *kretek* factories on Java had passed the auction floor. Official data (Table 8.2) show that in the eighties an average of about 30 percent of exported cloves from Ambon had passed the auction floor, thus suggesting that the market share of village cooperatives in the purchase of cloves from farmers was of the same order.

### *Pre-Auction Contracts*

However, the real market share of KUDs is probably much lower than 30 percent because not all cloves that are auctioned at the PUSKUD are bought by these cooperatives from farmers. For a number of reasons many KUDs have been unable to do so: first, the production of cloves is subject to strong fluctuation and is almost unpredictable. Even worse, large variations in production occur on a small-scale. As a consequence, it is nearly impossible for a village cooperative to collect annually a constant amount of cloves from its member farmers in the village area. The pattern of clove

Table 8.2: Turnover at auction and export of cloves from Ambon (in tons of cloves)

Year	Turnover at auction	Export from Ambon		
		Not via auction	Via auction <sup>1</sup>	Total export
1980	156.33	4,146.02	-	4,146.02
1981	802.54	3,025.35	870.53	3,895.88
1982	1,595.18	1,445.45	1,382.10	2,827.55
1983	2,866.94	764.62	2,497.83	3,262.45
1984	947.75	2,623.51	1,726.48	4,349.99
1985	462.44	<sup>3</sup> 3,177.92	277.08	3,455.00
1986	250.97	2,192.36	380.17	2,572.53
1987	1,931.67	2,211.62	1,631.15	3,842.77
1988	1,273.20	3,170.04	1,324.38	4,494.42
1989 <sup>2</sup>	573.26	1,433.63	759.12	2,192.75
totals	10,860.28	24,190.52	10,848.84	35,039.36

<sup>1</sup> The annual figure for the turnover of the auction and the volume of exported cloves passing through the auction are not the same because cloves are probably not shipped immediately after the auction.

<sup>2</sup> Till July 1989.

<sup>3</sup> According to Godoy and Bennett (1990: 70), Djarum had the largest market share of all private cigarette companies in 1985 when its agent on Ambon bought 2,000 tons of cloves and the agent of Gudang Garam half of this amount.

Source: The Provincial Office of Trade, Ambon.

production more or less compels KUDs, that want to make optimal use of their privilege to sell cloves at the auction, to search for cloves in other, remote village areas when their local supply of cloves is not enough. On these occasions buying agents of the cooperative usually do not contact farmers but shopkeepers – partly explaining the connection between KUDs and village shopkeepers in Figure 8.1.

A second reason why KUDs fail to buy cloves from farmers is that many farmers have already sold the right to harvest their cloves to village shopkeepers or Butonese traders. In remote areas with few opportunities to make money, farmers are more or less forced to sell the right to harvest a number of their clove trees to the village shopkeeper in exchange for consumption goods. In villages with more opportunities to make money, many farmers decide to make pre-harvest arrangements with Butonese traders to meet their large financial needs, to transfer production and price risks, and to save the trouble of harvesting and selling the cloves. Even when farmers harvest the cloves themselves, they do not automatically sell to the KUD since the managers of this cooperative have little experience in trading cloves and cannot always be trusted.

Third, the excessive supply of Kredit TNC in the first half of the eighties was counterproductive because it resulted in indebtedness among KUDs that simply could not collect enough cloves from their village areas. Besides, the size of the loans at that time (80 to 120 million rupiah per KUD) occasioned for embezzlement among the many new cooperative chairmen who were only familiar with village shopkeeping and small turnovers of not more than Rp. 10,000 per day. Not surprisingly, the BRI refused to supply new Kredit TNC to heavily indebted KUDs. According to the chairman of one of those indebted KUDs, the BRI had barred about one third of the total of member-KUDs from the Kredit TNC program in 1990. As a result, the cooperatives started to look for alternative sources of working capital and credit connections. Some cooperatives simply requested large urban wholesalers to auction their cloves at the PUSKUD on their behalf. The cloves were not transported 'back' to the village but directly from the stores of the wholesalers in Ambon City to the nearby auction floor of the PUSKUD, which explains the flow of cloves from wholesalers to the KUD-PUSKUD connection in Figure 8.1. One of the central agencies in this respect was a construction company running a clove business enterprise.

Aris Liem is the director of a construction company that builds roads in isolated places in the Central Moluccas. This young Chinese entrepreneur also trades in cloves thus benefitting from his contacts as a constructor. He has worked with three different types of suppliers of cloves: large shopkeepers of Ambon City, professional agricultural traders and village cooperatives.

Large shopkeepers of Ambon City were his most important suppliers. He supplied credit to these shopkeepers against the promise of repayment in

cloves. But now that many Ambonese shopkeepers have considerable financial means themselves and enjoy good credit connections with banks, this strategy is not so effective anymore. Yet, he is certainly not out of the game. When a shopkeeper wants to buy enormous amounts of cloves and applies for a bank loan for this purpose, bank employees call him to receive his advice. The price of a positive recommendation is the future supply of cloves. However, Aris Liem is not the only 'advisor' of the Chinese business community, and, therefore, he is not able to tie down many shopkeepers. Also, Aris Liem cannot expect the individual shopkeeper to supply all of his cloves to him in reciprocation for his recommendation.

Six professional agricultural traders operating in different places in the Central Moluccas, regularly supply cloves to Aris Liem. One of them is located in Tulehu. Aris Liem supplements their working capital with loans to be repaid in one or two weeks. He charges no interest. On the contrary, he pays his suppliers of cloves two to three percent commission from his bulk sale to an agent of a *kretek* cigarette company.

Only a few village cooperatives (KUDs) supply cloves to Aris Liem. On the contrary, the supply of cloves from Aris Liem to the KUDs is significant. The cloves are not transported from Ambon City back to the village but directly to the PUSKUD in Ambon City where the cloves of Aris Liem are auctioned in the name of an individual cooperative. In this way Aris Liem provides 'services' to about 30 KUDs. The larger the difference between market prices and the floor price at the auction, the more lucrative is collaboration with village cooperatives. Aris Liem is well-informed about the official trade system because of his close contacts with the Head of the Department of Trade. The Chinese entrepreneur has no informal relations with the new Head of the Department of Cooperatives yet, as the latter is quite formalistic and very touchy about unofficial trade practices.

Liem usually sells his cloves to Gudang Garam. He is very familiar with this *kretek* cigarette company. His father used to supply cloves to Gudang Garam; one of his nephews is employed by the company; and in the past Liem himself worked at Gudang Garam. However, Liem is not tied to Gudang Garam through huge debts. He is a borrower of the Bank Rakyat Indonesia (BRI) and enjoys general trade credit (*Kredit Umum Perdagangan*) that can be extended year after year. When Liem does not want to sell cloves because of an expected increase in price but does not possess the financial means to buy new cloves, he borrows money for a few days from Gudang Garam. In these situations the BRI is simply too slow.

It should be noted that not only those KUDs that are excluded from Kredit TNC facilities have working relations with urban wholesalers. Some of the KUDs simply on-lend (part of) the Kredit TNC to urban wholesalers to buy cloves. But it is also true that not all large urban shopkeepers and traders are eager to develop working relations with village cooperatives. The following case illustrates this point.

Pak Sam is a large agricultural trader in Ambon City. He is owner of four restaurants and has rented a building at the new, large market place of the town where he buys and stores cloves. The building and all his restaurants are called 'Sama Rasa'.

In 1980 Pak Sam borrowed the money equivalent to one bag of cloves from the trading company Goti. He used this to buy small amounts of cloves because he had to repay his debt with one bag of cloves. This was the beginning of his clove trading activities. Now he is one of the main suppliers of Gudang Garam, one of the largest inter-island traders (PAP) who possesses large store houses in Paso village that connects the two peninsular parts of Ambon island. Pak Sam has daily contact by telephone with Gudang Garam concerning prices and price developments. When the telephone connection is broken, he is desperate.

Like many clove traders, Pak Sam has credit connections with banks. In 1987 he borrowed Rp. 15 million from the BRI. In 1988 the BRI provided him with a loan of Rp. 50 million. Still, Pak Sam is not considered to belong to the largest buyers of Ambon City. A trader at the village level qualified him as 'not yet strong' (*belum kuat*) in terms of purchasing power. Pak Sam, who uses a working capital of Rp. 100 million, calls himself a collecting trader (*pedagang menyumpul*). According to him, a trader can only speculate and/or win price wars if he controls more than Rp. 500 million.

Pak Sam operates no permanent working relations with KUDs. He is afraid that chairmen of village cooperatives might decide not to pay him after the auction of his cloves at the PUSKUD. Pak Sam simply does not want to let the profit margin of his enterprise depend on the conditions of KUDs and the level of honesty of their chairmen. If he were to cooperate with a KUD, he would first need to convince himself of the qualities, intentions and prospects of the cooperative. Such a screening costs him too much time. Pak Sam prefers to buy small amounts of cloves at his building in Ambon City to be sold in larger packages to Gudang Garam. In addition, he does not have to upgrade his cloves in order to meet quality standards – which is necessary if one auctions at the PUSKUD. However, the secretary of KUD Hika, who has auctioned the most at the PUSKUD in 1989, said that Pak Sam still works together with a KUD every now and then.

A substantial part of the farmer suppliers of Pak Sam come from Tehoru, Ceram island, close to his wife's place of birth. Other suppliers are villagers from the islands of Saparua and Haruku. In addition, his mother is an Ambonese from Suli, not far from Tulehu village. Pak Sam tries to build permanent relations with his suppliers offering 'good services' and financial support in emergency situations.

A Chinese professional agricultural trader from Hitu, located on the northern coast of Ambon island, explained that he sells most of his cloves to Pak Sam. He buys 100 to 200 kilogrammes of cloves every day from village shopkeepers on Ceram island. However, if he collects more than one ton in



one day, he directly sells the cloves to the agent of Gudang Garam. He classified the village shopkeepers, who buy by the tin and not by the kilogramme, as small buyers, whereas he qualified himself as a medium-sized buyer and Pak Sum as a large one. In April 1989 the price of a tin of fresh cloves on Ceram was Rp. 150 which means that one kilogramme of dried cloves was worth Rp. 1,800 to 2,100 at that time. The medium-sized buyer of Hitu, however, did not say at what price he bought the (dried) cloves. His colleagues in Tulehu, however, paid about Rp. 3,000 per kilogramme in April 1989.

### *Unofficial Patronage Refunds<sup>5</sup>*

The official minimum price paid by KUDs to farmers is not actually offered by these cooperatives – if they buy cloves directly from farmers at all. Those KUDs that buy cloves from village shopkeepers or farmers pay the market price. Ironically, those KUDs that auction cloves of urban wholesalers pay a price to their suppliers that is close to the official minimum price for farmers. Table 8.3 is an example of the distribution of profits between a KUD and a private trader. The example was given by a chairman of a KUD in March 1989 when market prices were about Rp. 3,000 per kilogram.

Low market prices are a strong incentive for both private entrepreneurs and KUDs to sell cloves at the auction. The profit margin to be shared among entrepreneurs and KUD is maximal in the case of low market prices. In this connection, the seasons of 1986-1987, 1987-1988 and 1988-1989 must have been very lucrative for organizing 'joint ventures' (see Appendix 8.1 and 8.2) – possibly explaining the considerable increase of KUDs that sold cloves on the auction floor after 1986 (see Table 8.1). Concomitantly, auction volumes also sharply increased from 1986 till 1989 (see Table 8.2). Contrary developments take place in the case of high market prices. Such prices slow down auction activities, as occurred in 1985 and 1986. The lowest number of auction days during the 1980s were realized exactly in these years (cf. Table 8.1, Table 8.2 and Appendix 8.1).

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8. According to western cooperative business theory, "Patronage refunds result because cooperatives, like most other businesses, cannot estimate with certainty their exact operating costs at the time they occur. To be on the safe side, cooperatives therefore seek to operate with sufficient margins so that their income exceeds their outgo. [...] Patronage refunds, then, are the "group savings" that are returned to individual patrons in proportion to the business they do with their cooperatives. The technique explains why, in the conventional sense, cooperatives that return patronage refunds to members have no profits as legal business entities (Abrahamsen 1976: 308)."

Table 8.3: An example of the distribution of profits between a KUD and a private entrepreneur after the auction of cloves at the PUSKUD (with prices in Rp/kg)

Selling price of cloves at auction minus Gross profit of KUD	7,000 1,000
Payment to private entrepreneur minus Cost price of private entrepreneur	6,000 3,000
Gross profit of private entrepreneur minus Costs of upgrading quality of cloves and transport	3,000 500
Net profit of private entrepreneur	2,500

In November 1989 I happened to witness a breakdown of auction activities. Market prices came close to the floor price of the auction and all of sudden the number of auction days dropped from 16 in October to 2 in November to a full stop in December. For many local government agencies such a breakdown means a loss of levies.

Table 8.4 summarizes the different types of levies and their collectors. The Special Levy is the only type that is implemented by a local government agency but not prescribed by national government agencies. In fact, this levy is another token of the failure of KUDs to pay farmers a reasonable and standard price for their cloves. The officials of the PUSKUD and the Department of Cooperatives know very well that for many KUDs private traders act as suppliers of cloves to the auction. They even speak of 'pure cloves' (*cengkeh murni*) versus 'cloves from shops' (*cengkeh toko*). The officials also know that those KUDs that buy cloves directly from farmers do not pay the official buying price but a (lower) market price. Therefore, the PUSKUD charges a Special Levy to be paid by the KUDs participating in the auction. In 1989 this levy was increased from Rp. 300 to Rp. 400 per kilogram of cloves sold at the auction (PUSKUD 1990). By the end of 1989, the total of special levies at the PUSKUD of Ambon reached nearly 300 million rupiah – euphemistically called 'other savings' (*simpanan lain-lain*). The total of entrance fees amounted to nearly 10 million rupiah and the total of obligatory savings was not more than 14 million rupiah (*ibid*). Unfortunately, KUDs have no direct access to their 'other savings'.

For local government agencies a stable supply of cloves to the auction floor is very important in terms of tax income. A reduction in this supply implies a reduction of tax income for these agencies. For the national government, however, a stable flow of cloves that does not pass through the auction floor (see Table 8.2) is an important source of tax income. According to official

Table 8.4: Levies on cooperative clove trade by local government agencies

<i>Name</i>	<i>Amount</i>	<i>Collector/casher</i>
Auction fee	1% of auction volume	PUSKUD, Sucofindo, Technical Team
KUD savings	Rp. 100/kg cloves	Head of Department of Cooperatives
Member development fund	Rp. 300/kg cloves	Head of Department of Cooperatives
Special levy	Rp. 400/kg cloves	PUSKUD
SRC	Rp. 500/kg cloves	Provincial Government

*Sources:* Annual reports of PUSKUD Ambon of 1988 and 1989; Ministerial Decree of the Department of Trade and Cooperatives no. 28/Kp/1/1980 on the Domestic Trade and Production of Cloves; Decree of the Directory-General of Cooperative Enterprises no. 372/BUK/IV/87.

regulations, inter-island traders (PAP) have to pay a penalty for cloves that have been bought 'directly from the farmers'. These penalty fees are levied by officials from the Department of Trade to be transferred to the Treasury. From 1981 till 1984, the penalty fee was fixed at ten percent of the value of the crop. This meant, for instance, that in 1982 the total penalty fees charged in the Central Moluccan district was about one billion rupiah, assuming that all non-auctioned cloves were in fact taxed. For some reason, however, the Ministry of Trade reduced the fee to five percent in September 1984. Then, in 1987 the same Ministry ordered that the penalty fee should be variable "depending on the price of cloves in Java" and "the expected profits of the inter-island traders" (Ministry of Trade 1987). Whether this legal measure has resulted in an increase or decrease in the penalty fee or in public revenue, is hard to say. Obviously, this measure has created more room to inter-island traders to bribe local officials.

### Traders from Tulehu

The actual flow of cloves from a particular village or villager in the Central Moluccas to Ambon City-based agents of public and private companies depends on the location in regional transport and trade networks. To this geographical dimension we should add a time-perspective since processes of dramatic increase in money circulation and transport facilities have strongly affected clove marketing chains in the Central Moluccas, the effectiveness and significance of contracts, agreements, and local concepts used to guarantee supply of cloves. These processes – like many processes of commoditization and monetization elsewhere – have been uneven and

complex ones that have differently involved and affected villages and their inhabitants. For instance, the 'clove boom' of the 1970s, resulting from the soaring prices of cloves, implied an increase in money circulation which enabled villagers to buy concrete houses with zinc roofs, to buy rice and processed food, to go on pilgrimages and/or to send children to high school and universities in Ambon or elsewhere in Indonesia. The decline in farm prices during the eighties might have slowed down money circulation but nevertheless it increased money needs and, off-farm activities and the expansion of bank credit facilities again fueled money circulation. Location-specific patterns of clove production have further differentiated the impact of broader commoditization and monetization processes at the village level, not to speak of the different positions of villages in evolving transport networks.

One place that has experienced a marked increase in money circulation and transport facilities is the village of Tulehu. Tulehu is situated at the north-eastern coast of the island of Ambon and has evolved, in the past 25 years, as a regional trade and transport centre linking Ambon City and the hinterland of the Central Moluccas. This has strongly affected the ways and possibilities of buying and selling cloves in Tulehu. Particular types of output-securing devices – still operating in more distant villages of the Central Moluccas – have lost their effectiveness in Tulehu and new types of buying transactions have emerged. It has also become much easier for agricultural entrepreneurs from Tulehu to visit more distant villages to buy cloves. This, again, has implications for the ways and possibilities of buying and selling cloves in these more distant villages. Likewise, it has become much easier for farmers from more distant villages to visit Tulehu to sell cloves and do some shopping. This has, in turn, affected the ways and opportunities to buy and sell cloves in Tulehu. The increase of transport facilities and money circulation has resulted in a dialectical process of change in the strategies of traders to secure the output of cloves.

This section describes the rise and decline of different clove traders, both micro entrepreneurs and large-scale enterprises, who are living and/or located in Tulehu village. What they all have in common is that their activities are not so much directed at the Tulehu farming population but reach out to a wider clientele: they either visit their clientele outside Tulehu, that is, in more distant villages, or do transactions in Tulehu with non-residents who want to cash some cloves for shopping in Tulehu and/or Ambon City. Another common feature of clove traders from Tulehu is that they – except for the categories of the cloth pedlar and the KUD – belong to migrant populations. Finally, the first of every type of trader – except for the KUD – started and/or expanded clove businesses in the 1970s, the clove boom period.

My description of traders from Tulehu is both a diachronic and synchronic account of their changing supply-securing strategies at the village level in the period 1970-1990. I start with 'earlier' strategies that gradually give way

either to new strategies of the same actor or to those of new traders. Cloth pedlars, village shopkeepers and their suppliers are first described. Butonese traders and Chinese agricultural traders follow. My description ends with the KUD of Tulehu representing the youngest shoot of the tree. I explain changes in their strategies, and henceforth clove marketing systems, as variables of processes of increasing money circulation and transport facilities, the decreasing trend in clove prices in the 1980s, or a combination thereof.

### *Pedlars Exchanging Clothes and Cloves*

In many isolated villages in the Central Moluccas a pedlar with cloth merchandise was probably one of the first buyers of cloves at the beginning of the 'clove boom' in the 1970s when the price of cloves increased enormously (Fraassen 1981). From Tulehu, which evolved as a regional transport and trade centre, women went on foot to far-away villages of Ambon island to sell cloth for payment in cloves. By canoe and later by speedboat and larger ships, clients were visited on nearby islands. "Besides trading in consumption goods, the women and particularly those from Tulehu, try to sell cloth and utensils at the time of the clove harvest on Ceram island. Also, they set up small *warong* where guest laborers can have their meals" (Paassen 1986: 77, my translation). The next three cases illustrate the financing of these quasi-barter transactions in which profit and interest are difficult to quantify. They also give an impression of the processes that have reduced the scope and importance of these transactions:

Ibu M. sells cloth to villagers on the nearby island of Saparua. The villagers pay her with cloves during the harvest season or with cash after they have received their monthly salaries. Ibu M. goes twice a month to Saparua and knows exactly when junior and senior civil servants receive their salaries. She borrows cloth from two Chinese shopkeepers of Ambon City but sells her cloves to one of the professional agricultural traders of Tulehu who is employed by *toko* Inkara of Ambon City. In *kampong* Baru only two other women are active in what is called *tukar pakaian*, the exchange of clothes (for cloves). According to Ibu M., many more women used to be active in this business. However, most of them abused the credit of the Chinese cloth traders by using the income from the sale of the cloth to pay school fees and meet the other cash needs for their children.

Ibu Aca is one of those women who used to be active in the exchange of cloth for cloves. In the past she travelled with her husband to the coast of Tehoru during the harvest season when he and his Javanese boss bought cloves from village shopkeepers. While these men visited different villages, Ibu Aca stayed in a distant village where she exchanged cloth and plates for cloves.

Ibu Ica was also used active in what she describes as *tukar-menukar*. Her clients were the villagers of Asilulu, Seith and Ulur, places inaccessible to motorized vehicles. In her first season, Chinese sellers supplied her with credit in cloth worth Rp. 25,000. In her last season, 1987-1988, her working capital amounted to Rp. 500,000. There were two reasons why she stopped exchanging cloth for cloves: first, new roads opened up the formerly inaccessible villages. Hence villagers travelled to buy cloth outside their place and became more and more cost-conscious. Second, during her last season as an itinerant trader, the price of cloves sharply decreased whereas the prices of cloth increased.

Cloth sellers were not only one of the first buyers of cloves in isolated villages but also one of the first agents of large Chinese shopkeepers of Ambon City in rural areas. Chinese shopkeepers entrusted them with small amounts of cloth to be sold to villagers. They increased the credit volume when the women repaid the loan. However, the sale of cloth for cloves was put under pressure due to increasing transport facilities, money circulation and money needs: it became much easier for villagers to buy cloves in Ambon City themselves, cloves were no longer the single means of payment, and many 'agents' proved vulnerable to the increasing money needs of their own children.

### *Village Shopkeepers*

Increasing monetization of consumption habits in the subsistence-oriented sago-economy of the Moluccas triggered village shopkeeping activities in the 1970s and 1980s. In many cases, migrants, looking for new places to make money, responded to these opportunities and started selling consumption goods in the more isolated villages. Most of the villagers did not enjoy a salary or a stable income from fishing – if they sell fish at all. One of the few possibilities to meet cash consumption needs was to sell future cloves to the village shopkeeper. Village shopkeeping was, therefore, also a strategic entry into the business of clove trading.

Two types of arrangements evolved: first, the village shopkeeper provided credit in consumption goods to be repaid in cloves – using a low fictive price standard to calculate the debt in kind. For instance, when a villager borrowed Rp. 100,000 in consumption goods at a fictive price of Rp. 2,000 per kilogramme of cloves, the villager was expected to pay back his loan with 50 kilogrammes of cloves. In this way villagers are easily inclined to indebt themselves when there are few possibilities to buy consumption goods. It is a matter of *ambil barang-barang saja* (to simply collect the consumption goods).

The second type of arrangement, called *sewa pohon*, implies a contract for one or more years with the owner of the clove trees. The village shopkeeper

supplies consumption goods to the owner of clove trees in exchange for the right to harvest these trees for a number of good seasons. When the agreement is made, the trees are given a mark (*kasih tanda*) enabling hired laborers of the shopkeeper to easily locate the trees at the time of the harvest. A meagre harvest does not count as (partial) redemption of the debt. In some occasions the owner sells the right to harvest clove trees to two different shopkeepers. Not surprisingly, this often leads to violent conflicts between the borrower, creditors and their groups of laborers.

The supply of consumption goods to beginning village shopkeepers was, of course, a strategic manoeuvre for urban wholesalers with ambitions to set up a clove trade network reaching the village level. A rather segmented clove market structure emerged with a few wholesalers controlling different – almost physically separated – market segments. Villages, such as Hila and Tulehu, at the northern coast of Ambon island, were excellent bases to contact or station an agent visiting different villages on the other side of the bay on Ceram island.

However, as a result of the increase in transport and shopping facilities, not only on Ambon island but also on more peripheral sites like Ceram, Haruku and Saparua island, the role of village shopkeepers as clove traders became less prominent and clove trade networks became more diffuse. New harbors and ferry lines connecting the northern part of Ambon island and southern coast of Ceram implied more opportunities for farmers to sell their cloves and do their shopping elsewhere. In addition, the declining trend of clove prices in the 1980s made village shopkeepers wary of long-term contracts.

The village of Tulehu is one of the places where the interlinkage of shopkeeping and clove trade has been most deeply constrained due to the increase in monetization and transport facilities. In November 1989, I counted 118 shops in the village of Tulehu (see Chapter 3), which is much more than the number of shops in most of the other coastal villages of the Central Moluccas. About 40 percent of them were small shopkeepers of Ambonese origin, 21 percent small to medium-sized Butonese shopkeepers, 4 percent Javanese shopkeepers (in all categories), 25 percent Sumatran shopkeepers (in all categories), and 10 percent medium-sized to large Chinese shopkeepers.<sup>6</sup> For Ambonese shopkeepers, their micro businesses constitute not so much a stepping stone towards large shops or clove trading but rather an additional way for making money to cover daily expenses, that is, a livelihood strategy. The Sumatrans prefer to invest in gold, land, and a second shop or to travel

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9. The following criteria were used for classifying shops according to daily turnover:

- small (*pondok*): less than Rp. 25,000;
- medium (*toko sedang*): between Rp. 25,000 and Rp. 100,000;
- large (*toko besar*): Rp. 100,000 or more.

to Sumatra. Butonese migrants of Tulehu are heavily involved in the clove trade. Shopkeeping is one of their methods of accumulating capital to buy cloves-in-the-trees or future harvests. The small size of their shops, their temporary outlook but strategic position in public places, suggest that Butonese do not aim to manage a large shop, as do the other migrant populations. The Javanese and Chinese, the big shopkeepers, hesitate to become deeply engaged in the clove trade (again), as the following case illustrates.

Pak Alex is one of the two largest Chinese shopkeepers of Tulehu with daily turnovers varying between one and two million rupiah. He himself stresses again and again that he is too busy to get really involved in the clove trade and that he only plays a minor role in it. However, according to his assistant, Pak Alex buys cloves directly from farmers who come to his shop to sell cloves. Second, he financially helps farmers (*tolong petani*) – and Butonese in particular – in cases of emergencies, against the promise of future supply of cloves. Third, he sells consumption goods on credit against the promise of repayment in cloves. Pak Alex also supplies a number of small Butonese shopkeepers with consumption goods on credit. Every now and then a Butonese tenant-farmer stores his cloves in the shop of the Chinese. His assistant emphasizes that only well-known people are 'eligible' for the latter two 'services'.

One day in March, long after the clove harvest season, 15 bags of cloves were suddenly stored in the back of his shop. According to him, one third belonged to his younger brother who owns a shop, speedboats, mini-buses and trades in cloves. Another third belonged to Pak Alex himself, and the final part belonged to 'other people'. The wife of Pak Alex explained that those who store cloves in their shop can buy consumption goods on credit.

Pak Alex says that he does not trust the villagers of Tulehu anymore. Indeed, there is a sign in his shop telling the customer that goods are not to be sold on credit. Also, Pak Alex has become very careful with the supply of loans in cash against the promise of future payment in cloves. I witnessed a man from Haruku island who visited Pak Alex to pay back his debts accumulated since 1981. The customer then kindly asked for a new loan of Rp. 2,700,000 to buy freshly picked cloves at Haruku but Pak Alex turned down the request with mild anger.

Also, the village cooperative does not enjoy the trust of Pak Alex anymore. The chairman of the cooperative and the Chinese blame each other for owning lots of cloves in hidden places. Obviously, their strained relations tell us that they are currently not working together. Probably, negative



experiences with earlier transactions or forms of cooperation have resulted in a breakdown of working relations.

The large Chinese shopkeepers do play a role in the buying or storing of cloves. However, this role has been marginalized due to changing conditions. It is easy nowadays for the villagers of Tulehu to go to Ambon City to do some shopping with one of the many mini-buses (see Chapter 3). Also, the number of shops in Tulehu has increased enormously from not more than a dozen in the early 1970s to nearly 120 in 1990 (see Chapter 3). It has become almost impossible for the Chinese shopkeepers of Tulehu to tie clients to them and to secure the supply of cloves through the provision of consumption goods on credit.

In addition, the Chinese shopkeepers of Tulehu face increasing competition from professional agricultural traders who have started business in Tulehu in the last decade. In contrast to the shopkeepers, these Chinese entrepreneurs specialize in the buying of cloves. Because of daily contact with traders in Ambon City, they are much better informed about price developments than the shopkeepers.

### *Middlemen*

The large Chinese shopkeepers of Ambon City do not only serve urban customers but also act as wholesalers providing consumption goods to village shopkeepers through middlemen. The main function of the middlemen is to transport consumption goods to distant places in the Moluccan archipelago and to collect cloves in return. One of the largest middlemen is Pak Su, who is one of the most entrepreneurial and richest persons of Tulehu.

Pak Su is a Javanese trader in consumption goods, construction material and cash crops, that is, mainly cloves and coconuts. He is the owner of a bus company and a passenger boat. All his means of transport carry the name of Rasuna, an acronym built up from the first two letters of the names of his eldest daughter, himself and his wife, who happens to be a sister of a former village head. Pak Su began his career as a school teacher on Java but, after six years, moved to Ambon where he continued teaching for another two years. He then accepted the offer of a Javanese owner of a boat who traded between Tulehu and Ceram island, to work with him. Pak Su started as the cook on the ship, then became the cleaning person, later the steers man and finally, the mechanic. When his boss died, Pak Su had gained enough experience to start his own trading business between Tulehu and Ceram island. Furthermore, he had 'inherited' a lot of trade contacts and continued doing business with people from the sub-district of Tehoru of Ceram.

Table 8.5: Numbers of shopkeepers-cum-customers of Pak Su in 1989-1990 according to ethnic background

<i>Ethnic background</i>	<i>Number of shops</i>
Butonese	17
Buginese	15
Chinese	9
Javanese	7
Ambonese (local)	7
Maluku Tenggara	5
Toraja (Sulawesi)	4
Sumatran	4
Ambonese (Ambon City)	3
KUD	1
Arabic	1
unknown	1
total	74

Source: Main assistant of Pak Su.

In the months preceding the harvest period for cloves, Pak Su supplies consumption goods to village shopkeepers on credit. He qualifies this supply as *drop barang* (to drop off goods). During the harvest season these supplies are repaid in cloves. In 1989-90 Pak Su supplied goods to 74 shopkeepers in 12 different coastal villages. Table 8.5 provides a breakdown of these shopkeepers according to ethnic background.

Pak Su does not consider village cooperatives as competing agencies, although they officially have the monopsony in the trade of cloves. Instead, "I work together with them" says Pak Su. He explained that village cooperatives need two weeks each month to collect cloves for the auction at the PUSKUD, leaving them with another two weeks to collect cloves for sale to private traders like him.

The main assistant to Pak Su counts the number of bags with cash crops that are transported from Tulehu to Ambon City. Table 8.6 provides an overview of the number of bags of cloves and coconut that were unloaded in the new harbor of Tulehu from the ship *KM Rasuna* in a period of more than three months, and thereafter to be transported in trucks to Ambon City.

One bag of cloves weighs about 60 kilogrammes. The gross income of Pak Su from trading cloves was more than Rp. 70 million during a period of

three months at the end of 1989, if we assume an average selling price of Rp. 6,000 per kilogramme (see Appendix 8.2).

Until a few years ago, Pak Su was the only large itinerant trader who secured his supply of cloves through the provision of consumption goods and construction materials to village shopkeepers. The debt was calculated on the basis of low fictive prices. And the village shopkeepers supplied consumption goods to villagers against an even lower fictive price. Large profits were realized by Pak Su and his 'agents'. However, nowadays Pak Su faces competition from four other large boat owners – three Chinese and one Ambonese – who imitate his trading practices and work in the same clove production area and marketing line. As a result, the difference between buying and selling price has decreased in a few years from about Rp. 2,000 to Rp. 250 per kilogramme. Hence the scope of price agreements enabling large traders to make huge profits has decreased enormously. The professional agricultural traders of Tulehu, who operate under quite competitive circumstances and transport cloves over much shorter distances, operate on a margin of Rp. 100 to 200 per kilogramme. Thus, we can conclude that Pak Su does not realize impressive monopoly profits anymore. Paassen (1986) observed a similar trend, concluding that, "Monopoly profits are not possible any longer" (p.76) in the clove trade in the Central Moluccas.

Table 8.6: The number of bags of cloves and coconuts that have been bought by Pak Su in the period 9 September to 16 December 1989

<i>Date of arrival in port of Tulehu</i>	<i>Cloves</i>	<i>Copra</i>
09-09-89	41	116
14-09-89	57	172
24-09-89	89	159
03-10-89	199	119
12-10-89	218	188
20-10-89	107	190
07-11-89	329	215
20-11-89	521	unk
29-11-89	266	324
06-12-89	64	300
16-12-89	102	242

Source: Main assistant of Pak Su.

The main suppliers of Pak Su are four large shopkeepers of Ambon City: Marga Bhakti, Mitra Usaha and Manusela provide rice and sugar on an interest-free credit basis, whereas Maluku Indah supplies construction materials. Pak Su only supplies cloves to Marga Bhakti and Mitra Usaha, although Manusela is also an active buyer of cloves. Both Marga Bhakti and Mitra Usaha are customers of the agent of the *kretek* cigarette company Gudang Garam. Still, Pak Su does not wish to describe these relations as tied ones (*terikat*): both shopkeepers buy cloves with loans from the Bank Rakyat Indonesia (BRI) and prefer not to borrow from Gudang Garam for this purpose.

Pak Su is also a client of the BRI. In 1977 he borrowed for the first time from the BRI to the tune of Rp. 3 million. Now he has a much larger debt at the bank since he borrowed Rp. 15 million *Kredit Investasi Kecil* (credit for small investments) and Rp. 45 million *Kredit Modal Kerja Permanen* (credit for permanent working capital). He uses the KMKP for the clove trade. Pak Su estimates that he needs about Rp. 100 million to buy cloves in one season. He does not want to be tied to Gudang Garam or another agent of a *kretek* cigarette company. He wants to be able to choose the best price.

The preference of Pak Su and his suppliers of consumption goods to not be tied to one of the cigarette companies, in fact, has been stimulated by these companies themselves. As a result of price developments in the 1970s and 1980s, the buying agents of these companies were forced to review their strategy to secure the supply of cloves. From 1973 to 1980 the price of cloves rose from Rp. 1,500 to Rp. 15,000 per kilogramme. In these years the system of *kontrak harga* (the price contract) was commonly used by Gudang Garam, one of the largest buyers of cloves in Indonesia: the agent of the company, for instance, supplied Rp. 10 million to a shopkeeper who promised to pay back one kilogramme of cloves for every Rp. 5,000 of the loan, that is, two tons of cloves. In the beginning of the 1980s, however, such contracts proved to be very risky. Prices dwindled and the creditors experienced losses. Hence Gudang Garam decided to put more emphasis on the principle of *ada barang, ada uang* (those who avail of goods, are eligible for loans): for instance, if a shopkeeper possesses four tons of cloves and wants to buy more but has exhausted his financial means to do so, then Gudang Garam is prepared to supply a short-term loan equivalent to the value of four tons of cloves. In other words, Gudang Garam requires collateral.

Another major but related change concerns the increased use of bank credit by urban shopkeepers. Again, the *kretek* cigarette companies have contributed to this development, wittingly or unwittingly because of changing market conditions. Gudang Garam has become much more careful in the provision of loans to secure the supply of cloves. Of course, this company has at its disposal billions of rupiahs but it cannot control fully the price developments and risks involved. To neutralize or pass on the risks related of the *kontrak harga* system, the cigarette companies, such as Gudang Garam, accept or even

stimulate banks to supply credit to their suppliers of cloves, that is, to urban shopkeepers. Gudang Garam now resorts to other services to tie down suppliers: if a shopkeeper promises to deliver cloves in about two days, Gudang Garam pays the best price of these two days. Another mechanism to attract shopkeepers is to offer short-term credit, defining their stock as collateral.

### *Laborers and Lenders: The Changing Roles of Butonese Migrants*

A group of persons that has become very involved in the trade of cloves as a result of increased money circulation are Butonese migrants. These migrants come from Southeast Sulawesi and make up about one third of the rural population of the Central Moluccas. They do not enjoy traditional land use rights and are not allowed to plant perennial crops (such as clove and nutmeg trees) because, according to local custom, such an act implies claiming ownership. The Butonese became increasingly involved in the harvesting of clove trees when local kinship- and neighborhood-based organisation became less and less appreciated in the 1970s when clove prices increased enormously (cf. Paassen 1986: 78-79). Owners of clove trees were not only supposed to provide cooperating neighbors and kin with food and drinks during the harvest but also with buckets of the highly valued product. Hence Butonese became popular as migrant laborers to replace the demanding neighbors and kin. The rather unpredictable production of cloves, which varied from year to year and from garden to garden, reinforced this trend. Potentially lucrative bumper harvests take place once every three to four years. These production features therefore make it hard for Ambonese kin and neighbors to develop a system of reciprocal labor based upon an equitable distribution of labor investments and benefits.

The rise of Butonese as primary buyers of cloves is no more than a logical consequence of their role as harvest laborers in a period of increasing money circulation and cash requirements among Ambonese. The 'clove boom' in the seventies implied an enormous increase in the circulation of money and led to a fundamental shift of consumption standards: concrete houses and rice consumption have replaced houses of sago palm trees and sago porridge. To meet these new standards, Ambonese need much more money on both a daily and longer term basis. Many of them cannot or do not want to await the next bumper harvest of cloves and decide to make a pre-harvest arrangement with Butonese. Because of their modest use of money for daily consumption (see Chapter 3), Butonese can save enough money to buy the right to harvest clove trees, thus meeting the money needs of the Ambonese.

The different ways in which the Butonese buy cloves or the right to harvest clove trees do not only reflect the money needs of Ambonese but also the wish of the Ambonese to avoid money claims from relatives and

neighbors. Four different ways can be distinguished: *beli cupa*, *panjar uang*, *beli buah* and *sewa pohon* (see also Chapter 2). *Beli cupa* is the only post-harvest transaction and refers to the purchase of cloves using an old condensed milk tin as the standard unit. Relatively speaking, *beli cupa* involves only small amounts of cloves – typically occurring during slack seasons. Butonese women are the primary buyers of cloves by tin. Their huts are built close to the clove gardens and, consequently, they are in a good position to buy the cloves from the Ambonese farmers on their way from their gardens to their homes. More importantly, many Ambonese farmers consider the sale of the freshly picked cloves to the Butonese women as very attractive because money is easier to hide from greedy relatives than buckets of cloves.

*Panjar uang*, *beli buah* and *sewa pohon* are pre-harvest arrangements. *Panjar uang* means to advance money. Usually a low fictive price of cloves per kilogram is used to calculate the amount of cloves that is needed to repay the advance. Those who supply the money emphasize that it is meant "to help people in need of money". In contrast to *panjar uang*, *beli buah* and *sewa pohon* transactions imply the transfer of rights for harvesting the cloves from the Ambonese owner to the Butonese migrant. The moment of the purchase of the right to harvest cloves marks the difference between *beli buah* and *sewa pohon*. *Beli buah* means to buy the fruit. The right to harvest a tree is bought when or after the first signs of the flowering of a clove tree are visible, that is, about seven to eighth months before the harvest. In the case of *sewa pohon*, the rights to harvest are bought earlier when signs of future production are not yet visible.

Strangely enough, little has actually been documented about the role of the Butonese in the buying of cloves. In official statistics and schemes (see, for instance, Godoy and Bennett 1990) their relatively large share as primary buyers is not recognized. Consequently, the different relations and positions of Butonese in clove trade networks are not outlined. The following description of the different ways in which Butonese finance the purchase of cloves provides a picture of these relations and positions.

**How Butonese Finance Their Clove Business.** There are many possibilities for Butonese migrants to finance their clove business: self-finance or mobilization of their own savings is the most popular one. Loans from professional clove traders, shopkeepers, pawnbrokers and other Butonese migrants are supplementary sources of finance.

The primary source for finance of Butonese migrants for the buying of the right to harvest clove trees are savings in cloves or nutmeg. Most of the Butonese traders simply store these crops in one or more sacks in the backroom of their simple houses. However, large traders prefer to deposit large amounts of cloves with Chinese shopkeepers in Ambon City. Of course, they realize that the enormous numbers of cloves that are stored in their own houses are an easy target for thieves. However, the main purpose of keeping

cloves with Chinese shopkeepers is to gain creditworthiness in the eyes of these shopkeepers. The case of La Macid not only illustrates the savings capacities of Butonese but also their strategies to cope with risk in the fields of income generation and finance.

La Macid is locally known as the largest tenant of clove trees. According to other Butonese, he was one of the first Butonese to become active in Tulehu in the clove trade. At the end of the sixties, La Macid and his wife started to make money through the sale of casbee. One bread (*gepe*) cost Rp. 25. In 1973 he bought the right to harvest six *durian* trees. Soon after he started to buy the rights to harvest coconut and clove trees. During the period 1983-1990, he concluded 27 contracts (*sewa-menyewa cengkeh*) for a total price of Rp. 31,700,000. These contracts concern the transfer of harvest rights of nearly 2,000 clove trees spread all over Ambon, Haruku and Saparua island. La Macid is very proud to have been able to provide financial support for three persons to go to Mecca (*kasih naik haji*) in exchange for the right to harvest their clove trees. La Macid does not only buy harvest rights for clove trees but also for nutmeg, *durian* and coconut trees. He also owns two mini-buses for public transport and equipment for hire to listen and dance to music at parties. He bought this equipment with a loan from a Chinese shopkeeper who regularly buys his cloves.

La Macid enjoys working relations with five Chinese shopkeepers in Ambon City. He stores his cloves at one of their shops and only cashes them in when he needs working capital for new buying transactions. There are two reasons why he has contacts with these five shopkeepers: first, if one particular shopkeeper cannot provide money, there surely will be another who can. Second, he can pay off a debt at one shop with a loan from another. In 1983 La Macid was given Rp. 15 million by one Chinese shopkeeper to buy cloves. He did not have to pay an interest but was expected to supply the cloves to his creditor. According to La Macid, these are still the common rules of the game.

The many, smaller Butonese traders of Tulehu make similar agreements with the Chinese professional agricultural traders who are active in Tulehu as the agents or partners of large shopkeepers in Ambon City. The Butonese store their cloves with one of these professional traders and are eligible for interest-free loans against the promise of a future supply of cloves. Butonese, however, prefer not to be tied (*terikat*) to Chinese and do not automatically accept the rather aggressive loan offers of these Chinese, who sometimes even visit the houses of the Butonese.

Another popular form of savings that also acts as an important tool to establish working relations with Chinese traders is gold. Many Butonese invest a part of the profit from the trade of cloves in gold. A Butonese trader

once told me that she buys gold worth half a million rupiah when she has saved cloves worth two million rupiah. Only on special occasions, such as marriages, do Butonese women wear expensive gold ornaments in public. In daily life Butonese women restrict themselves to cheaper ornaments, such as a necklace with a ten dollar gold coin. Butonese emphasize that it is wiser to save in gold instead of cash because cash savings are too easily spent. Besides this illiquidity preference, Butonese mention two other reasons for saving in gold: first, savings in gold are a security device. In contrast to Ambonese, Butonese have no traditional ownership rights in land. Therefore, they cannot sell land in case of unexpected expenditures due to illness and death. Therefore, gold ornaments or coins are sold if faced by an emergency. A Butonese villager of Tulehu made this point concisely: *Orang Tulehu sakit, jual tanah. Orang Buton sakit, jual mas* (When Ambonese villagers of Tulehu are sick, they sell their land. When Butonese are sick, they sell their gold).

Second, gold plays an important role as collateral for loans from Chinese shopkeepers and professional agricultural traders. According to Butonese, the depositing of gold at their shops or working places is an important way of gaining their trust. A Butonese woman explained that the depositing of gold with Chinese is only meant to get to know each other (*cari kenal dengan mas*). If the trust of the Chinese is not put to shame, the gold is no longer necessary as collateral.

Although it is also possible for Butonese to pawn their gold at the official pawnshop in Ambon City against lower rates of interest, many Butonese prefer Chinese traders as pawnbrokers. The constant number of loan applications at the official pawnshop also suggests that this pawnshop does not play an important role as supplier of working capital to Butonese during the pre-harvest period when Butonese need extra amounts of cash. Butonese explain that the Chinese traders offer larger loans for the same piece of gold and will not sell the gold so long as the borrower keeps paying monthly interest. The official pawnshop, however, only provides loans up to 60 percent of the value of the gold and regularly organizes auctions selling gold when loans are overdue. A minor advantage of official pawnshops is that the borrower can claim the yield of the auction for late payment of the loan.

Butonese women play a central role in the pawning of gold with Chinese shopkeepers and in the trade of cloves in general. When they need money to buy food or clothes, they bring a bag of cloves or nutmegs to a professional trader or shopkeeper. Through these more or less regular visits, they become familiar with these traders and might then decide either to deposit cloves with them or to deposit gold 'to strengthen their relations' and borrow working capital. In addition, the women help processing the cloves at home and keep an eye on the clove stock when their husbands are working in the gardens. Not surprisingly, they are very much aware of the locations of these gardens and what arrangements have been agreed upon concerning the harvesting of the trees.



Large Butonese traders are also a source of finance for the many other but smaller Butonese traders. Their evolving role as suppliers of loans to other Butonese people is one of the expressions of an increasing socio-economic differentiation among the Butonese population (see also Chapter 2). At least three different types of loan arrangements occur: first, loans are provided in cash against repayment in cloves with a fictive low price standard for one kilogram of cloves. A second type concerns loans in cloves (for instance 100 kilogram) to be repaid with (110 kilogrammes of) cloves. A third type of loan arrangement is called *tanggung pokok* or *tanggung modal* which refers to the provision of working capital against the promise of repayment and the sharing of profit or loss – possibly inspired by Islamic regulations regarding provision of capital. Paassen (1986) also noted such joint ventures of Butonese in Tulehu: "A number of persons contribute to a common fund and agree to jointly harvest clove trees" (p.80, my translation). The fund is used to buy the right to harvest clove trees in the near future (*beli buah*). The lender inspects the clove trees and estimates their future yield to minimize risks.

Probably due to the strong demand for working capital among Butonese, it is not surprising that these intra-ethnic loan arrangements take business-like features. Moreover, most of the Butonese have no close kinship ties with other Butonese living in the same neighborhood. However, such ties do make a difference: the large trader La Macid, for instance, not only provides loans under conditions that reflect high opportunity costs. He also supports relatives, such as a younger sister who was given capital (*kasih modal*) on very favorable terms to start a small shop.

Hard collateral conditions and cases of fraud have frightened Butonese from developing credit relations with banks. Wa Sira, the wife of La Macid, explained that they considered the Bank Rakyat Indonesia (BRI) "already sick" (*sudah sakit*) in 1979 when a bank employee visited their home to collect installments but did not record these repayments. Also, they both complained about the large number of documents (such as ownership titles) that are needed to apply for such a loan. Finally, they found it hard to understand why a borrower could only take home 9 million rupiah out of a loan of 10 million. However, the introduction of a BRI unit in Tulehu in 1987 and the promotion of its savings program with easy deposit and withdrawal facilities (SIMPEDES) in particular, has changed Butonese views and their use of banking services. A number of Butonese traders now see the BRI village units as an opportunity and a nearby place for keeping money. It is very telling in this respect that the BRI village unit of Tulehu is simply called 'SIMPEDES' by La Macid.

Options and decisions of Butonese with regard to the selection of clove buyers mirror their financial options and decisions. Those Butonese who operate with advance payments or loans are supposed to supply their cloves to the lender(s) involved. Professional agricultural traders and large Butonese

traders are the most important suppliers of credit for small and medium-sized Butonese traders. Only the largest Butonese traders, like La Macid, are eligible for loans from Chinese shopkeepers in Ambon City.

The dramatic changes in the roles and relations of Butonese of Tulehu in the clove trade are not representative for the other villages of the Central Moluccas. A similar argument applies to professional agricultural traders. It is the waves of monetization and commoditisation that have been much more intense in a regional centres, such as Tulehu, than in most other coastal villages – offering Butonese a perfect place to evolve from laborer to trader-cum-moneylender vis-à-vis the Ambonese, and professional agricultural traders room to operate in Tulehu.

### *Professional Agricultural Traders*

In the old harbor of Tulehu 10 *pembeli hasil bumi* are active. *Pembeli hasil bumi* literally means buyers of produce from the earth. The working places where *pembeli hasil bumi* weigh and buy cloves can be easily overlooked. Their simple rooms are located in the narrow but lively alleys close to the landing-stage of the old harbor. Their competitive strengths are their market intelligence, mobility and specialisation: because of their daily contact with large shopkeepers of Ambon City, they are well aware of actual and expected price changes. The sale of consumption goods is not a major activity but plays a role in the buying of cloves.

The *pembeli hasil bumi* of Tulehu buy the following cash crops: cloves, nutmeg, mace and dried coconut. Every now and then *hasil laut* (literally: produce from the sea) is bought, that is, very special shells – not fish. They enjoy a regional clientele: their suppliers come from Tulehu and neighboring villages but also from the islands of Saparua, Haruku, Nusa Laut and, to a lesser extent, Ceram. The cloves are transported by speed boats and other small motorized vessels to the old harbor of Tulehu. Agricultural produce from Ceram is largely transported to the new harbor of Tulehu located a mile distance from the old harbor. Large passenger boats (like those of Pak Su) moor at the new harbor which is the port of disembarkation for many people coming from different and distant places of the Central Moluccas who bring cash crops with them.

Seven of the 10 *pembeli hasil bumi* are Chinese, two are Javanese and one is an Ambonese born on Haruku island. Nearly all of them live in Ambon City and come every day, except on Sunday, to Tulehu with a small van. Two of the Chinese traders are married to Ambonese from Tulehu and live in that village. Seven of the 10 traders say that they have worked for more than 10 years in Tulehu whereas the other three started only a few years ago.

Although the clove harvest season is from August till November, most of the traders are also active outside this season: they buy from producers who have stored part of the harvest at home

nutmeg and dried coconut. The most important cash crop, however, remains cloves. During the harvest season for cloves the price of nutmeg sharply decreases. The professional agricultural traders want to use their capital to buy cloves and discourage the sale of nutmeg by offering low prices. As a result, the Butonese sell only very small amounts of nutmeg to them.

In November 1989 *pembeli hasil bumi* usually bought about 100 to 300 kilogrammes of cloves per day. Only in a few cases was about one ton bought by a trader in a day. The professional agricultural traders, but also the owners and tenants of clove trees, characterized this season as a meagre one. During a bumper harvest about two tons are bought per day per agricultural trader.

Several government bodies and villagers regulate and profit from this lucrative agricultural trade: the permit to trade in cloves has to be paid at the Office of the Sub-district and every year a trade tax is collected by a visiting inspector from Ambon City. A third type of outlay for a trader is the rent of the place. For some villagers the rental of rooms in the economically strategic old harbor of Tulehu is a considerable source of income: rents vary from Rp. 400,000 to Rp. 1,000,000 per year. Still, the *pembeli hasil bumi* are not concerned by these costs. Their daily concern and strategies are directed at securing a supply of cloves from producers, and the minimalization of financial dependency and optimisation of their selling options.

**How Professional Agricultural Traders Finance Their Business.** To supplement their own financial means, the traders use a combination of the following sources of credit or quasi-credit to buy cloves: working capital from shopkeepers, bank loans and advances from agents of *kretek* cigarette companies.

Self- and jointly-owned shops or the shops of relatives are used as sources or mechanisms for mobilizing funds for the trade in cloves. First, they put aside income from the shop for the trade in cloves. The professional agricultural traders speak of *modal sendiri* (own capital), considering the clove trade as part of their Chinese family enterprise. Second, the shopkeepers apply for bank loans to be used for clove trading.

Five *pembeli hasil bumi* have brothers who run a shop in Ambon City. These shopkeepers supply their brothers with working capital to buy cloves in Tulehu. Sometimes the shopkeeper replaces his brother at his place in Tulehu. Another professional trader has been an Ambonese assistant of a Chinese shopkeeper of Ambon City for many years and has been entrusted with family-capital to buy cloves in Tulehu. Again two other professional agricultural traders also keep a shop in Tulehu: in one case the shop is not located at the same place as the buying room for cloves. But the income from the shop (and a transport company) has been used to start clove trading activities elsewhere. In the other case the buying and selling of consumption goods and cloves takes place in one and the same place, attracting potential buyers: a civil servant from Haruku island – on his way to Ambon island to

arrange his affairs – stored 32 kilogrammes of cloves at the shop of a professional agricultural trader of Tulehu. On his way back home, the civil servant sold the cloves and bought consumption goods from this trader-cum-shopkeeper. Only two professional agricultural traders run no shop nor have close relations with a shopkeeper.

Banks are the second important source of finance. Loans from banks have a special dimension. This does not concern the size of the loan but rather the lack of pre-conditions: the loans stipulate no obligations to supply cloves to a particular shopkeeper or *kretek* cigarette company agent. Of course, the debt implies repayment of the loan but the trader is more or less free to select to whom he will sell the cloves. Credit or advances from shopkeepers, traders or the agents of cigarette companies are usually interest-free but not without obligations regarding the supply of cloves. The use of such credit implies being tied (*terikat*), which many agricultural traders prefer to avoid.

Seven professional agricultural traders indicated that they worked with a combination of their own capital and bank loans. Five of them mentioned Bank Rakyat Indonesia as their lending agency. Loans from Bank Exim and Bank Arta Pusara were used by the other two. The share of bank loans in working capital is difficult to estimate. Traders speak of percentages varying from 50 to nearly 100 percent. Two other traders operate with their own capital and credit from the agent of Djarum, one of the leading *kretek* cigarette companies located in Ambon City. Another describes himself as an assistant (*anak buah*) of the Djarum agent. This sub-agent works exclusively with capital from the company.

This sub-agent not only buys cloves from producers but also from other *pembeli hasil bumi* of Tulehu. On one day in November 1989 he bought more than 500 kilogrammes of cloves from Pak Gino, another trader, who had recently bought the cloves at prices varying from Rp. 5,700 (for small amounts) to Rp. 5,800 (for large amounts) per kilogramme. However, Pak Gino received only two million rupiah from the sub-agent. Obviously, he had bought cloves with capital from the sub-agent and the credit was deducted from the payment.

The use of a sub-agent at village level has been quite successful: five agricultural traders said they were clients of Djarum. However, only two of them operate with capital from that source. The five Djarum suppliers sell their cloves either directly to the sub-agent or indirectly to the main office in Ambon City. In the latter case cloves are first stored at the family-owned shop in Ambon City. Two other agricultural traders supply cloves via their shop in Ambon City to another leading *kretek* cigarette company, Gudang Garam. Again two other traders sell their cloves to large urban shopkeepers who are not closely related with their suppliers.

Clove trade contacts and credit relations are certainly not fixed but are the outcome of the strategies and responses of the different actors involved. According to one agricultural trader, his boss, who owns a shop in Ambon

City, used to be an 'independent' borrower from the bank. Now that his bank loan has been repaid he is a supplier to Djarum who quickly provided him with capital and filled the void. In another season, however, with other yields, prices and financial positions of small and large buyers, the supply of cloves and credit might follow a totally different route. The agricultural traders of Tulehu certainly know that credit implies debt and obligations. They prefer not to be tied to the agent of a *kretek* cigarette company because this implies they cannot choose the highest price. This explains why some of them prefer to operate with their own capital supplemented by bank loans.

Pak Amacina regularly supplies cloves to *toko* Rimba Raya and the Banyu Mas trading company. However, he emphasizes that he is not tied to them. If another buyer offers a higher price, he requests his regular buyers to pay him the difference. He does not buy cloves with advances from urban shopkeepers or agents of *kretek* cigarette companies. He has once borrowed from banks but describes the volume of their loans as insufficient. He has bought the ownership titles of six pieces of land against which to borrow considerable sums from banks.

Only two traders supplement their own capital with a loan from the agent of a *kretek* cigarette company. It is much more common for traders to help each other. When the supply of cloves from producers to a trader exceeds his buying capacity on a particular day, he is financially supported by one of his colleagues. Pak Cale, for instance, can borrow money on an interest-free basis from four different colleagues. The loan has to be repaid the following day. He also borrows every now and then from one of his suppliers, a shopkeeper on Haruku island. Pak Cale is an Ambonese who was born on Haruku island, and he acts as an intermediary in case of conflicts between traders and their clients.

The two agricultural traders who also run a shop in Tulehu, supply cloves to large shopkeepers of Ambon City. However, they do not use cloves as a means of payment for consumer goods from urban wholesalers. Trade in consumption goods and cloves are not two sides of the same coin or contract. The professional traders want a good price for their cloves and, if necessary, inform their buyers about better prices elsewhere, forcing them to adjust their price. One of these two professional traders-cum-shopkeepers supplies cloves to two large shopkeepers. The other one supplies cloves to a large shopkeeper and the agent of Gudang Garam. Small amounts are sold to the first-mentioned and large amounts to the latter.

Pak Coco who does not run a shop, supplies cloves to a large shopkeeper and the agent of Gudang Garam in Ambon City. He has submitted a loan request to a bank because he does not want to be tied to the shopkeeper or agent. Pak Coco in his turn tries to tie down 20 to 30 clients by supplying them with capital to buy cloves. According to him, it remains a risky affair as you can never be sure the borrower will actually supply the cloves to the creditor. He feels the use of kinship relations to secure the supply of cloves is

a much better strategy. Coco has a Chinese father and a Butonese mother. Half of his clientele lives in a village on Haruku island, including many relatives.

*The Use of Credit as an Output-Securing Device.* Agricultural traders supply credit for two kinds of money needs: consumption needs (to buy rice or to pay school fees) and to buy fresh cloves. In both cases they speak of *panjar uang* (literally: to advance money) and in both cases the client is obliged to supply cloves to the trader in the near future. The advances are only given to well-known people who have earlier supplied cloves to the trader. These advances are thus not so much an instrument to start a trade relation but to strengthen an existing relation. The traders assured me that in the period 1989-90 no interest was charged nor pre-fixed prices set. During a meagre harvest season not more than 10 people are given about Rp. 100,000 each. During a bumper harvest the traders 'contract' about 30 people with loans of Rp. 300,000 each. The traders emphasize that the number of clients who can borrow money for consumption purposes is much more limited.

The traders not only provide loans in cash but also in kind as the list of debtors of Pak Asis illustrates (see Appendix 8.3). HIs loans in kind only concern rice and cigarettes. These basic goods are supplied by urban wholesalers to the trader with a view to tie down the trader and his cloves. Appendix 8.3 also underlines the popularity of Butonese clients (whose names start with La or Wa) as important or potential suppliers of cloves to these traders.

### **KUD Lawa Mena**

The KUD of Tulehu is one of the oldest members of the PUSKUD of Ambon City. It was registered at the Department of Cooperatives in December 1980 with the name *Lawa Mena*, which means: Go Ahead. The KUD of Tulehu is, in a sense, representative for the KUDs of the Central Moluccas as its history contains all the elements of cooperative drama. When this KUD is called a forerunner, then this might be referring to its early failure and imitation of the practices of private traders.

In 1983 KUD *Lawa Mena* ran into heavy debts because the chairman embezzled large amounts of Kredit TNC. As a result, the office of the cooperative was closed from 1983 till 1987. In September 1987 Pak Ohorella, a younger brother of a former village head, gave up his position as secretary of the village council and became the new chairman of the KUD. He was left with a debt of 56 million rupiah at the BRI which was not willing to supply his cooperative with new loans.

The chairman developed two alternative strategies to finance the purchase of cloves: first, he took cloves on credit from an urban wholesaler to be sold on the auction floor. Second, he started a savings program in 1988 for children and their parents who wanted to save money for school expenses

(see also Chapter 4). He used a large part of these savings, amounting to five million rupiah in 1989, to finance the purchase of cloves. A nephew of the chairman is the buying agent of the KUD. He worked five years for Pak Su in the trade of cloves and is familiar with a lot of village shopkeepers on Ceram island. The nephew buys cloves from about 20 of these shopkeepers, travelling as a passenger on the ferry of Pak Su.

Through the collection of cloves from village shopkeepers and urban wholesalers, KUD *Lawa Mena* was able to sell cloves at the auction of the PUSKUD. In the last quarter of 1987 the cooperative participated three times in the auction and in 1988 six times. At the annual meeting held in March 1989 the chairman proudly declared that the deficit of the KUD had been reduced 15 million rupiah in 1988. With creative bookkeeping the chairman was able to conceal in the annual report that the cloves had not been bought by the official minimum buying price (Hospes 1990). Unfortunately, the promising revival of KUD *Lawa Mena* slowed down in 1989. The cooperative participated only two times in the auctions of that year because of two developments: first, for some reasons many savers withdrew all their savings in the course of 1989, reducing the capital base for trade in cloves, and second, urban wholesalers reduced their supply of cloves to the auction floor in November when market prices increased to the level of the official floor price.

### Changing Credit Relations and Clove Trade Networks

In this final section I summarize some findings concerning the strategies of traders to secure the supply of cloves, and examine the changes that have taken place as a result of the enormous increase of money circulation and transport facilities in the Central Moluccas during the last 25 years.

#### *Where Money Was Still a Scarce Thing*

In those areas of the Central Moluccas where money was still a scarce thing and links with other villages and urban centres were rather poor, the supply of credit in the form of consumption goods was the best way to secure the output of cloves. The first group of traders in those areas were cloth pedlars and village shopkeepers. Non-monetized, barter-like credit and buying transactions characterized the collection of cloves from producers. The most effective way to collect cloves from village shopkeepers was to supply them with consumption goods in return for cloves. Clove trade networks evolved as collecting systems, with one or two shopkeepers per village, and one collecting agent serving a large number of village shopkeepers. The entrepreneurial people who decided to start shopkeeping activities in one of the many isolated villages and were prepared to take

enormous risks as well as time to gradually build social relations with villagers, were nearly all migrants of Butonese, Chinese or Javanese origin. Not surprisingly, village shopkeepers and their suppliers exploited their early monopolistic positions, explaining their high (gross) profit margins.

As a result of improved infrastructure and increasing money circulation, however, the supply of credit in the form of consumption goods as the tying mechanism of clove trade networks lost its effectiveness. Better transport facilities enabled villagers to go to market places and urban centres themselves to buy cloth and daily consumption goods. Cloth pedlars and village shopkeepers lost clientele and had to adjust credit arrangements in favor of their customers: the common practice of a low and fictive price standard to calculate the amount of cloves needed to repay the loan was brought under pressure. Profit margins in clove trade also dwindled because of the increase in the number of middlemen. Their boats became larger and larger, leading to an increase of transport in passengers as well. This inter-island public transport again put pressure on clove trade networks as pure collecting systems.

The practical content of arrangements called *panjar uang*, *tolong petani* and *cengkeh kilo* changed or to be more precise, diversified, as a result of the increase in transport facilities and money circulation. The 'sharp edges' of these arrangements disappeared in those areas where possibilities to sell cloves steeply increased. The clear-cut *cengkeh kilo* arrangement and the euphemistic *tolong petani* (to help the farmer) providing credit in consumption goods or cash to farmers, using a low and fictive price standard to calculate repayment in cloves, became too risky for shopkeepers. Signs in shops say that goods cannot be provided on credit. The declining trend of clove prices in the 1980s fueled these changes. This is not to say that credit is no longer provided by shopkeepers and professional agricultural traders to secure the supply of cloves. Its significance has changed due to changing circumstances and markets, with customers and clove producers in a much better position compared to earlier times. Credit is not so much the instrument to control relations and realize monopoly profits but rather the gift to sustain working relations with a selected number of people, trusted persons – preferably Butonese traders.

### *Staged by Urban Shopkeepers*

Clove trade networks gradually changed from an almost fully collecting system with one collecting agent to serve many village shopkeepers, to a mixture of collecting and distributing systems, with more collecting agents, more shopkeepers and more accessible marketing spots to sell cloves. In this new mix, the buying of consumption goods and the sale of cloves are not necessarily tied to each other as part of one transaction or arrangement. Because the provision of loans in the form of consumption goods lost its



effectiveness for buying or securing cloves, and chains of transactions shortened because of increased access to market centres, some urban shopkeepers decided to come 'closer' themselves to the large production areas. They started units specialized in buying agricultural produce in Tulehu, a regional transport centre, connecting Ambon City and the islands of Ceram and Haruku. Exploiting market intelligence rather than a monopoly situation became the challenge of the urban shopkeepers and their agents.

For similar reasons Butonese migrants became very attractive partners for urban shopkeepers and their agents: many of these migrants are able to predict and locate good harvests throughout the region and make short-term pre-harvest arrangements with farmers. Their market intelligence and short-term contracts are worth gold in times when profit margins dwindle, prices decline, competition increases and clove production is erratic, as is common. Not surprisingly, professional agricultural traders are willing to store cloves, gold adornments or coins from Butonese traders who try to win the confidence of the professional trader and to get a loan at a future date.

Clove trade networks have been very much the product of urban shopkeepers who developed different 'agent-systems' for collecting cloves varying from systems with middlemen, village shopkeepers and itinerant cloth traders, to systems including professional agricultural and Butonese traders. The responses of urban shopkeepers to increasing monetization, transport facilities and price developments have strongly affected clove trade networks and the contents of credit relations.

### *Nobody Wants to Be Too Tied Down*

The owners of the urban-based shops and their collecting agents in Tulehu prefer not to borrow money from the agents of the cigarette companies but from banks – if necessary at all. The professional traders of Tulehu do not want to be tied (*terikat*) to the cigarette companies through their provision of credit in return for the supply of cloves. Still, these professional traders themselves supply credit to 10 to 30 well-known villagers for the same purpose. Butonese migrants who run village shops elsewhere and/or trade in cloves, are favorite customers as potential suppliers of cloves. The professional traders not only provide credit in cash but in rice and cigarettes as well. These village-based traders emphasize that they do not make use of fictive and low price standards of cloves to calculate how many kilogrammes of cloves need to be supplied as repayment of the loan. It is not the equivalent of rice in cloves that counts but the money equivalent of rice.

The lack of a fictive price or money standard also now characterizes the marketing and financial strategies of the urban-based agents of the cigarette companies who buy cloves from large urban shopkeepers. The use of clove price standards was very common in the 1970s when prices were very high and collecting agents enjoyed near-monopsonistic positions. However, the

increase of accessible places to sell cloves combined with the sharp decline of clove prices in the second half of the eighties, put the system of contract prices (*kontrak harga*) under strong pressure. The agents of cigarette companies had to develop other strategies to secure their supply of cloves and to minimize price risks. They put more emphasis on quick but collateral-based supply of short-term credit. The new guideline became "no goods, no credit": the amount of a loan was based on the current stock of cloves of the shopkeeper – possibly and partly kept in one of the huge stores of the agent. The agents also exploited their role as guarantors of bank loans through the provision of letters of recommendation to banks promising that the shopkeeper would use the loan to buy cloves to be sold to the agent.

### *Fighting Practices of the Past*

The impressive growth in the 1980s of the number of village cooperatives (KUDs) in the Central Moluccas that were given official monopsony rights to buy cloves from producers, coincided with dramatic changes in credit relations and marketing strategies of private clove traders. The use of low and fictive price standards to calculate the amount of cloves as repayment of loans in consumption goods became eroded. The profit margins of monopolistic collectors of cloves who advanced consumption goods to village shops against the promise of repayment in cloves in the harvest period dwindled. Possibilities for the farming population to go to competitive market places and sell cloves increased. However, it would be wrong to conclude that the official village cooperatives, that were meant to free clove farmers from the clutches of private traders, were the agents of change in this connection. The changes of credit relations and marketing strategies of private traders were instead expressions of wider processes of increasing transport facilities and money circulation. These changes put the planned intervention of the KUDs in a rather odd time-perspective: they were mandated to free clove farmers from private traders in a period when pre-conditions for private traders and shopkeepers to tie down clove farmers and their output gradually weakened. One might say that the village cooperatives were ordered to fight practices of the past.

The KUDs seemed well-equipped to in gaining full control of the marketing of cloves. Their means to compete with private traders included special bank credit facilities and privileged access to the official auction at the PUSKUD that offered reasonable floor prices. However, the KUDs did not succeed to gain a large market share. They did not even pay the officially prescribed minimum price to clove farmers, but followed market price developments. One cannot but conclude that the privileges of KUDs have not been used to increase the well-being of the clove farmers. The supply of bank credit in the first half of the eighties was too excessive and indebted a large number of KUDs, excluding them from future bank credit. At best, one

might say that these large amounts of credit enriched those clove farmers who decided to become chairman of a KUD and use (part of) the credit for their own purposes. An unintended consequence of the excessive supply of bank credit to village cooperatives was that many of these cooperatives that were officially meant to free farmers from the clutches of private traders, ended up themselves in a dependency relation with one of these traders: heavily indebted cooperatives that were unable to buy cloves themselves requested urban-based traders and shopkeepers to sell their cloves on the auction floor in the name of the KUD. Unfortunately, many other KUDs had to adopt this strategy as well because they were dependent on the supply of cloves from too limited a number of local and loyal member-producers and had not developed working relations with farmers or shopkeepers living elsewhere. The introduction of a government-regulated marketing spot, that is, the auction at the PUSKUD as the umbrella organisation of KUDs, stimulated the development of new private-public forms of cooperation among civil servants, large private traders and chairmen of village cooperatives who wished to exploit and share the margin between low off-farm prices and high official minimum buying prices at the auction floor. The means of the KUDs to secure the output of cloves neither resulted in a monopoly situation of the KUDs to fully control the clove marketing and offer reasonable prices to farmers, nor to stimulate a competitive struggle for cloves to the benefit of farmers. KUDs did not so much struggle to secure the output of cloves from farmers but to secure working relations with traders and bureaucrats.

Appendix 8.1: Market prices of cloves (in Rp/kg) in 1980-1989 at Ambon City level

<i>Year</i>	<i>Mimumum price</i>	<i>Maximum price</i>
1980	6.550	8.475
1981	6.900	7.950
1982	6.050	7.475
1983	4.500	8.200
1984	4.750	8.000
1985	6.000	11.000
1986	4.500	6.300
1987	4.000	6.000
1988	2.200	4.950
1989 <sup>1</sup>	3.000	5.500

<sup>1</sup> Till July.

Source: Department of Trade, Province of Maluku.

## Appendix 8.2: Market prices of cloves in Tulehu (in Rp/kg) in 1985-1990

<i>Month<sup>1</sup></i>	<i>Minimum price</i>	<i>Maximum price</i>	<i>Data available of:</i>
November 1985	5,700	6,000	28 days
December 1985	6,000	6,200	30 days
November- December 1987	4,600	4,750	5 days
March 1988	4,500	4,600	13 days
April 1988	4,500	4,200	25 days
May 1988	3,300	4,200	29 days
June 1988	2,500	3,400	28 days
July 1988	2,500	3,000	27 days
August 1988	2,000	2,500	27 days
September 1988	1,600	2,200	28 days
October 1988	1,800	1,800	1 day
February 1988	3,500	3,500	1 day
March 1988	3,000	3,100	9 days
April 1988	3,000	3,100	9 days
Oktober 1989	5,400	5,400	1 day
November 1989	5,500	6,300	9 days
December 1989	6,000	6,700	26 days
January 1990	6,300	7,000	28 days
February 1990	6,600	7,500	27 days
March 1990	6,400	6,400	1 day

<sup>1</sup> The available data have been classified per clove harvest season.

Source: Notebooks of two professional agricultural traders of Tulehu.

Appendix 8.3: An outline of debtors of and their debts (in Rupiah) to a professional agricultural trader during one month of the clove harvest season in 1987

Debtor <sup>1</sup>	Debt	Date of loan provision
Wa Amina di Air Panas money debt	10,000	23-10-87
Muradin Kulur debt money	150,000	19-10-87
La Rine debt money	15,000	undated
Uceng Ombi debt money	20,000	24-10-87
Idiris debt money	50,000	undated
La Minggu got 2 bags of rice (50 kg)	24,000	undated
La Minggu got 2 bags of rice (50 kg)	25,000	undated
Hati Apu debt kulur	5,000	07-11-87
Nus Ririhena Wasu debt money	2,500	11-11-87
Hamin got money	35,000	undated
Abdul Salam kulur got 8 packs of cigarettes Surya	30,000	12-11-87
Abas got money	1,000,000	undated
Daramuda got money	10,000	undated
Yopi Wasu debt money	6,000	undated
Ama Oma debt money	20,000	6-11-87
Gani got 20 bags of rice	235,000	undated
Din tutu Poho debt money	250,000	undated
La Baali got 50 kg of rice	24,000	undated
La Baali got 25 kg of rice	14,000	17-11-87
La Badu got 50 kg of rice	24,000	undated
La Badu got 50 kg of rice	28,000	16-11-87
La Badu got 50 kg of rice	28,000	14-12-87
La Badu got money	3,000	19-12-87
Mama Ima kacamata got 2 bags of rice	24,800	undated
Marinyo 1 carton of Surya cigarettes	75,600	undated
La Dinda 2 cartons of Surya cigarettes	151,200	undated
Muradin got money	150,000	undated
Ud kulur debt 10 packs of Surya	38,000	undated
La Budang Oma debt money	50,000	10-11-87
La Budang Oma debt money	305,000	11-11-87
Panus Eta debt money	9,000	12-11-87
Ombeng debt	4,000	14-11-87
La Dinda got 2 carton of Surya cigarettes	152,100	14-11-87
Tinus Wasu got money	4,600	14-11-87
Anu Suripatti debt	2,000	14-11-87
Abdul Sacam Kulur got a carton of Surya cigarettes	76,000	16-11-87

<sup>1</sup> Indonesian words have been translated in a rather literal way.

## Appendix 8.3 (continued)

<i>Debtor</i>	<i>Debt</i>	<i>Date of loan provision</i>
La Minggu got 175 kg of rice	91,000	undated
Man got a carton of Surya cigarettes	76,000	18-11-87
La Mima got a bag of rice	14,000	18-11-87
Japar Kulur got one bag of rice	14,000	18-11-87
Eta Panas Wasu debt	13,000	20-11-87
Abas got one carton of cigarettes	76,000	undated
Bunas got money	2,000	20-11-87
Cas Wasu got money	5,000	23-11-87
Eni Wasu got money	27,500	23-11-87

Source: Pak Asis, Book of Money Debts and Debts in Kind (*Buku Utang Uang dan Barang* from October 23, 1987, till February 1988.

# Glossary of Indonesian Words

adik	younger brother or sister
air	water
ambil	to get
anak	child
arisan	savings and credit association
asam	tamarind
atap	(thatch of) sago palm leaflets
bagan	large wooden fishing raft
bantu	to help
bapak	father
barang	goods
baru	new
bawa	to bring
bayar	to pay
becak	pedicab, trishaw
Belanda	Dutch
belanja	to shop
beli	to buy
belimbing	carambola fruit
belum	not yet
bersama	together
besar	big
biaya	costs
buah	fruit
bulan	month
bumi	earth
Camat	Head of a Sub-District
cari	to search
cekalang	tuna fish
cengkeh	cloves
cupa	a tin
dasa	ten
dusun	tree garden (but also and elsewhere in Indonesia: administrative unit of a village)
gaba	sago palm stalk
gampang	easy
gotong-royong	mutual cooperation and support
haji	person who has been to Mecca, religious title
harga	price



hari	day
hasil	yield, produce
hidup	to live
hilang	to disappear
hutan	forest
ibu	mother
ikan	fish
imam	Islamic official, head of mosque
jajan	sweets
jual	to sell
kaki lima	street vendor
kampong	ward; village
kasih	to give
ke	to
kecil	small
kelompok	group
keluarga	family
kenal	to know, to get to know
kenalan	acquaintance
kerja	to work
koli	a large canoe
kretek	spices (notably cloves) that give a particular flavor to <i>kretek</i> cigarettes
kuat	strong
lain-lain	other(s), etcetera
laut	sea
lelang	auction
maanu (A)	sharecropping arrangement in sago culture
majelis	religious (Islamic) club (of men or women)
makan	to eat
mampu	able
mas	gold
masohi	cooperative work (in building sago houses or harvesting sago trees)
modal	capital, financial means
murni	pure
naik haji	to go on pilgrimage to Mecca
nani (A)	hatchett to cut a sago tree
nama	name
nenek	grandmother
ongkos	expenses
orang	human being
pak	mister
pakaian	cloth, clothes

panas	hot
panjar	to advance (money)
pedagang	trader
pembeli	buyer
pendapatan	income, wage
pengajian	(Islamic) praying and singing club
penjual	seller
perdagangan	trade
perusahaan	enterprise
petani	farmer
petik	to break or peel (clove buds from a twig)
pinjam	to borrow
pohon	tree
pokok	foundation, source
pondok	a small shop
qurban or korban	offering, sacrifice
raja	local-traditional village head
rumah	house
rupiah (Rp)	Indonesian currency (US\$1.00 = Rp. 1,760 in July 1989; Dfl1.00 = Rp. 900 in February 1990)
sakit	ill
sedang	medium-sized
sendiri	self, alone
sewa	to lease (trees, that is, to buy the right to harvest trees)
simpan	to save
simpanan	savings
suami	husband
sumbangan	contribution
tahun	year
tanah	land
tanda	sign
tanggungan	security, guarantee
terikat	tied
toko	shop
tolong	to help
tukar	to change, to exchange
tumang	lump, basket
ubi jalar	sweet potatoe, red potatoe
ubi kayu	cassava
umum	general, public
uang	money
untung	advantage, profit
usaha	effort

utang	debt (of money)
warung	food stall
wisma	dwelling
zakat	(Islamic) religious alms

(A) refers to Ambonese words

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# Samenvatting

Dit proefschrift gaat over verandering van spaar- en kredietpraktijken van inwoners van het dorp Tulehu, gelegen in het district Centrale Molukken, op het eiland Ambon, Oost-Indonesië. Het boek beschrijft hoe agro-ecologische condities en toenemende geldcirculatie deze praktijken meer of minder direct hebben beïnvloed gedurende de laatste 20 tot 25 jaar. Het hoofddoel van het proefschrift is een bijdrage te leveren aan de politieke en wetenschappelijke discussies over rurale financiering in ontwikkelingslanden op basis van een actor-structuur perspectief en een veldonderzoek op Ambon waarin dit analytisch-methodologisch perspectief is gebruikt. Een tweede doel van het proefschrift is een bijdrage te leveren aan een betere kennis van sociaal-economische verandering op ruraal Ambon gedurende de laatste 20 tot 25 jaar. Het proefschrift is een compilatie van vijf artikelen die eerder zijn gepubliceerd in verschillende boeken en een tijdschrift, en twee langere, beschrijvende artikelen die niet eerder zijn gepubliceerd. Zij zijn nu zeven hoofdstukken van dit boek, afzonderlijk en in samenhang te bestuderen vanwege een gemeenschappelijke basis.

## *De Kakofonie over Spaar- en Kredietssystemen als Ontwikkelingsinstrumenten*

De titel van dit boek verwijst naar deze gemeenschappelijke basis: "People That Count", het gaat om mensen, en hun manieren van 'tellen', van vorm en betekenis geven aan kapitaalsaccumulatie en krediettransacties. Het boek is een kritiek op de politieke en wetenschappelijke discussies over spaar- en kredietssystemen als ontwikkelingsinstrumenten. In deze discussies participeren werknemers van grote, internationale instellingen zoals de Wereld Bank (IBRD), het Internationaal Monetair Fonds (IMF), de Wereld Voedsel Organisatie (FAO), de Aziatische Ontwikkelingsbank (ADB), Ministeries voor Ontwikkelingssamenwerking, niet-gouvernementele instellingen, consultancy bureaus en universiteiten. Discussies vinden plaats tijdens werkbesprekingen, seminars, via e-mail netwerken, in collegezalen, tijdens veldbezoeken en in wandelgangen naar aanleiding van projectbeschrijvingen, evaluatie-rapporten, wetenschappelijk onderzoek, boeken, tijdschriften, etc. Vele deelnemers aan deze discussies houden onterecht het beeld in stand dat het slechts gaat om financieel-technische kwesties waarbij gezocht moet worden naar de juiste financiële input, technologie of organisatie (zoals een roulerend fonds, een garantie-fonds, groepsleningen, een spaarprogram met een aantrekkelijke rente of het koppelen van inheemse spaargroepen aan officiële banken) om de positie van



slachtoffers van economische 'vooruitgang', sociaal-politieke desintegratie en/of ecologische degradatie-processen te kunnen verbeteren.

Mijn eerste kritiek op deze discussies is dat in veel gevallen de normatief-politieke dimensies van deze technische kwesties niet expliciet worden onderkend of dat 'ontwikkeling' meer of minder impliciet gedefinieerd wordt in termen van toename van geldcirculatie, 'efficiënte' financiële bemiddelingsstructuren en economische groei. Deze structuren – veel meer dan het handelend gedrag van (potentiële) klanten – staan centraal in de meeste discussies over het gebruik van spaar- en kredietprogramma's als ontwikkelingsinstrumenten.

Mijn tweede punt van kritiek is dan ook dat bij de voortdurende zoektocht naar de juiste financiële input, technologie of organisatie het handelen van dorpelingen, mannen, vrouwen, allochtonen, autochtonen, etc. onterecht als quasi-constante wordt beschouwd. De grote variatie aan voorkeuren en behoeftes op het gebied van sparen en krediet (vaak uitmondend in vormen van zelf-regulering) wordt niet serieus genomen of ontkend.

Mijn derde kritiek bouwt hierop voort en stelt dat in de discussies over spaar- en kredietssystemen als ontwikkelingsinstrument te weinig systematisch naar 'contexten' van spaar- en kredietrelaties wordt gekeken. Deze contexten kunnen relationele, sociaal-ruimtelijke en (andere) transactionele contexten zijn, waar spaar- en kredietrelaties onderdeel van zijn of in worden 'opgenomen' zoals: verwantschapsrelaties, vriendschapsbanden, een buurt, een kantoor, koop- en verkooptransacties. Ook normatief-cognitieve en gezagsstructuren (zoals complexe systemen van rechten op grond en bomen, consumptie-standaarden, morele codes over een 'recht op bestaan', commerciële ethiek) kunnen context van spaar- en kredietrelaties vormen. Tenslotte weerspiegelen agro-ecologische condities, fysieke infrastructuur, economische verandering en politiek-bestuurlijke regimes zich in variatie en vormen van spaar- en kredietarrangementen.

Het is naar mijn idee niet verwonderlijk dat a-contextuele analyse heeft geleid tot het instandhouden van nogal simpele classificaties (zoals 'informele' versus 'formele' financiële instellingen) en statische visies op instituties danwel institutionele arrangementen met een financiële bemiddelingsfunctie. Mijn vierde bezwaar is dan ook dat hiermee niet alleen handelende mensen (dorpelingen, leden van spaar- en kredietassociaties, cliënten van banken maar ook bankiers, hun employees en superieuren) niet 'in beeld komen' maar ook dat directe danwel indirecte relaties tussen verschillende financiële intermediären te gemakkelijk worden ontkend.

Om de tekortkomingen in discussies over spaar- en kredietssystemen als ontwikkelingsinstrumenten te vermijden, heb ik een actor-structuur perspectief gebruikt bij mijn veldonderzoek op Ambon – hierbij geïnspireerd door de zogenaamde structuratie-theorie van Anthony Giddens (1979) en sociaal-wetenschappelijke studies waarin deze theorie meer of minder expliciet is gebruikt om eigen analytisch-methodologisch kader te scherpen

(cf. Benda-Beckmann 1983b, 1989; Long 1989).<sup>1</sup> De structuratietheorie is een formele theorie die menselijk handelen op abstract-theoretische wijze beschrijft. Het centrale en ogenschijnlijk simpele idee is dat menselijk handelen en structuren elkaar veronderstellen: structuren beperken menselijk handelen doch zijn echter ook bronnen (van macht, zingeving en kennis) van dit handelen. Dit betekent dat handelen van actoren tot instandhouding én verandering van structuren leidt. Ik wil nu kort aangeven waarom Ambon als onderzoeksgebied zo bijzonder interessant is en vervolgens de resultaten van mijn onderzoek samenvatten aan de hand van de hoofdstukken van dit boek. Hierbij zijn de structuratietheorie en zijn conceptuele bouwstenen (actoren, structuren, sociale systemen, sociale integratie en desintegratie) op impliciete dan wel speelse wijze gebruikt.

### Onderzoek op Ambon

Er zijn bijzonder weinig sociaal-wetenschappelijke studies verricht over Ambon en de bewoners van dit eiland (Fraassen 1972; Benda-Beckmann 1990a, 1991, 1992) in de post-koloniale geschiedenis. Geen enkele van deze studies heeft rurale financiering als probleemveld of vertrekpunt genomen. Studies over rurale spaar- en kredietssystemen in Indonesië hebben zich meestal geconcentreerd op (delen van) Java (McLeod 1980 en 1991; Moll 1989 en 1995). Hierdoor zijn vele interessante plekken buiten Java die worden gekenmerkt door dramatische veranderingen of lokaal-specifieke condities van financiële landschappen, schaars of niet gedocumenteerd. Eén van die plekken is het eiland Ambon, waar een aantal elkaar versterkende processen hebben plaatsgevonden gedurende de laatste 20 tot 25 jaar, die hebben te maken met geldcirculatie, geldbehoeftes en kredietverstrekking. In het algemeen zijn de mogelijkheden om geld te verdienen enorm toegenomen terwijl verandering van consumptie-standaarden heeft geleid tot een toegenomen behoefte en gebruik van geld. Dorpen en dorpelingen zijn echter niet op gelijke wijze betrokken (geweest) in de algehele toename van de

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1. Inzichten uit de structuratietheorie zijn ook gebruikt door F.J.A. Bouman en ik (1994) als redacteuren van *Financial Landscapes Reconstructed: The Fine Art of Mapping Development* (Boulder, Westview Press). De metafoer "financial landscapes" (pp. 3-4), de beschrijving van "multiple contracts" en "multiple contexts" van spaar- en krediettransacties (pp. 179-291) alsmede de ruimtelijke dimensies van analyses variërend "from village to regional studies" (pp. 293-394) zijn hiervan voorbeelden. In feite zijn dit boek en mijn proefschrift op te vatten als vruchten van hetzelfde doctoraal project. In *Financial Landscapes Reconstructed* wordt de dynamiek en complexiteit van financiële landschappen geïllustreerd aan de hand van een serie onderzoeken (met verschillende nivo's van analyse en op basis van verschillende disciplinaire achtergronden) in verschillende landen. Het proefschrift wil een verdiepende studie zijn die de dynamiek en complexiteit van het financieel landschap van Ambon uiteenzet – met meer etnografisch detail en analyse van verschillende handelingsdomeinen vanuit verschillende ruimtelijke kaders.

geldcirculatie. Een belangrijke variabele in dit verband is de positie van een bepaalde plaats in zich ontwikkelende regionale transport- en handelsnetwerken.

Een andere reden waarom Ambon een bijzonder interessant gebied is om de structuratie van spaar- en kredietarrangementen te bestuderen heeft te maken met de specifieke agro-ecologische condities, de bodemgesteldheid en bossen waar een unieke combinatie van pure zelfvoorzienings- en handelsgewassen groeit. Deze condities hebben de percepties en mogelijkheden van dorpelingen om bepaalde spaar- en kredietafspraken te maken zeer bepaald. In hoge mate verklaren de natuurlijke 'structuren' van Ambon ook de onbedoelde gevolgen en verandering van plannen van de officiële kredietinstellingen die hebben geprobeerd het lot van de rurale bevolking te verbeteren gedurende de laatste 15 jaar.

Tenslotte telt het kleine eiland Ambon dat niet groter is dan 800 vierkante kilometer, verschillende religieuze en etnische groepen en gemeenschappen. De meeste Islamitische dorpen bevinden zich op het noordelijk schiereiland terwijl de meeste Christelijke dorpen op het zuidelijk schiereiland liggen. Er zijn ook Christenen en Islamieten die een animistisch geloof onderhouden tijdens vieringen in huis om de voorouders te eren of tijdens andere 'heilige missies', zoals het doden van een inwoner van een naburig dorp die vermeende rechten op bepaalde bomen en grond niet zou hebben gerespecteerd. Ook in etnisch opzicht is Ambon en zijn dorpen op te delen in naast en/of door elkaar wonende gemeenschappen. Ambonezen wonen in één of meer centrale wijken (*kampong*) met een klein aantal Chinezen, Javanen en/of Sumatraanse winkeliers. Een grote etnische minderheid die traditioneel aan de rand van een dorpsgebied woont, bestaat uit Butonese migranten (afkomstig van het eiland Buton, Zuidoost-Sulawesi). Zij maken ongeveer een derde van de totale rurale bevolking van Ambon uit.

Dorpen en dorpelingen zijn op verschillende wijzen betrokken bij en beïnvloed door economische veranderingen, natuurlijke condities en sociaal-juridische structuren. Om inzichten te verschaffen in de gecombineerde effecten van toegenomen geldcirculatie en agro-ecologische condities op het maken van spaar- en kredietarrangementen door Ambonezen en migranten, die 'structureel' verschillende rechten op grond en bomen genieten om een bestaan op te bouwen, heb ik een veldonderzoek gedaan in en vanuit het dorp Tulehu in de periode januari tot mei 1989 en de periode juli 1989 tot mei 1990. Dit dorp is in hoge mate onderdeel geworden van grotere, ruimtelijke processen van commoditisatie en monetarisatie. Tulehu ligt aan de noordoostelijke kust van het eiland Ambon en verbindt Ambon stad met de eilanden Ceram, Haruku, Saparua en Nusalaut. Het is een Islamitisch dorp en telt een handje vol moskeeën, een groot aantal Islamitische klassen voor kinderen en bidgroepen voor volwassenen, en een Islamitische faculteit. Er zijn drie centraal gelegen, oude buurten (waar ook Sumatraanse, Chinese en Javaanse ondernemers wonen en werken), drie Butonese buurten die op

enige afstand van de drie centrale buurten zijn gelegen, en twee buurten van gemengde Ambonese-Butonese samenstelling die de ruimtes tussen de Ambonese en Butonese buurten langzamerhand hebben opgevuld. In het nu volgend overzicht van de hoofdstukken die volgen op het inleidend en probleemstellend hoofdstuk 1, wordt uiteengezet wat deze ontwikkelingen en kenmerken hebben betekend voor spaar- en kredietpraktijken van inwoners van Tulehu – meestal voorafgegaan door een aantal methodologische kritieken op de discussie over rurale financiering en ontwikkeling.

Hoofdstuk 2 legt uit waarom de relaties tussen bepaalde agro-ecologische condities aan de ene kant, en spaargedrag, krediettransacties en zekerheidsstrategieën aan de andere kant, zo weinig zijn besproken in beleidsdiscussies over agrarisch krediet en rurale financiële markten. Mijn argument is dat dit een gevolg is van een te enge focus van vele deelnemers aan deze discussies op institutionele en instrumentele kwesties. Mijn voorstel is om 'geïntegreerde benaderingen' te ontwikkelen en te kijken naar de invloed van lokaal-specifieke agro-ecologische condities op spaar- en kredietgedrag in een dubbele zin, dat wil zeggen, strict genomen en in relatie tot (veranderende) sociaal-juridische, institutionele en economische contexten. Aan de hand van de casus 'Ambon' worden specifieke antwoorden op deze twee-ledige 'agrarische kwestie' van financiële landschappen gegeven.

De bijzondere combinatie van een sago en kruidnagel cultuur heeft geleid tot arbeids- en kredietarrangementen die sterk verschillen van gelijksoortige arrangementen in rijstproducerende gebieden en ook, andere boomculturen, zoals met rubber- en/of kokosbomen. Sago palmbomen kunnen een minimaal bestaan garanderen in termen van voedselzekerheid en behuizing, en volwassen exemplaren kunnen elke dag van het jaar geoogst worden. Kruidnagelen zijn daarentegen een puur handelsgewas met eens per drie of vier jaar een grote oogst, afgewisseld met kleine oogsten. De niet-gemechaniseerde oogst van sago en kruidnagel door Ambonezen vereist samenwerking op een ad-hoc basis, waarbij bredere sociale relaties tussen verwanten, burens en vrienden worden gemobiliseerd en gereproduceerd. Als gevolg van een enorme toename van de geldcirculatie en veranderingen van consumptie-standaarden gedurende de laatste twee decennia, hebben Ambonezen minder vaak een beroep gedaan op traditionele vormen van samenwerking bij het verzamelen van voedsel en materiaal om huizen te bouwen. Tegelijkertijd hebben zich nieuwe typen relaties en vormen van samenwerking ontwikkeld, waaronder kredietrelaties tussen Ambonezen en Butonezen, spaar- en kredietassociaties onder verschillende etnische en/of economische segmenten van de dorpsamenleving (zie hoofdstukken 4, 5 en 6), en netwerken van officiële kruidnagelopkopers, Chinese winkeliers, professionele agrarische handelaren en Butonese migranten (zie hoofdstuk 8). Deze processen kunnen gezien worden als voorbeelden van (des)integratie van relaties en sociale systemen (Giddens 1979).

Hoofdstuk 3 geeft een meer gedetailleerde en 'fotografische' weergave van 'uitkomsten' van processen van commoditisatie en monetarisatie die het leven van inwoners van Tulehu sterk hebben beïnvloed. Verschillende manieren van dorpelingen om geld te verkrijgen en te gebruiken in tijden van enorm toegenomen geldcirculatie en geldbehoeftes worden beschreven. Het hoofdstuk beschrijft hoe de verschillende manieren van verkrijgen en gebruiken van geld in verschillende en veranderende sociale relaties worden weerspiegeld. Deze manieren bevatten ook verschillende wijzen van sparen, krediet opnemen en krediet verlenen. Verschillende casussen uit verschillende sociale domeinen geven aan hoe de betekenis van sparen, lenen en uitlenen uitdrukking is van de type relatie en transactie waarin dit sparen, lenen en uitlenen plaatsvindt.

Hoofdstuk 4 vat kort samen in welke verschillende economische subsectoren dorpelingen van Tulehu actief zijn (geworden), waardoor de betekenis van sago palmbomen als bronnen van voedselzekerheid en behuizing is verminderd en veranderd. Economische verandering in Tulehu heeft niet alleen bankdirecteuren overtuigd om een kantoor te openen in dit dorp vol bedrijvigheid, maar heeft ook – op directe danwel indirecte wijze – tot ontwikkeling van verschillende typen van groepsfinanciering en geldbewaarders geleid. Deze typen zijn uitdrukking van en sluiten nauw aan bij illiquiditeitsvoorkeuren, verzekeringsbehoeftes en behoeftes aan kleine leningen. Drie van de meest aansprekende kenmerken van informele financiële systemen zijn hun flexibiliteit, ruimtelijke nabijheid en het feit dat deze 'systemen' helemaal zijn opgezet om in behoeftes van hun gebruikers te voorzien.

Om het functioneren van formele financiële programma's te verbeteren wordt voorgesteld om deze en andere kenmerken van informele financiële systemen te imiteren. De casus van een roterend fonds van een bidgroep van vrouwen leert ons echter dat men de betekenis van bestaande, sociale en/of economische relaties als basis van (nieuwe) spaar- en kredietactiviteiten, niet dient te onderschatten. De vraag is of financiële technologieën of diensten 'weggesneden' kunnen worden van deze relaties om ze daarna te 'enten' op formeel-bureaucratische structuren. 'Informele financiële systemen' (maar ook formele financiële systemen) kunnen niet slechts in termen van technologieën of diensten gedefinieerd worden. Financiële systemen zijn sociale systemen die in stand worden gehouden door actoren die niet alleen in deze systemen deelnemen maar ook in andere sociale systemen, zoals een etnische gemeenschap, een voorlichtingsprogram, een kantoor, een religieuze groep, een groep van ondernemers. Deze andere systemen beïnvloeden en/of omvatten 'financiële systemen' – zoals ook getoond in hoofdstukken 5 en 6.

Hoofdstukken 5 en 6 zijn 'tweelingen' en geven beiden meer achtergrond en details over spaar- en kredietassociaties in Indonesië en Ambon in het bijzonder. In deze hoofdstukken wordt hiermee een onderdeel van hoofdstuk 4 verder uitgediept alsmede het 'andere vormen van samenwerking' van

hoofdstuk 7. Hoofdstuk 5 legt uit waarom de recente lofzang op de roterende spaar- en kredietassociatie (ROSCAs) met grote voorzichtigheid dient te worden opgevat. Het zijn immers niet de zelf-regulerende capaciteiten, de spaaractiviteiten en de organisatie-talenten van de participanten van deze associaties die worden toegejuicht maar eerder de ROSCA als een model of mechanisme om spaargelden uit rurale gebieden te verzamelen. Om een dergelijk reductionistisch perspectief op de betekenis en dynamiek van ROSCAs te vermijden, stel ik voor om ROSCAs als produkten en producenten van verschillende tijd-ruimtelijke processen van sociale transformatie op te vatten, als flexibele vormen van samenwerking die sociale relaties in veranderende contexten in stand houden en veranderen. Ik benadruk ook dat actor analyse niet 'tussen haakjes' (zie Giddens 1979) gezet kan worden bij een institutionele analyse van ROSCAs (zie Ardener 1964). Men dient de zelf-regulerende capaciteiten van ROSCAs niet te onderschatten: hun deelnemers maken de regels, passen de regels aan en vergelijken de (potentiële) betekenis van ROSCAs met die van andere spaar- en kredietarrangementen. Een beschrijving van de verschillende achtergronden en rollen van roterende spaar- en kredietassociaties in Tulehu alsmede het relatief belang van deze associaties in vergelijking met andere arrangementen voor de Sumatraanse gemeenschap van Tulehu, zijn illustraties van mijn argument dat een contextuele analyse van ROSCAs een heel interessante methodologie kan zijn om maatschappelijke veranderingen te onderzoeken en in het bijzonder veranderingen van financiële infrastructuur, financiële behoeftes en rollen van verschillende financiële arrangementen.

Hoofdstuk 6 legt uit dat één van de konsekwenties van het gebrek aan een actor perspectief bij de analyse en promotie van ROSCAs als een model of mechanisme, de productie is van nogal algemene en simplistische ideeën over de betekenis van roterende spaar- en kredietassociaties voor bepaalde groepen of categorieën. Waarschijnlijk het meest dramatische voorbeeld in dit verband betreft vrouwen of precieser: verschillende klassen of categorieën van vrouwen. Mijn casussen van Tulehu tonen aan dat de studie van het gebruik van roterende spaar- en kredietassociaties door vrouwen een heel boeiende doch inspannende methode is om verandering en continuïteit te begrijpen van verschillende sets van relaties – relaties tussen migranten en autochtonen, tussen ambtenaren en burgers en tussen kleine ondernemers en hun verwanten.

De eerdere versies van hoofdstukken 7 en 8 waren onderdeel van één essay waarvan de eerste helft een meer algemene en historische achtergrond vormde voor de tweede helft die zich toespitste op coöperaties en de handel in kruidnagelen op Ambon. Hoofdstuk 7 benadrukt dat coöperaties gezien zouden moeten worden als historisch- en lokaal-specifieke produkten. Het preciseren van de essentie van 'de coöperatie' wordt dan ook als dubieus gekwalificeerd en zegt meer over de belangen en ideeën van degenen die

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Hoofdstuk 8 legt uit waarom dorpscoöperaties op de Centrale Molukken er niet in zijn geslaagd om hun officiële mandaat te verwezenlijken: de opkoop van kruidnagelen van boeren tegen een vaste, hoge prijs. Uitzonderlijk grote en standaard krediethoeveelheden die werden verstrekt door de Volksbank van Indonesië (BRI) aan dorpscoöperaties en waren bedoeld om kruidnagelen van boeren op te kopen, hebben dit falen in de hand gewerkt omdat geen rekening werd gehouden met de onregelmatigheid en ruimtelijke variatie van kruidnagelproductie. Ook het gebrek aan vertrouwen van boeren in overheidscoöperaties in combinatie met hun pre-oogst arrangementen met private opkopers-cum-kredietverschaffers, maakten de missie van de coöperatie vrijwel onmogelijk. Om kruidnagelen te kunnen aanbieden op de veiling van de centrale coöperatie van Ambon stad, gooiden vele voorzitters van dorpscoöperaties het op een accoordje met stedelijke grootwinkeliers. Deze winkeliers zijn hoofdspelers in regionale handelsnetwerken waarin producenten, verschillende directe opkopers en grote stedelijke winkeliers met elkaar zijn verbonden. Een aantal grootwinkeliers is bereid om eigen kruidnagelen op de veiling te brengen op naam van de dorpscoöperatie.

Het laatste hoofdstuk gaat ook in op de relatie tussen veranderende kredietrelaties en 'infrastructurele' condities voor de kruidnagelhandel. Als gevolg van een toename van transportfaciliteiten en geldcirculatie in de Centrale Molukken gedurende de laatste twee decennia, zijn de mogelijkheden om de opkoop van kruidnagel veilig te stellen door het verlenen van krediet aan producenten afgenomen. Krediet is niet meer het instrument om relaties met leveranciers te controleren en monopolie-winsten te realiseren maar een middel om werkrelaties met een beperkt aantal mensen, producenten en kleine opkopers, te onderhouden.

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hoofdstuk 7. Hoofdstuk 5 legt uit waarom de recente lofzang op de roterende spaar- en kredietassociatie (ROSCAs) met grote voorzichtigheid dient te worden opgevat. Het zijn immers niet de zelf-regulerende capaciteiten, de spaaractiviteiten en de organisatie-talenten van de participanten van deze associaties die worden toegejuicht maar eerder de ROSCA als een model of mechanisme om spaargelden uit rurale gebieden te verzamelen. Om een dergelijk reductionistisch perspectief op de betekenis en dynamiek van ROSCAs te vermijden, stel ik voor om ROSCAs als produkten en producenten van verschillende tijd-ruimtelijke processen van sociale transformatie op te vatten, als flexibele vormen van samenwerking die sociale relaties in veranderende contexten in stand houden en veranderen. Ik benadruk ook dat actor analyse niet 'tussen haakjes' (zie Giddens 1979) gezet kan worden bij een institutionele analyse van ROSCAs (zie Ardener 1964). Men dient de zelf-regulerende capaciteiten van ROSCAs niet te onderschatten: hun deelnemers maken de regels, passen de regels aan en vergelijken de (potentiële) betekenis van ROSCAs met die van andere spaar- en kredietarrangementen. Een beschrijving van de verschillende achtergronden en rollen van roterende spaar- en kredietassociaties in Tulehu alsmede het relatief belang van deze associaties in vergelijking met andere arrangementen voor de Sumatraanse gemeenschap van Tulehu, zijn illustraties van mijn argument dat een contextuele analyse van ROSCAs een heel interessante methodologie kan zijn om maatschappelijke veranderingen te onderzoeken en in het bijzonder veranderingen van financiële infrastructuur, financiële behoeftes en rollen van verschillende financiële arrangementen.

Hoofdstuk 6 legt uit dat één van de konsekwenties van het gebrek aan een actor perspectief bij de analyse en promotie van ROSCAs als een model of mechanisme, de produktie is van nogal algemene en simplistische ideeën over de betekenis van roterende spaar- en kredietassociaties voor bepaalde groepen of categorieën. Waarschijnlijk het meest dramatische voorbeeld in dit verband betreft vrouwen of precieser: verschillende klassen of categorieën van vrouwen. Mijn casussen van Tulehu tonen aan dat de studie van het gebruik van roterende spaar- en kredietassociaties door vrouwen een heel boeiende doch inspannende methode is om verandering en continuïteit te begrijpen van verschillende sets van relaties – relaties tussen migranten en autochtonen, tussen ambtenaren en burgers en tussen kleine ondernemers en hun verwanten.

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