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*Juggling Money: Financial Self-help Organizations and Social Security in Yogyakarta*. By Hotze Lont. Leiden: KITLV Press, 2005. xiv, 292 pp.

The study focuses on two subjects that are somewhat related: financial self-help organizations (SHOs) and social security. The author took his inspiration from two sources: (a) a discussion that took place in Amsterdam in 1993, comparing financial SHOs in developing countries at the present time and mutual benefit societies in 19th century Europe, which dissolved around the turn to the 20th century but contributed to the development of the western welfare state; (b) the teachings of Frits Bouman and Otto Hospes at Wageningen Agricultural University on indigenous rotating and accumulating savings and credit associations (ROSCAs, ASCRAs), which seemed to perform so much better than state-owned subsidized credit programs and institutions. Comparisons are then made which suggest that in Indonesia, where the role of the state and the spread of commercial arrangements in social security are still very limited, "financial self-help organizations enjoy a relatively more advantageous position than did their Western counterparts at the beginning of the twentieth century" (p. 10).

Between 1997 and 1999, at the height of the Asian financial crisis, Lont spent some fourteen months of anthropological field work in Bujung, an urban community at the outskirts of Yogyakarta in central Java, where SHGs exist in large numbers, to examine "the social security function of financial self-help organizations" (p. 12). He used a variety of methods, from participatory observation and interviews to examining household expenditure records and the books of SHGs. The title of the book, *Juggling Money*, is indicative of his approach, says the author: in both juggling and financial SHOs, "entertainment plays an important role" (p. 13). The same applies to his style, to the pleasure of this reviewer, e.g., "Some manage to accomplish magic tricks, while others fail dramatically, often because they use more balls (or money) than they can handle" (p. 13); or a neighbour's (*Pak Irwanto*) assessment of his experience with *arisan*, the ubiquitous SHO, which Clifford Geertz had called in 1962 "a *middle rung* in development": "Wah… pusing, pusing!" (… headaches, headaches!) (p. 1).

As required of a dissertation, the study is comprehensive. It covers the socio-economic context; the history of social organizations in Bujung; the adversities confronting the Bujungese; the history and diversity of financial SHOs in Indonesia; a case study of UKK, a parastatal which has created large numbers of women's SHGs with quasi-compulsory membership; the research question how financial SHOs can contribute to people's coping strategies; the consequences of the Asian financial crisis (*krismon*); linkages between financial SHOs and banks; and a conclusion that summarizes the results and places them in a wider social-historical context — enough material for perhaps half a dozen dissertations, or follow-up projects.

The answer to his research question regarding the social security function of SHOs is brief and unequivocal: "Financial self-help organizations are directly and indirectly used as instruments for coping with economic insecurities, but … their social security function, in the sense that they are a platform for sharing risks, turns out to be negligible" (pp. 21, 241). And more specifically: "Disbursements from the funeral and illness funds of Bujung's financial self-help organizations represent a pure form of social security, but provide only limited financial relief" (p. 242).

Bad luck, the reader might be inclined to think. But he is reminded of Karl Raimund Popper's dictum, in *The Logic of Scientific Discovery*, that the progress of science is propelled by the falsification, not the verification, of theories; or of the asymmetry of a plethora of success stories, which get published, and a dearth of failures, which are less likely to attract donor support for publication.

Concerning the overall role of financial SHGs in Bujung, Lont concludes that they "certainly contribute to the ability of their participants to deal with the vagaries of social life, and to lessen vulnerability," though he adds a qualifier: "payments can be a real burden for participants" (p. 244). In Lont's amicable style, I would add: such is life.

Why is it that “nothing is done in the sphere of disability, old age, fire, unemployment, housing, or education” (p. 246)? He rules out an evolutionist perception of institutional development that in due time the SHOs will develop insurance arrangements. His main explanation is “the adversities and deficiencies … are simply too difficult to deal with through local insurance and assistance arrangements” (p. 247). The recent tsunamis and earthquakes are certainly convincing evidence of the underlying covariate risk. Still, Lont thinks that establishing large funds for funeral payments (like the pervasive *edir* in Ethiopia — HDS) should be feasible, if trustworthy local organizers are found. In a study for the OECD in 1988, this reviewer proposed a different strategy: linking indigenous or other local forms of insurance and social security with modern national ones. So far, no champion has been found to pursue this in Indonesia.

By way of conclusion, Lont finds the comparison between contemporary financial SHOs in Indonesia and 19th century mutuals in Europe difficult. This is because his perspective is limited to “millions of workers … in large-scale industries … often from the same factory … but almost as quickly as they emerged, the mutuals disappeared again around the turn of the century … (unable) to compete with the services of the state and of private insurance companies.” (p. 250–51). Had he looked in a different direction, e.g., at the Irish credit funds from the 1720s onwards, which had some lessons to tell during their 230-year history on the crucial role of self-organization, regulation and supervision; or at the farmers and small entrepreneurs in continental Europe, he would have discovered a different route and a set of strategic factors. In Germany, after a briefly successful but unsustainable experience with charities following the hunger year of 1946–47, informal savings and credit societies emerged in rural and urban areas, much inspired by people like Raiffeisen and Schultze-Delitzsch. The *Darlehnskassen-Vereine* expanded only slowly, kept back by legal insecurity and joint-and-several liability. This changed with the passing of the cooperative act in 1889 and the subsequent strengthening of supervision, self-organized by associations of cooperatives. Between 1889 and 1914, 15,000 cooperatives emerged, i.e., 600 per year. In 1934, they came under the banking law. Today they account for 22 per cent of all banking assets in Germany; together with the savings banks (*Sparkassen, caisses d'épargne*), which started to emerge as informal community-owned local financial institutions (comparable to the LPD on Bali, the BKK in central Java, and others) during the 18th century, the percentage of all banking assets is around 50 per cent. The two movements spread worldwide, e.g., starting in the Netherlands in 1896 and evolving into what is today Rabobank; and in India in 1904 where 50,000 savings and credit cooperatives emerged within a 30-year period, their health undermined in a later period by government intervention. Here are the factors of historical success: self-organization through regional and national associations, self-reliance based on the mobilization of internal resources, freedom from government interference, self-regulation (backed by the law), and effective self-supervision (through auditing federations). They did not compete with the state in the field of social security; for most of their earlier history, their insurance function was limited to life-long and even intergenerational access to savings and credit services. Their growth, which provided virtually unlimited access to credit, was based on retained earnings, instead of distributing them as dividends, savings and access to commercial borrowings.

Has Indonesia missed all this? Not quite. The year before the first two Raiffeisen-type SHOs were established in the Netherlands, Dutch colonial authorities helped establish the first locally owned bank in Purwokerto, in 1895. Since then, an extremely rich financial landscape has evolved, marked in some cases by great success (e.g., the 4,000 units of Bank Rakyat Indonesia, 2,300 regulated local banks, 1,400 LPDs in Bali) and in others by great failure (e.g., some 40,000 state-dominated cooperatives). Despite this complex history, financial SHOs have persisted, including *arisan* among central bank staff: as financial intermediaries transforming small savings into lump sums, not as providers of additional insurance and social security. In India, where they are called chit funds, they have come under state laws since 1945, and national law since 1982; this has greatly contributed to their growth and outreach, while smaller informal chits have continued to flourish. Would that be an option for Indonesia? When that question was discussed last, at the start of the *Project Linking Banks and Self-Help Groups (PHBK*) in 1988, the central bank decided against it, because they would have come under the state-run cooperative system, KUD, which everyone abhorred. It's a new era now, perhaps also for partnerships with commercial insurance companies once *arisan* and other financial SHOs form associations and decide to submit to self-regulation and self-supervision.

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