THE IMPACT OF THE ASIAN ECONOMIC CRISIS ON WORK AND WELFARE IN VILLAGE

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Introductory Note

The crisis which hit the regions of East and Southeast Asia in 1997-98 gave rise to instantaneous and fierce debate. Differences in opinion focused in the first round on the causes of the sudden halt to the long-time boom that had led the economies on a trajectory of high growth rates and, in the second round, on the impact on levels of employment and welfare for the peoples involved. This study does not address the origins of that economic crisis but rather its effects on the work and wellbeing in the villages of my fieldwork on Java. The factual evidence presented demonstrates that, although the crisis caused major setbacks for the whole region, their scale and intensity differed considerably. From the beginning Indonesia has been singled out as the worst case. While some affected countries already showed signs of recovery in 1998, the most populous nation in Southeast Asia seemed to collapse into further chaos. As elsewhere, the downward slide began with depreciation of the national currency starting in autumn 1997. In contrast to Malaysia, Thailand and South Korea, for example, where inflation was brought under control and financial institutions were cleaned up, the monetary crisis in Indonesia deepened and triggered a political crisis. Suharto’s fall in May 1998 signalled the end of the New Order regime which had lasted for more than three decades. The economic malaise also affected other spheres of life: the krisis moneter or krismon turned into krisis total or kristal. Later, the slump was overshadowed by political turmoil, religious strife and ethnic violence but, in my opinion, the recession was a major factor in aggravating the general state of disorder.

From alarmist to revisionist assessments

Early on, an alarming increase in impoverishment and unemployment was predicted. The Minister of Manpower then in office went on record saying that 22% of Indonesia’s total workforce would be unemployed by the end of 1998. Backed by official statistics, produced by the Central Statistics Agency (Badan Pusat Statistik, BPS) on the basis of calculations that had never before been disputed, the ILO regional office estimated that the combination of wage stagnation and high inflation might cause 37% of the population to fall below the
poverty line by mid-1998, with a further spurt to 48% before the end of that year. In comparison to the all-time low of 10.1% reported for the period before the start of *krismon* in mid-1997, this implied a three to fourfold jump in the incidence of poverty. It was an acceleration that threatened to undo much that had been achieved in raising the standard of living for all and sundry since the mid-1970s. The ILO further argued (1998) that lack of improvement in household incomes and the likelihood of more price rises might even result in two-thirds of the population dropping below the poverty line in 1999.

Other international agencies produced more conservative appraisals or forecasts, vehemently rejecting the ILO’s doom scenario. In February 1998 the World Bank conceded that absolute poverty might eventually rise to 17%. A year later, a Bank-commissioned study reported that the poverty rate had gone up but only marginally so, from the pre-crisis figure of barely 10% to not more than 14% (Poppele *et al* 1999: 13-14). The authors stated that the lower income classes in particular were actually quite successful in coping with the crisis. In their considered opinion, *krismon* had a sharper negative impact on the urban than the rural economy; secondly, it hit the better-off harder than the poor; thirdly, it reduced waged work in the formal sector of the economy while employment in the informal sector expanded. Jellinek and Rustanto, another World Bank-sponsored research team, carried out a rapid appraisal mission and summarized their findings in early 1999 by claiming that what had been written up as a crisis instead had created a veritable economic boom. They lauded the transition to a mini-communal-capitalist system under which petty producers made good, stepping in to substitute for high-cost commodities that had been driven out of the market. Their story, consisting of a series of glimpses and based only on a two-week tour around a number of urban and rural sites in Central and East Java, sounded too good to be true and, due to lack of solid substantiation, carried little weight. The assumption, however, that many of those pushed out of formal-sector employment could find refuge in the informal sector, was in line with the persistent notion of an infinite capacity for absorption in the lower realms of the

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1 ‘Products which were formerly imported or made in the formal sector are now being made by indigenous small-scale enterprises. Small enterprises, killed off during 20 years of economic boom of the New Order period (1975-1995), are being revived. Old traditions of artisanship and trade are being rediscovered. Rich and middle class consumers who formerly bought from the formal sector are now buying from traditional markets on the street. Markets which were formerly restricted to big traders are now open to masses of small traders. Capital is being accumulated in the informal sector through a combination of traditional social networks and modern cooperative techniques. This has resulted in new and diversified types of capital accumulation which vary from hamlet to hamlet and city to city. In contrast to the economic crash depicted in the official, national and international...
urban economy. And what about those who failed to find a niche in this sector of last resort? There was always the possibility to return to the place of origin in the rural hinterland. *Idul fitra* in February 1998 witnessed the exodus from the cities of a large labouring army that had for long been kept footloose. Municipal governments facilitated the departure of these work migrants to their home villages, with which they had stayed in close contact, by handing out free one-way tickets for public transport. The idea was to get this mass of partially or fully unemployable people out of the cities lest they should turn restive, instigating food riots and fuelling political turmoil. Underlying this attempt to defuse an acute threat to public order were thinly veiled references to the social-Darwinist notion of ‘the dangerous class’, a mob alienated from society which, at any moment of time, might turn violent and destructive.

The Asian crisis has had a differentiating impact not only among but also within the affected countries. It has frequently been asserted that the economies of Indonesia’s islands other than Java remained fairly untouched by, or even benefited from, the huge depreciation of the rupiah. In 1997 the province of East Indonesia suffered from the El Niño drought, a temporary setback which helped to hike food prices; in the following year, however, rainfall was back to normal and agricultural yields were satisfactory. In various parts of the country cash-crop cultivation and artisanal manufacture for export rose, resulting in increased employment and handsome profits for old as well as new producers.

By and large, towns and cities faced far more hardship than the countryside, but even in this respect urban Java was said to bear the brunt of *krismon*. Many sources maintained that the floating workforce that had been pushed back to the hinterland on this densely populated island, had managed successfully to find shelter in various sectors of the rural economy, above all in agriculture. One prominent observer reported a dramatic increase in agricultural work (Manning 2000: 123). What did he mean exactly? Output per agrarian worker probably fell by 10% overall, a phenomenon which Manning attributes to progressive crowding, long a characteristic feature of land-scarce Java. The cultivation was resumed of dry fields and home gardens which, in the preceding years, had been left idle by owners who had gone in search of jobs in the urban economy where their labour power commanded a much higher price.

media, we are witnessing an unprecedented economic boom in the small-scale sector’ (Jellinek & Rustanto 1999:1-2).
Summing up, Manning insists that ‘a high proportion of displaced workers found work in agriculture’ (2000: 126), a point of view that was also corroborated by several other commentators. Comparing the composition of the labour force between February 1997 and 1998, Poppele *et al* report that agrarian employment grew by 15.2%, much more than any other economic activity. They conclude that ‘agriculture more than expanded to pick up the slack’ (1999: 20). These and similar statements imply not only a reversal of the substantial loss of jobs experienced in this sector from the 1980s onwards, but also suggest that the erstwhile migrants who returned to food production were at least able to safeguard their basic needs. The assumption that agriculture acted as a catchment reservoir for labour made redundant in other sectors of the economy is inspired by the widely held notion that the army of migrants moving back and forth between the rural hinterland and urban growth poles have never ceased what had always been their prime occupation. It is the tenacious myth of Java as an on-going peasant society dominated by a compact and subsistence-oriented mass of petty owners, tenants and sharecroppers who cultivate a piece of land primarily to supply their own food requirements and who, in the slack season, go away to earn the non-agrarian wages that they need for cash expenditure. In view of this received wisdom, it is hardly surprising that members of peasant households who lost their urban jobs were expected to face no difficulty in falling back on their age-old identity as tillers of the land.

The same type of wishful thinking has it that the rural economy at large operates as a safety valve for migrants driven out of the cities. Petty trade provided ample space in which men and women thrown out of employment could manoeuvre. Activities such as peddling and hawking helped to provide one out of five displaced workers with a new living. Also, various types of petty commodity manufacturing in small-scale ateliers flourished in different parts of Java, and were able to add to their workforce labour dismissed from the metropolitan zones (Manning 2000: 125, 128; Hüskens 1999). Such positive signals exhausted the array of good news that could be marshalled, however.

In 1998, gross domestic product contracted by 14% and prospects for 1999 were bleak, anticipating zero growth at best. Among the multitudes made redundant in a wide variety of occupations, especially among those who had finished secondary school education, many were unable to find gainful work again. Statistical data show that one-quarter remained unemployed in 1998; in particular, a high proportion of females (44%) were laid off (Manning 1999: 128).
The adverse repercussions of *krismon* afflicted urban as well as rural Java, to the extent that poverty figures had to be raised to reflect the sharp drop in income. On the basis of National Labour Force Surveys carried out towards the end of 1998, the Central Board of Statistics declared that 49.5 million people, or 24.2% of the total population, had sunk below the official poverty line. This downward trend, the report suggested, was caused mainly by the fall in living standards of the workforce that had been engaged in the formal sector of the urban economy. The percentage of people unable to satisfy their basic needs was higher than earlier estimated, but had not risen to the dramatic apex foreseen by alarmist scenarios.

To overcome the information vacuum on what happened during the crisis the World Bank and other international agencies helped to establish a research NGO to assess the impact of *krismon* and the dubious efficacy of state intervention. The first bulletins and working papers broadcast by this Social Monitoring and Early Response Unit (SMERU) continued to dispute the figures made public by the ILO on the expected rise in levels of poverty and unemployment.

What inspired revisionist commentators to adhere to their far less pessimistic point of view? In the first place, as we have mentioned, the argument that the workforce retrenched in the modern sector could find an escape in the lower and informal circuits of the urban economy. This assumption of re-absorption at a more modest level of employment was actually part of the scenario drawn up by the ILO (1998: 28). On second thoughts, however, it was conceded that the economic crisis also played havoc within the informal sector. Workers in construction, trade, transport and other services who had become jobless, tried to earn a living in other branches. Since occupational multiplicity is considered to be a feature of the lower economic echelons where skills or training are said to matter little, it is suggested that men as well as women, old and young, are quite accustomed to roam around searching for paid work in various branches of activity. Cross-sectoral mobility was possible, not least because of ‘the remarkable flexibility of Indonesian labour markets and the capacity of people to find new jobs after being retrenched from wage employment’ (Manning 2000: 121). In Manning’s view, this phenomenon of horizontal drift explains why the predicted de-urbanization, a massive return of dismissed workers to the rural hinterland, never took place. Under such a scenario, the informal sector economy would merely swallow up the labour surplus pushed out of higher-paid, regular and protected employment, enabling the displaced workforce,
through income-sharing arrangements, to stick it out in all kinds of odd jobs until the economic tide would turn again in their favour, when they would be reinstalled in their former occupations. This bright prospect already seemed to be just around the corner. At the beginning of 1999 there were already signs that real wages had begun to recover from their earlier fall (Papanek & Handoko 1999; Booth 2000b: 10). The third reason why alarmist forecasts were toned down was that circular migrants who did not succeed in finding another niche in the urban informal sector simply returned to their villages of origin, there to retreat into agriculture which had always been the mainstay of their livelihood. The possibility of this escape route seemed to confirm the preconceived idea that the rural economy has indeed done much better in resisting the onslaught of the crisis and that, in comparison to the urban workforce, the rural one has been much less adversely affected (World Bank 1999: 2; Suryahadi et al 2000: 28).

The successive fall-back scenarios outlined above, three in all, account for a reportedly low rate of increase in open unemployment, understood as not working although seeking work, from an initial figure in August 1997 of 4.7% to not more than 5.5% in late 1998 (Manning 2000: 121; Booth 2000b: 9). The majority of those whose labour power became wasted after the crash of the rupiah were said to be mainly the well-educated and better-paid workers retrenched in the modern industrial economy. This suggestion was justified with the old dictum that the poor cannot afford to remain unemployed and will always manage to find jobs at lower wage rates. Work and income-sharing mechanisms helped them to cope with the adversities of the current economic crisis. The revisionist stance is bolstered by hints that falling wage rates may actually have created more work in the urban and rural informal sectors, including agriculture, than was lost (Jellinek & Rustanto 1999: 29-30; Poppele et al 1999: 18; Manning 2000: 125-26). These commentators share the conclusion that the rise in unemployment and in the incidence of absolute poverty has been much smaller than was anticipated at the outbreak of krismon. Assuming a poverty level of not more than 11% in May 1997, Suryahadi and Sumarto calculated that poverty rose to 18% by August 1998, but by December had already fallen back to slightly above 15% (Suryahadi & Sumarto 1999: 11). Such messages of hope and relief are often substantiated by the argument that absolute deprivation had diminished so rapidly in the preceding years that even the workforce at the bottom of the economy was able to build up sufficient reserves to deal with the crisis.
My opinion differs on almost all these scores. For a start, official statistics on economic growth and equity prior to mid-1997 were biased by political correctness, the result of collusion between the government of Indonesia and leading international agencies, which underestimated the magnitude and intensity of the poverty that still existed throughout the country. I would agree with a recent statement that a quarter of the population of Indonesia were unable to meet basic needs even before the crisis (Dhanani & Islam 2000: 21). Secondly, *krismon* has caused not only much more misery and loss of employment but has further widened the divide between the poor, whose numbers have rapidly swollen, and the non-poor. Thirdly, the coping mechanisms with which people who have sunk below the poverty level can deal with life’s vicissitudes have been exaggerated out of all proportion. Fourthly, notwithstanding some signs of improvement in terms of employment and poverty levels, in mid-2000 *krismon* is by no means over.

**A critical reappraisal based on micro-level research in West Java**

In 1989 and 1990 I conducted fieldwork in two villages on the northern coast of West Java, one in North Subang and the other in East Cirebon. My investigations formed part of a more comprehensive research project on non-farm employment within the rural economy (White 1986). What were the reasons for this micro-study in the two localities? Both villages had already repeatedly been visited by the staff of the *Survey Agro-Ekonomi (SAE)*, a rural research agency affiliated to the Ministry of Agriculture. The benchmark data built up in several rounds were a major consideration for selecting these earlier sites of study. For me, an additional motive to include the village called East Cirebon was a historical account that I had published earlier on the dynamics of land and labour relations in this region during the late-colonial period (Breman 1983). A marked feature of the district is the very high demographic pressure on the agrarian resource base and the extremely skewed distribution of cultivable land among the inhabitants. Moreover, a high percentage of the acreage remained under the firm control of sugar mills that date back as long ago as the beginning of the 19th century. The large majority of petty owners and landless households do not seek employment in agriculture, whether in cultivating paddy or in growing cane. For planting and harvesting the crop, the agro-industry tends to import labour from elsewhere on a large scale. Agriculture, as a way of working and living, has become even more marginalized since plots of riceland started to be converted into brickfields a few decades ago. The manufacture and transport of bricks did
become a major source of income, but the deployment of labour in local agriculture or industry was gradually overtaken by the departure of increasing numbers of male workers from the village. At the time of my first fieldwork in East Cirebon in 1989, ongoing labour circulation to Jabotabek, the metropolitan zone around Jakarta, was a significant phenomenon. The architecture of the locality together with the surrounding landscape strike the visitor as being of a sub-urban nature. Infrastructurally, East Cirebon even then was hardly rural and, although situated more than six hours by public transport from the capital, could just as well have been in the immediate vicinity of Greater Jakarta.

By contrast, North Subang, although much closer to urbanized Jabotabek, looks far more like the peasant village one is apt to associate with the Javanese countryside. In 1990, when I first stayed there, most inhabitants earned their livelihood by farming. North Subang was also monitored on and off by the Agro-Economic Survey for changing practices in foodcrop cultivation. The locality gained more policy fame when Hayami and Kikuchi included this kampung in their case studies of the transformation caused by the green revolution in the Southeast Asian countryside towards the end of the 1970s (Hayami & Kikuchi 1981). My choice of North Subang as a site of fieldwork ten years later had much to do with my reservations about the findings of the two Japanese economists, as well as their interpretation of the dynamics at work (see Breman 1995).

Labour migration, both intra-rural and rural-urban, was the focus of my local level research in 1989 and 1990. A revolution in the mode of transport stimulated the trek to urban growth poles, of which Jabotabek was the main magnet. Distance became fairly easy to bridge, both in terms of time and cost. What did not occur, however, was a transition giving rise to the type of economy and society so characteristic of the trajectory followed by most Atlantic countries in the Northern hemisphere during the 19th and the first half of the 20th century. Urban-directed mobility accelerated, certainly, but no ‘genuine’ urbanization took place, in the sense of the whole household eventually moving to take up residence at the point of destination. Neither definite departure nor resettlement, but ongoing circulation between country and town accompanied by constant rotation among various work sites, has continued to be the dominant pattern of migration. Instead of industrialization in the shape of gaining access to factorized employment, the majority of migrant workers not only start but also finish their working life in the informal sector of the economy, doing low-skilled and meagrely paid jobs.
I happened to be in Jakarta for a few days at the end of October 1997 when the exchange rate of the rupiah registered a massive fall. Overnight, all construction work in the national capital which, for many years, had been one big building site, came to a standstill. The next day I went to the outskirts of Jakarta, to neighbourhoods where workers from my fieldwork villages were accustomed to lodge in a pondok or around one of the warteg (warung tegal) which cater to the daily needs of this floating mass. The owners told me that all had left, phk, i.e. dismissed instantly with the message not to come back until further notice. What had happened to these labour migrants on their return home? I was sufficiently intrigued to pay an exploratory visit to the hinterland in March-April 1998, in the company of Gunawan Wiradi, who is a staff member of Bogor Agricultural University. We decided to start investigating the impact of krismon in rural Java and returned to the villages of my initial research for a first, mainly survey-based, round of investigations in July-August 1998. Wiradi went back alone for a short visit towards the end of that year when the economic crisis was at its worst. Adding to the data gathered, we followed up with another round of investigations in March-April 1999, concentrating then on the various schemes executed under the label of government-sponsored social safety net provisions. A final and brief round in both villages in August 2000 was intended to verify reports that suggested the beginning of recovery in both the urban and rural economy. By stretching our endeavours over a period of almost two-and-a-half years we hoped to understand krismon, not as a moment in time, but as a process that started with the initial shock when many people lost their jobs and their main source of income. That setback in welfare was compounded by the sudden rise in prices of food and transport which caused many households to slide further into poverty.

Before discussing recent events in East Cirebon and North Subang, it is necessary to summarize the gist of what had happened to work and welfare in the two villages between 1989-90, when I did my earlier fieldwork, and mid-1997 when the Asian miracle started to turn into a nightmare. That story is written in greater detail in the village monograph authored by Wiradi and I, which we will publish shortly.

**Work and welfare during the last phase of the New Order regime**
In the last decade of the 20th century the significance to the rural economy of agriculture as a source of income and employment declined further, a trend which coincided with neglect in government policies of what had always been the prime sector. In this respect, Booth’s comments are pertinent:

Since 1987, the manufacturing and modern service sectors have been the principal engines of growth in the Indonesian economy; the agricultural sector has been relegated to a secondary role in policy debates, and receives a falling share of budgetary resources’. (Booth 2000a: 89)

Since the green revolution in the early 1970s, agriculture has experienced no new breakthrough in rice cultivation which might have resulted in higher yields per hectare. Although demographic growth has slowed considerably, the high pressure on land has made it necessary for increasing numbers of rural dwellers to slacken their ties with agriculture. Moreover, a first phase of light mechanization and the use of insecticides and pesticides have greatly reduced the quantity of labour required in field operations. With activities concentrated around the beginning and end of the crop cycle, work in agriculture became even more unevenly spread. More than eight out of every ten households in the two villages own no cultivable land at all, and access to agrarian capital through tenancy or sharecropping arrangements is also severely restricted. In East Cirebon agro-industry, in collusion with the local administration, continues to lay claim to a large part of the total acreage for sugarcane cultivation, providing yet another reason for the reduced demand for agricultural labour among households that are still in business as cultivating producers. Under the so-called ceblokan system, the management of agro-industry engages in contracts with landless households which accept responsibility, without pay, for pre-harvest tasks in paddy cultivation (especially transplanting) in exchange for one-fifth of the harvest yield.

In contrast to this closed field system in East Cirebon, customary practice in North Subang is different. The open field system is an arrangement under which cultivators are obliged to allow access to all labourers, whether local or not, who want to take part in cutting and threshing the rice crop. The harvest wage is paid in kind, the bawon, a share amounting to one-tenth of the yield. For all other operations throughout the plant cycle tillers of the land hire labour as and when necessary, for cash payment. While real wages in agriculture stagnated in the 1980s, they tended to grow moderately in subsequent years (Manning 2000: 113-14). There is no doubt whatsoever that this upward swing was driven by the strong call for labour outside agriculture during the booming years of the New Order.
To all practical purposes, employment opportunities in other sectors of the economy implied migration from the village. Only in East Cirebon did brick manufacture, organized in small-scale enterprises, provide full-time work for an increasing number of landpoor/landless households. This labour-intensive industry prospered because of better housing conditions in most rural settlements, a reflection of the decrease in poverty combined with an insistence on urban-style comforts which circular migrants brought back to the village after their exposure to city life. Brick, tiles and glass, together with a cemented or even tiled floor, replaced bamboo, wood and thatch as building materials. Work in the brickfields is arduous and insists on the involvement of all household members, i.e. husband, wife as well as half-grown children, and even then the wage rate is extremely low. The standard labour arrangement is a kontrak, a sum of money paid in advance which then has to be worked off by the production team. Labour power, in other words, is sold in a modality of debt bondage. As a form of petty commodity production the benefits are appropriated out of all proportion by the owners of the brickworks.

Apart from a modest range of trade, crafts and services, no economic ventures have emerged in either village capable of absorbing the growing workforce that could not be accommodated in agriculture. The only alternative was to move out and join the army of migrants heading for Jabotabek. Indeed, in both East Cirebon and North Subang half or more of the household budget of the landpoor and landless was provided by earnings realized from work outside the village. The labour force drained away from the local economy used to be kept in a state of perpetual mobility, thrown out and then pushed back again because of employment modalities at the point of destination. Not more than one-quarter depended on self-employment, usually in petty trade and services, the other three-quarters were engaged in waged work, predominantly in the construction industry, but casual in nature and with constant changes of site as well as of employer. Only a handful managed to penetrate into the formal sector of the urban economy, achieving more permanent and better paid jobs with regular hours of work in private enterprise or public establishments. The majority lacked the higher schooling and social contacts needed to enter such privileged zones of the metropolitan labour market. Women were a small minority among the migrant workforce, in most cases engaged as domestic servants or as waitresses in warung. Young males predominated in the trek to the city. Beyond the age of forty or so, migrants opted out and resettled in their place of origin,
not only because they found the monthly-to-two-monthly rhythm of to-ing and fro-ing too strenuous, but also because employers or their agents preferred to hire young adults with greater physical stamina. It rarely happened that workers moved on to other branches of activity, while upward mobility in the same branch of employment was also quite limited. Newcomers who started as k’neg, helpers, in the building industry learned skills from their workmates, often relatives, and might eventually be taken on as tukang, craftsman. Others, however, remained navvies for as long as they worked outside the village, i.e. fifteen to twenty years at maximum. The best paid job was that of mandur, the middleman who recruited and supervised the members of his gang for the duration of the proyek. The circulators not only found employment on far more days than if they had stayed on in the village but also earned higher wages. Out of these earnings, however, they had to pay travel costs back and forth every few weeks, while daily life in the city was far more expensive than in the hinterland. When they visited their village the workers brought back what was left of the wages received for the preceding weeks, and the households to which they belonged had to depend, mainly or even exclusively, on those savings for their livelihood. On reaching home the migrants first settled the outstanding debts with shopkeepers and moneylenders. Usually, all money had been spent when they left again a few days later. A high rate of interest was charged on loans extended to finance lifecycle events or durable consumer goods. In other words, a state of indebtedness was for all those years a common feature within the workforce, which had to remain constantly on the move in order to make both ends meet.

In the shifting emphasis from local to outside employment female labour has steadily been marginalized. Agricultural work has, to a large extent, lost its gendered balance. Women’s participation in paddy cultivation is nowadays restricted to transplanting and helping in the harvest. The brick industry in East Cirebon would not be able to operate without the involvement of wives and daughters of brickmoulders, but other than that there is little scope for women to earn an income in the village, particularly those who belong to landpoor and landless households that lack the capital required for petty trade. Their expulsion from agriculture has only slightly been compensated by a new demand for their labour power in Jabotabek. Several young women from our fieldwork villages have agreed to work as domestic servants, waitresses or prostitutes, but their numbers are quite low. A recent option is to go to Saudi Arabia, lately also to Malaysia, to be employed as domestic maids on two-year contracts. These young women have to work extremely hard and, far away from home,
are ill-prepared for the ordeal they have to face, which may include sexual abuse. Heavy
deductions from their wages are made by the recruitment agencies responsible for their
emigration. Nevertheless, in their opinion, the handsome amounts they send or bring back
home, amply outweigh the low esteem in which such type of employment is held, mainly
resorted to by female members of low-income families.

For more and more inhabitants of East Cirebon and North Subang work outside agriculture
and away from the village has thus become of increasing significance in providing a
livelihood. Their circulatory trek to Jabotabek has brought them higher incomes than they
would otherwise have been able to earn. Manning has rightly pointed out that, during the
decade before the economic crisis, real wages rose rapidly in all non-agricultural sectors and
more moderately in agriculture (2000: 113-14). Consequently, policy-makers started to worry
that the upward trend in minimum wages might have a negative impact on job generation. The
World Bank warned that ‘caution must be exercised in raising them further for fear of eroding
competitiveness, lowering employment growth and paradoxically of increasing poverty and
labour unrest’ (World Bank Report 1996, chap. 3: 81). The size of the population below the
official poverty line is, accordingly, reported to have fallen sharply. Is that really so? The rapid
growth experienced between 1987 and 1996 certainly helped to improve the material
conditions of those workers who were stuck in the bottom ranks of the economy; at the same
time the decline in numbers living in poverty slowed down, especially in rural areas (Booth
2000a: 86).

The impression that deprivation had become a residual problem found in rather remote
pockets of the archipelago, which essentially lasted because these backward parts happened to
be beyond the reach of government programmes, was in line with the late-colonial myth that
suggested that poverty was closely bound to so-called ‘minus areas’. In contrast to such geo-
 ecological exceptionalism, I would posit that poverty has remained widespread in Suharto’s
Indonesia, including rural Java. Without a shadow of doubt, the landpoor and landless have
managed to dignify their lifestyle and these gains were reflected in a better quality of housing
and the possession of consumer durables. However, the existence of working-class households
has always remained precarious. The dynamic ratio between productive and non-productive
members has made all the difference between living slightly above or below the poverty line.
A category of supra-poor could be identified even before krismon began to make its impact.
These were the people who had no labour power or were unable to use it fully: the old, the physically or mentally handicapped, and widowed or divorced female heads of households in charge of young children. The New Order regime kept a great deal of misery carefully hidden behind its propaganda statistics. The incidence of poverty was also understated in the reports of the World Bank and other international agencies.

Major segments of the working classes living close to or in a state of poverty have shared only marginally in the benefits of economic growth. The gap that already existed between the elite and the subaltern classes in East Cirebon and North Subang at the time of my prior fieldwork in 1989 and 1990, has since widened further. Contrary to the cherished policy view of rural society on Java as a communal-oriented social order based on patronage and reciprocity between strong and weak, our perception of the processes at work is that polarization and exclusion should be emphasized. The growing inequality in the late 1980s and early 1990s has been acknowledged insofar as widening rural-urban disparities are concerned (Booth 2000a: 89). Nevertheless, the fallacy continues that the striking divide between rich and poor is mainly due to the concentration of wealth in the primary cities.

Similar stark contrasts in levels of welfare, however, can be found within the countryside. More noticeable than the reduction of deprivation in the landpoor and landless milieu is the newly gained wealth of the rural elite. That affluence is expressed in the conspicuous lifestyle of a fairly small cluster of notable households among whom most of the village’s capital assets, both agrarian and non-agrarian, are concentrated. Little light has been shed on the size and identity of the orang kaya baru, a privileged social formation owing the elevation of its members to their role as local agents of the New Order regime, which has consistently opted for a ‘betting on the strong’ development policy. In an essay based on his fieldwork in a West Javanese village, Antlöv has highlighted the features and functions of this intermediate class between the state and the people. His observations fit into a more general pattern.² This set of local notables has been an important instrument in the control of law and order over ‘the floating masses’. Their subordinated loyalty to higher powers has guaranteed that organized

² ‘Through a strategy of ‘civilian patronage’ the Indonesian government has recruited nearly all local notables and leaders into state functions….These leaders-cum-state-clients are expected to be loyal to the government and to promote extension programmes and state directives faithfully. In exchange, they get privileged access to credit schemes and government programmes, and the ideological support of the higher authorities in their search for increased wealth and power’ (Antlöv 1999: 191).
resistance from below could not erupt and that even the paltry weapons of the weak could be
pre-empted by close supervision and the registration of all acts of defiance or disobedience.
The old colonial myth of ‘village elders’ who acted as representatives of people with no voice
of their own, the *masih bodoh*, became a lever with which a base of legitimacy was created for
the exploitation and suppression of subaltern classes in the countryside. Progressive
landlessness in the recent past was not merely a consequence of ever-increasing demographic
pressure on agrarian resources, but also of the fact that the large majority of households in
North Subang and East Cirebon were excluded from cultivating land. The Basic Agrarian Law
introduced in 1960 was never implemented. In fact, this effort to ensure the more equal
distribution of land by imposing a ceiling to ownership became a bone of contention which
ended in the military takeover of 1965.

It is against this background of a progressive divide between rural rich and rural poor that we
need to understand the impact on village Java of the economic crisis which started a few years
before the end of the last century.

*Krismon in the village*

After the crisis broke out most circular migrants from North Subang or East Cirebon started to
come back from Jabotabek. In the last months of 1997 those who returned were mainly
construction labourers laid off instantly because work had suddenly come to a halt. Many did
not even receive their final pay. Subsequently, the price explosion in early 1998 caused many,
although not all, of the self-employed petty traders to return home because their daily sales
and profit margins had fallen beyond the critical level. Additionally, the intermittent street
riots that broke out in the cities at the end of the New Order regime, scared them away. Rather
less than half of this mobile workforce tried desperately to hang on to whatever they were
doing in the urban economy. They continued to pay their recurrent visits to the village and
stayed perhaps a little bit longer, but were nevertheless anxious to go back to Jabotabek in
order to keep in touch with their shrinking occupational niches. Among the minority who had
managed to find semi-permanent work in the lower echelons of the formal sector in the
metropolis some were dismissed forthwith, usually without any severance pay, while the few
who were able to prolong their employment had to accept fewer hours of work or lower
wages. In view of the persistent contention that the urban middle class bore the brunt of the
crisis and that their lifestyle was impaired more than that of any other class, it is noteworthy that out of all the migrants who were forced back to the village not a single one had been employed as a domestic servant. Prostitutes, however, were among the repatriates.

What employment opportunities were available for workers who were pushed back into the rural economy? Hardly any. As it turned out, agriculture was not directly affected by krismon. In the wake of the enormous hike in rice prices that consumers were made to pay from early 1998 onwards, farmers received a much higher floor price, on average twice the amount per quintal which they had received for their last harvest. In terms of the net result, however, they came out no more than even at best since the cost of inputs increased by 300% for fertilizer and by 700% for pesticides (for similar observations, see Hardjono 1999: 3 and Ahmed & Dhanani 1999: 26).

Could the workforce expelled from the urban economy be reabsorbed into agricultural production? Over the years cultivation has, if anything, become less labour-intensive. Members of the large majority of landpoor and landless households were progressively pushed off to other economic sectors, usually outside the village. In many cases they combined such off-farm activity with ongoing participation in field operations at the peak of the agricultural cycle, particularly harvesting. Staying on in the village for the time being implies that their urban income has largely or fully ceased, but it does not mean that these erstwhile migrants have found significant employment in agricultural production. From occupational multiplicity their economic status has changed, not into a purely agrarian one, but into part-time unemployment. The idea that workers who have repatriated to the countryside can be reinserted into agriculture seems to overlook, in the first place, the simple fact that they initially constituted a redundant part of the rural labour force, thrown out of the prime economic sector because of lack of sufficient income opportunities in tilling the land. In the second place, it is misleading to assume that all ex-migrants were either willing or able to reduce their vulnerability by engaging in agricultural work. In only a few instances did we find that repatriates managed to get access to land as self-cultivating producers, i.e. as owners, tenants or sharecroppers. We have already made it clear that most men and women who took up employment outside the village were members of landless households when they became circular migrants. Not all of them opted to seek occasional employment as agricultural labourers on their return home. The younger generation in particular, although born and bred
in the village, claimed to have no knowledge of field operations, or even said openly that they found such work demeaning. A more important reason than lack of familiarity was the farmers’ preference for what they called ‘genuine’ agricultural labourers with whom they were accustomed to work, and who had gone to Jabotabek only in the slack season, if at all. The closed field system practised in East Cirebon caused ex-migrants, who were ready to accept whatever they could find, to be excluded from harvest work.

Could workers who had become obsolete elsewhere turn to non-agrarian sources of income in the village economy? Again, such niches were few and far between or, to the extent they had existed, were also forced to shed labour due to the economic crisis. In East Cirebon, a fall in demand forced the formerly booming brick industry to reduce production. Several small owners had to close their works because they were unable to mobilize the necessary capital to remain in business. Under such circumstances it was nigh impossible for returned construction workers to find employment as brickmakers, partly due to their lack of technical as well as mental aptitude. Brick manufacture is teamwork, involving the labour power of the wife and one or more children. The quite different employment modality to which the ex-migrants were accustomed, almost all males, made them inclined to eschew such work as not gensi, or below their dignity. At best they allowed themselves to be hired as casual hands for carrying bricks from the oven to the roadside, or as members of small transport gangs accompanying trucks as loaders-unloaders and searching around the countryside for paddy husk to be used in large quantities in the burning process.

Otherwise, transport did not provide an outlet for the redundant workforce. Pedicabs have increasingly been replaced by angkot, small vans that carry passengers more quickly and more cheaply from the village to the neighbouring market town. Young men who own motor cycles ferry passengers on their back seats, but lack of customers and fierce competition cause ojek operators to remain inactive for the best part of the day; they usually hang out together at various meeting places. Petty trade is another occupational niche of the last resort, but newcomers who have become jobless find it difficult to start up any business without at least a small amount of capital. Exceptions are squalid trades such as collecting waste, i.e. old paper, plastic sheets, used bottles and tins, and the buying and selling of secondhand goods. Local services and tradesmen operating from fixed sites have dwindled, an effect of the loss of income earned outside the village. Many warung, the smaller in particular, have closed.
because of lack and loss of capital. The clientele were accustomed to buy on tick (bon) and would settle their debts whenever the men came home from Jabotabek. Owners of big tokos also tried to cut down on credit and refused further sales when the debt rose above 100,000 rupiah. This was already much more than small shopkeepers could afford, and those who were still in business reduced both their stock and their profit margin. At the worst of the crisis they stopped selling rice in order to avoid having to supply this most common daily consumption commodity without cash payment.

In North Subang, many households have managed, at least partly, to compensate the consequences of unemployment and impoverishment by sending young female relatives to work as domestic servants in Saudi Arabia or Malaysia. By August 2000, female emigrants contracted as tkw (tenaga karya wanita) for a two year period numbered nearly sixty. The sharp fall in the exchange rate of the rupiah has made working as a maidservant far away from home a very attractive option. These women remit or bring back with them sizeable amounts of money, up to 25 million rupiah, although considerably less if they had to take out loans to pay for the cost of recruitment. In low-income households, most of such savings are spent on daily necessities; those who were already better-off before their departure build new houses, buy ornaments and other high-expense consumer durables, and are also able to budget more productively, for example by renting in land. In several cases these married or unmarried women have become their family’s main breadwinners, and soon after their return home leave again for a second or even third time. The stigma that used to be attached to domestic service is still there, but apparently does not apply to foreign destinations. This change in view is reflected in the growing numbers of women from well-to-do families who are willing to be recruited. On the other hand, low-class households these days have difficulty in borrowing the increasing sum of money required to go abroad. There is little open discussion of the negative side of sending young females away from home to employers with whom they find it difficult to communicate and who make them work for very long hours in a milieu of subordination. The more ugly consequences are there for everyone to see: divorce in the case of married women, babies and children growing up without the care of their mother, and the not infrequent instances of return before the end of the contract because of rape or other forms of abuse.
When the crisis deepened in North Subang and East Cirebon the sliding scale between employment and unemployment was of striking importance. The idea that unemployment is a phenomenon to be found only in the formal sector of the economy is misleading, held by economists who do not fully comprehend the intricacies of informal sector work modalities on the basis of knowledge gained by observation from close quarters. Conventionally, the cutting edge of the distinction is softened by referring to underemployment. And indeed, this was precisely the predicament in which we found a very large part of the male and female workforce in our fieldwork villages at the height of *krismon*. In July 1998, 40% of all heads of households in both localities had not been involved in gainful work ‘today’ and roughly the same applied to ‘yesterday’. ‘Gainful’ was understood as including work that lasted for more than one hour, also when no cash wages were paid but only allowances in kind, such as meals in return for tasks done on behalf of employers or relatives and neighbours. Even on these two consecutive days, the pattern of economic activity among respondents showed remarkable fluctuations, so much so that to collect data based on a longer recall period would have resulted in information of questionable validity. There were also the somewhat older men, most of them ex-migrants accustomed to working as casual labour in the construction industry of metropolitan Jakarta, whom we have included without hesitation among the openly unemployed. They said that they were quite willing to return to their earlier work sites and that, in or around the village, there was nothing for them to do. ‘Waiting at home’, was how they summed up their current work status. In contrast to the fatigue shown by middle-aged workers among the tribe of circular migrants, the younger generation refused to give up hope and continued to search for work at some distance from the locality. Lacking any better alternative, their desperate sorties did not seem to discourage them from continually trying to land a job, however short it might last.

On my return in August 2000 for a final trip to the fieldwork sites in West Java, good news awaited me in Jakarta. On my usual round along the offices of international and national agencies dealing with the economic crisis, I was invariably reassured that the worst was definitely over and that recovery had already set in over a year earlier. Indeed, petty traders from North Subang were back on the streets of Jakarta and the surrounding satellite towns, selling their *goreng* (fried cassava and plantains). They complained, however, that daily transactions were much fewer than before *krismon*, and that they could peddle their wares at prices only slightly higher than those of the cost of the ingredients. As a result, the amount
that they take back to the village every few weeks is far below the level of their earlier savings. In East Cirebon the brick industry has also picked up, stimulated by the building of houses paid for with the money that young women have earned abroad. A little construction activity, mainly repair work, is again going on in Jabotabek. However, contractors and mandur, or bosses of labour gangs, still vainly await to complete the big projects that were often left in an unfinished state on the outbreak of the crisis. What we found in East Cirebon seems to be a standard pattern: young men going on short expeditions to Jakarta. Bus conductors on the journey to the city know that their customers are short of cash and charge less fare for going than for coming back. On arrival, the migrants find accommodation in one of the many hostels adjacent to the sites of possible employment. The sleeping place is free and the pondok owner provides food on credit until the workers manage to sell their labour power for a couple of days or weeks. When the waiting time between these petty jobs becomes too long, the migrants have to leave with hardly any money to pay the fare back home.

On the basis of these empirical findings, I conclude that the flexibility that many economists proclaim to be such a remarkable feature of Indonesian labour markets is much exaggerated (Manning 2000: 106, 121). The simple truth is that many people have not been able to find new jobs since being thrown out of waged work, either in the formal or informal sector of the economy. There are some signs that circular migration along the arteries from Java’s hinterland to the main cities and surrounding zones is starting anew, but the trek will remain below par for a long time to come. In my opinion, the pattern of long-distance work migration at present, that is, the end of summer 2000, more than ever reflects a serious lack of gainful employment at rural points of departure rather than that it indicates a rising demand for labour at urban points of destination. Many industrial establishments in Jabotabek’s formal sector are still in shambles, and the concomitant spillover is a low level of activity in the manufacturing, trading and servicing sectors of the informal economy as well.

**Impoverishment**

In addition to the loss of employment the real wages of the working class collapsed by a huge 40%. This downward spiral occurred in all sectors, even more harshly in the informal than in the formal economy. It has correctly been pointed out that the collapse was less severe when
wages continued to be paid partly or wholly in kind, as for instance in agriculture during harvest time. Nevertheless, according to Papanek and Handoko, real wages for agricultural labour fell by 40% all over Java between June 1997 and September 1998. Although a slight recovery occurred in subsequent months, these authors conclude that in the first quarter of 1999 the real wage level in agriculture was lower than it had ever been since 1976 (Papanek & Handoko 1999: 4). In their calculations, the fall during the crisis in real income for workers engaged in bricks and tiles was even bigger, 43%. For the brickmaking men, women and children in East Cirebon it cannot have been less. While there is no doubt that the loss of jobs has been of overriding significance for construction workers, real wages in this industry show the same dynamics as in other trades, i.e. a massive fall. Nominal daily pay indeed rose on average by 15 to 20%, but the waves of inflation in 1998 in particular meant that that rise could not even begin to match the rapid decline in money value. Irrespective of the subsequent reduction in the rate of inflation, in mid-1999 the real earnings of workers in industry and agriculture and all other economic sectors may still have been 40% lower than the pre-krismen level two years earlier (Ahmed & Dhanani 1999: 22).

My estimate is, that between mid-1997 and mid-1999, the gross local product contracted by roughly one-fourth in East Cirebon and by rather less than one-sixth in North Subang, where the negative impact of the economic crisis was moderated by the inflow of tkw remittances. Loss of employment, in combination with the decrease in real income, led to a sharp fall in living standards. The purchasing power of households with few if any capital assets decreased very sharply. People were aghast when, as a result of the policy decision imposed by the IMF and the World Bank that the subsidy on consumer rice should be eliminated, the cost of this staple exploded. The shop price per kilogram of 800-900 rupiah in June 1997 shot up to 2500 rupiah and, for a short time in late 1998, rose to even more than 3500 rupiah. Since that peak, the price has stabilized at 2100-2200 rupiah per kilogram beras, but that is still two-and-a-half times higher than before krismen. The provision of cheap food had been an inevitable concomitant of the extremely low wage rate for a very large part of the labour force. Apparently, nobody had bothered to think how the living standard of working-class households was going to be affected by the price explosion for basic needs.

In our fieldwork villages we witnessed what several other commentators have also noted, namely, that the cost of food consumption rose more rapidly than that of non-food
consumption. This basically meant that the poor were harder hit by the runaway inflation in 1998 than the non-poor. People with the smallest budgets saw their food expenditure increase to over two-thirds to three-quarters of their total monthly income. Frequently, such households had no money left for anything but rice. Even then, they could not afford to buy the same quantity as before. The idea that rural dwellers live in an environment where food is produced does not make adequate allowance for the plain fact that the village economy is thoroughly monetized. Most economic transactions among inhabitants are in cash only. Certainly, agricultural wages at harvest time are settled in kind, and on days of employment artisans as well as various service specialists usually receive prerequisites such as meals, drinks and cigarettes, in addition to their cash remuneration. This does not detract from stating the fact that, for the better part of the year, most people in North Subang buy their food requirements (including rice) in the local shops; in East Cirebon this even applies to nine out of ten households (see also Hardjono 1999: 25). The crisis does not seem to have led to de-monetization, as happened during the economic recession in the late-colonial era.3

The economic recession has had a differential impact on social classes among the village population. This contradicts the World Bank’s argument that, although poverty and living standards have been adversely affected, the impact on distribution may well have been positive. Estimates published early in 2000 suggest that the Gini coefficient fell slightly between 1996 and 1998 (World Bank 2000: Table 6.2, quoted in Booth 2000b: 13). Several commentators suggested that krismon had an equalizing effect on people in various walks of life. In these representations of the popular mood emphasis was laid on the crisis as a shared experience, strengthening rather than weakening cohesion in society (Jellinek & Rustanto 1999. Again, this was not our finding in either North Subang or East Cirebon. While the fruits of economic growth were mainly digested by affluent households in the two villages during the years preceding krismon, the brunt of the current malaise is borne out of all proportion by the far more numerous households in the lower echelons of the local economy. The net outcome has been a further impetus to the already wide income disparities existing between top and bottom. Booth presents nationwide figures for 1998 showing that upper-income households in

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3 One of the most interesting temporary changes to be observed during the 1930s was that monetization, a long-term process that by 1929 had reached a rather high level, was all of a sudden reversed. Barter took the place of selling and buying for cash, wages were no longer paid in cash but in kind, or mutual help took the place of wage-labour’ (Boomgaard 1999: 7).
urban society had a disposable income per capita over nine times that of the poorest in rural society, i.e. farm labourers. She adds that, in view of the higher incidence of inflation on lower income budgets, the gap could well have been greater (Booth 2000b: 13). Investigating rural households between April and May 1999 in a corridor close to our own fieldwork villages along the northern coastal plain of West Java, Hardjono found that people at the top of the income scale were seven times better off than those at the bottom (Hardjono 1999: 15). In North Subang and East Cirebon rich families appear to have increased their distance from the poor. The average ratio separating the least and most prosperous deciles, a magnitude of 1:7 in 1989/90, rose to more than 1:10 in 1998.

Has the employment squeeze induced by krismon led to increasing competition among job-seekers or, conversely, to a division of work and earnings in line with the notion of shared poverty once so popular among colonial policy-makers? At the end of the 20th century the village on Java can less than ever before be characterized as a homogeneous peasant community (Breman 1980). Although circular migrants have never renounced their rural identity, the social fabric within the local community is both looser and more contractual than previously, due to the strong external orientation of the younger generation among the inhabitants. Petty traders and construction workers who went away to Jabotabek returned to the village once monthly or so, but kept a low profile outside the domain of their own household. They played little part in the cycle of rituals and festivities or institutionalized arrangements such as prayer meetings, which give meaning and articulation to the collective dimensions of a locality.

The absence of a communitarian ethos is emphasized by class lines that divide households according to their level of welfare. Such socioeconomic boundaries, of which housing quality and the possession of durable commodities providing material comfort are good indicators, have become sharper and more visible. These demarcations expressing modernity owe their weight to new lifestyles shaped by consumption patterns that originate in the urban milieu. As krismon deepened it became clear that many more inhabitants of North Subang and East Cirebon had sunk below the poverty level. Was their immiserization alleviated by cash or transfers in kind from the more well-to-do households? Such social security arrangements, said to have been characteristic institutions of rural Java in the colonial era, are nowhere in sight. Their disappearance is certainly not a recent phenomenon. Hayami and Kikuchi, who
included North Subang among their sites of investigation in various parts of Southeast Asia at the end of the 1970s, maintained that the poor and the rich in the kampung shared equally in the gains of the green revolution which raised production and productivity per land unit (Hayami & Kikuchi 1981: 207). Neither Pincus nor I were able to confirm that conclusion in our successive researches in the same locality (Breman 1995; Pincus 1996). We both concluded that the trend was not only towards increasing inequality, but also that relations between the few landowning and the many landless households could not be expressed in the patron-clientele paradigm which, at least in the minds of the two Japanese economists, was still the organizing principle on which the political economy of rural Java rested. In fact, our predecessors in these village-based investigations drew attention to the lack of mutual help and insurance systems along vertical lines. If anything, the social and economic bonds connecting the better-off segment of the population with the impoverished households at the bottom of the village economy have since become more shallow in substance and duration. The orang kaya baru have decided to liberate themselves from all sorts of ‘traditional’ obligations which stressed norms of reciprocity. They do not seem to consider the deprivation around them, which is in such sharp contrast to their own wellbeing, as an unfortunate and intolerable human condition to which they were morally obliged to respond with support and protection.

The prolonged and recurring absences from the locality of many workers belonging to low-income households must forestall any possible claims to share in whatever is left of the common good in the dire times that have now reappeared. Antlöv has recently argued that a moral community based on intimacy and social order still lingers somehow in his West Javanese fieldwork village. He concedes, however, that to the extent it still exists, this distributive ideology comes close to a mere facade behind which assertions of equality are essentially rejected (Antlöv 1999: 198).

Do the well-off in North Subang and East Cirebon also suffer from the economic crisis? Although our informants in the elite milieu emphatically insist that they are affected much more than the poor, we find it difficult to accept the veracity of such statements. There are no indications of any remarkable changes in their lifestyle. Members of better-off households complain in the same way as the less privileged about the price explosion, but do not seem to have cut down on their daily expenditure. Their quantity and quality of food intake is the same as it used to be, and they do not economize on non-essentials such as snacks, soft drinks,
cigarettes, cosmetics, clothing, etc. We did not come across instances where they have been obliged to dispose of consumer durables because of acute distress. If some have sold ornaments, it was because the rising price of gold made it attractive for them to cash in on earlier investments. It is difficult to perceive whether or not the value of their property has kept up with the depreciation of the rupiah. Respondents among elite households showed anxiety about the career prospects of their educated children, however, and were concerned lest sons in particular should not find employment appropriate to their level of schooling. Nonetheless, they did not impress us as being unduly worried about declining living standards for themselves or their offspring, let alone about any eventual drop into the ranks of the poor.

Have the impoverished households no social capital at all that they can mobilize in case of acute need? They are certainly not without a modicum of support, but the networks in which they operate usually have a smaller reach than those of the well-to-do and, moreover, run mainly along horizontal rather than vertical lines. The safety net surrounding the poor consists predominantly of relatives, friends and neighbours. Kinship ties in particular are an important channel for redistributing whatever income and employment can be pooled between or even within households. The problem, however, is that poor people tend to be related to kinsmen who are equally deprived, implying that the capability for sharing the meagre resources at the bottom of the local economy is quite limited.

Manning is one of those mainstream economists who seem eager to give a positive interpretation to what they are apt to call the ‘crowding’ of labour in the informal sector of the economy. In describing this phenomenon in his various reports on the social impact of krismon, he emphasizes ‘flexible employment and income-sharing arrangements’ (Manning 2000: 131). This jargon is meant to convey a kind of solidarity among those who are the principal victims of the economic crisis, that is, all those who have lost their employment, wholly or partly, and with it their major source of livelihood. The implied notion of solidarity is even stronger when explicit references are made to the culture of ‘shared poverty’, a state of mind that is supposed to have been a prominent feature of the Javanese peasantry, portrayed as a rather undifferentiated lot, during as well as after colonial times. I would add the rider that this cultural norm does not claim that those who are vulnerable have, for that very reason, a prior right to support. The basic assumption of ‘shared poverty’ is one of homogeneity and, in that context, the need to divide the spoils evenly.
Can the economic behaviour of the working poor in North Subang and East Cirebon at the outbreak of krismon indeed be understood in this stylized manner? Paramount to the idea of such a strongly sanctioned code of conduct that is accepted by all and which acknowledges that everyone, in supreme disregard of the ever-growing number of people seeking to be accommodated, should be given equal access to the scarce quantity of available resources is, of course, the absolute prevalence of a normative willingness to share. Such a situation is not a feature of social life in our fieldwork villages. Firstly, there is no legitimate way by which the non-poor can be held accountable for their refusal to come to the aid of the underprivileged majority living in the same locality. Secondly, in the milieu of the poor any sign of at least a horizontal type of solidarity is also non-existent. At the height of the crisis, when work and income were extremely difficult to find, people were indeed in daily competition for the few available jobs which could in no way accommodate all those who sought employment. For example, elderly men were made to understand that they should not join gangs waiting to load and unload trucks; young men hastily grabbed hot bricks straight from the oven with their bare hands and carried them running to the roadside, thus trying to outdo their equally assertive competitors; finally, becak riders fought a regular street war in East Cirebon to resist the intrusion of angkot into their domain.

**Growing inequality**

While most high-income households managed to adhere to their strategy of accumulation and a good number among the middle-income households faced severe problems in realizing their strategy of consolidation, those at the broadened bottom of the village economy had to rely on the strategy of sheer survival. In this last category, to which in mid-1998 the majority of inhabitants of North Subang and East Cirebon belonged, coping mechanisms were structured more or less in successive stages, from the moment the crisis broke out until the deepening of the shock when costs of daily necessities spiralled beyond the budget of most households. In the first instance, of course, all savings that had been stored in one way or another were consumed, a drain which was soon completed. Simultaneously, the people cashed in on all possible sources of credit: shopkeepers, moneylenders, neighbours and friends. This option was also quickly exhausted.
The second phase was one of disaccumulation, i.e. pawning or selling valuable goods. This was only possible to a limited extent since many poor households had always been living beyond their budget and had often purchased new or secondhand commodities on credit. Unless all instalments had been duly paid, such items had to be returned to the original seller or moneylender, usually without compensation. As was to be expected, ornaments such as earrings or bracelets were paramount on the list of disposable goods, and agents of the urban-based toko mas roamed the countryside collecting whatever gold was now for sale. Next went TV sets, radios and cassette players, but also furniture, crockery and clothes. Apart from consumer durables, means of production were also traded in for cash: bicycles and motorcycles, pedicabs and handcarts, a bascule or pikul. The saddest distress sale that we heard off concerned a toolbox. The former owner, a middle-aged carpenter, told us how he had struggled for many years to bring together its contents, a variety of tools which enabled him to raise the price of his labour power. The man realized that once the building industry started again in Jabotabek, he would have no alternative but to go as k’neg and no longer as the skilled craftsman that he is.

Cutting down on food consumption was an early priority. Initially, this was restricted to doing away with laupauk, all that goes together with the main dish of rice. Subsequently, not only were proteins taken out but the quantity of staple consumed also lessened. Households with few working members reduced their meals from three to two, while people who had no productive power whatsoever, had to make do with one meal a day. The evidence from our fieldwork villages shows that the Minister for Food and Agriculture in no way exaggerated when, in Autumn 1999 he went on record saying that 17.5 million families could still not afford to eat twice daily (Booth 2000b: 19).

Living from hand-to-mouth caused the occasional avoidance or even open refusal of claims by old-aged parents, living apart, for the regular assistance that they formerly received from their children in cash or kind. It further meant that investments to improve and dignify the future quality of life had to be abandoned. This was the inevitable course of action to which the large majority of impoverished families were forced to resort. By not celebrating minor lifecycle events in their own household and by inviting fewer guests or, alternately, by not attending ceremonies and rituals held in the neighbourhood, people were able to minimize or avoid expenses they would otherwise have had to incur. To include such costs in the category of
non-essentials, however, ignores the fact that the decision to refrain from such expenditure scales down the investment of social capital needed to keep intact networks through which economic resources are mobilized.

Economies in health costs were achieved by not seeing a doctor or paramedic at the primary health centre and by using palliatives instead of patent medicines in the attempt to remedy ailments. Serious diseases which could have been brought under control at an earlier stage, were aggravated due to the lack of timely professional aid. Hospital care was far beyond the reach of poor patients who were cut off from their usual sources of credit on which they would otherwise fall back in case of emergency. As for education, early predictions that school-going children would drop out *en masse* did not materialize. At least, not at the primary school level. Although the official decree abolishing entrance fees for public schools was disregarded without discussion in North Subang and East Cirebon, parents tried to pay whatever they were charged. Over the year this represented quite a sizeable amount of money. Many families could ill afford to do it but, in one way or another, they persisted as far as elementary education was concerned. They were unable, however, to send their children to lower and then higher secondary school. At that stage parents were confronted not only with much steeper school fees and far more expensive school uniforms, but also had to bear the daily transportation cost to and from school. Barely literate, a very large part of the new generation faces a future in which the modest skills in which they have been formally instructed will only qualify them for the sort of low-paid work that has kept their parents in poverty for most of their lives.

Frustrated by being unable to provide the daily income required for even a minimal living standard, men have deserted their families, saying nothing of where they would be seeking employment or simply returning to their own birthplace. Young couples, whether on the basis of agreement or conflict, have broken up their households for the time being, each returning to their parental home.

Finally, *krismon* has helped to create insecurity in the sense of a threat to law and order. The food riots that broke out in the wake of the price explosion early in 1998 were an expression of popular discontent. The street violence, however, soon turned into attacks on shopkeepers of Chinese descent who dominated the *pasar* trade in small towns such as Pamanukan and Sindanglaut, the commercial centres for North Subang and East Cirebon respectively. The
looting and burning of their shops were wanton acts which may well have been committed or instigated by elements close to, or even from within, the New Order regime. In retrospect, the downfall of that authoritarian rule was hastened as a result of these riots.

Once the legitimacy of the state had successfully been contested, criminality did not abate. Petty crime has become a problem even within the village. Thefts of bicycles, but also of chickens or goats and even of clothes hanging out to dry, show that such crimes are not always committed by outsiders who, anyway, are beyond the pale. Disgruntled at not being able to find suitable employment, young men take to drinking and other ‘bad habits’, which they finance by committing harvest thefts in nearby villages or by extorting money from people who travel by motorcycle or car along the highway. When caught in such pilfering, the more rowdy among them turn aggressive. Feelings of mutual distrust reflect the erosion of the cohesive forces that formerly held village inhabitants together in what appeared to be a common front. Local authorities now increasingly have to cope with the problem that the spirit of commonality which they keep trying to impose is no longer endorsed by the people.

The dynamics of welfare and poverty in North Subang and East Cirebon are summed up in a time perspective in Table 1. Deprivation is a relative term and, of course, has not remained constant over the years. The state of welfare and poverty enjoyed or suffered is not merely a matter of temporal perception that can be deconstructed by finding out how respondents reflect on their economic condition ‘then’ as compared to ‘now’, and vice versa. Experiences of changing levels of welfare relate equally if not more to the widening diversity in living standards among households within the same habitat.
Although prior to krismon the percentage of families in our fieldwork villages living below the poverty line was much higher than shown by official statistics, many more people sank into deprivation once the economic crisis started in mid-1997. Our findings are actually very similar to those reported by Hardjono on the basis of her investigations in the same period, and carried out close to North Subang and East Cirebon. Her empirical research in a rural corridor along the northern coast of West Java, stretching from Purwakerta in the west to Cirebon in the east, show that in April-May 1999, out of a total of 455 households, four-fifths had dropped below the level that she had fixed as the poverty line. They were unable to pool a monthly income of 350,000 rupiah, needed to satisfy the daily minimal requirements for five to six members per household on average (Hardjono 1999: 15). In fixing the poverty line in our fieldwork villages during 1998-99, we used the somewhat lower income of 250,000-300,000 rupiah per month, albeit for fewer members (an average per household of 3.4 in North Subang and 4.7 in East Cirebon). According to our calculations, around two-thirds of the inhabitants in our fieldwork villages were living in poverty. A uniform label for such a large majority would disregard the sharp divides that exist even among the lowest ranks in the countryside. To draw attention to those distinctions, I have introduced the sub-class of ultra-poor, characterized by a condition in which they have hardly any means of production or none at all, and are also starved of access to any means of consumption. Their misery is intense and tolerates no cash expenditure other than on food. Such underprivileged individuals or families have always been present, consisting invariably of all those who had lost any former capability to work: men and/or women in old age, physically or mentally disabled, and female-headed households with small children. This category has been swollen by the recent influx of workers who can sell their labour power only occasionally instead of regularly, and even then, are paid wages that are barely sufficient for survival. Hardjono found in her survey that this extremely vulnerable segment accounts for not less than one-fifth of all households; my calculations show that the percentage of this residual category at the rural bottom is somewhat higher.

The data presented in Table 1 contradict reports suggesting that krismon has levelled out former disparities in income (Suryahadi et al 2000: 29-30).\footnote{Some of the authors referred to in my paper have managed, within a short space of time, to co-publish articles that express opposite views about rising or falling levels in income inequalities (see e.g. Suryahadi, Sumarto, Suharno & Pritchett, March 2000: 29-30; and Skoufias, Suryahadi & Sumarto August 2000: 107-08). Such} I want to repeat, however, that
from the start of the economic malaise, inequalities have increased rather than decreased. How, then should we interpret the hopeful news that since the beginning of 1999 the crisis, in the phrasing of economists, has bottomed out? No doubt some recovery has taken place in various branches of urban and rural economic activity: a turnaround for the better which has somewhat reduced the incidence and intensity of poverty. Nevertheless, the conclusion that the worst is over and that for most people currently living in deprivation poverty is a transient phenomenon, needs to be qualified in several respects. Firstly, it is too early to suggest that the magnitude of poverty is in the process of falling back to pre-crisis levels. Second, job opportunities have not increased across all sectors, whether organized on formal or informal lines, but only in particular branches of economic trade and industry. The resumption of construction in Jabotabek, for instance, is still mainly limited to the building and maintenance of private housing. For the army of navvies waiting in the rural hinterland, employment prospects in August 2000, the latest round of our research, were almost as dismal as during the previous one-to-two years. Third, although real wages have started to rise, they are still about 30% lower than before the crisis (see also Dhanani & Islam 2000: 15). As has been pointed out, Indonesia has returned to a type of economy in which labour is superfluous to demand, a trend that is of major significance to the structure of the labour market (Feridhanusetyawan 1999: 3). Fourth, instead of frittering away time in the countryside or going on short trips to the metropolitan zones where jobs remain in scarce supply, the younger generation among the huge and growing rural reserve army desperately searches for better options. In North Subang in particular, youngsters have set their hopes on employment abroad. Malaysia is a much preferred destination since that country can be reached without official and expensive permits. Increasing numbers of the male workers risk travelling illegally, while most young women are recruited on legal two-year contracts. Applicants for factory jobs in Taiwan or Korea require a secondary school certificate, but there is another reason why boys and girls from lower-income classes cannot apply for such work contracts. Only well-to-do parents are willing and able to invest the money, 16 million rupiah in mid-2000, that has to be paid as cost of recruitment prior to departure. It is a sad comment on the state of labour in Indonesia that workers without skills are considered for employment abroad simply because they can be fobbed off with lower wages than the workforce in most other parts of Asia. Contradictory observations seem to illustrate the fluidity in the minds of researchers rather than the real life situation.
Policy-makers who in the past have understated the magnitude of poverty for reasons of political convenience, seem inclined to continue to do so. After all, empirical studies that conclude that the majority of the rural population subsists below the poverty line could be seen as illustrative of the need to redistribute the resource base of the economy. In a rural context, that objective must inevitably include land reform. This was not how the New Order policy-makers wanted to address the poverty issue at all. Their successors – if indeed they are successors – talk more about increasing the productivity of the poor than about giving them access to the means of production that will enable them to do so.

Finally, the shock with which krismon made its impact felt towards the end of the 20th century, should not allow us to overlook the fact that people many trapped in a survival strategy at the bottom of rural Java have been exposed to economic crises several times before, if not throughout their working days. ‘Krismon? I have known krismon all my life!’ was the forthright reply when I questioned an old woman regarding the past and present state of her landless household.

The social safety net that failed

As the economic crisis took much longer to bring under control than had initially been expected, it had to be decided whether or not a state-sponsored system of social provisions should be introduced to provide even minimal cover for the increasing numbers falling below the poverty line. Initial reactions in policy circles were negative. A non-subsidized scheme had operated only in the formal sector of the economy, financed with compulsory contributions by employers and employees. Due to large-scale fraud practised for many years by the management of the Jamsostek (Worker Social Security) fund, many workers dismissed at the outbreak of the crisis received little if anything of the savings they had been compelled to make. This misfortune must have reconfirmed the dominant view that Indonesia sadly lacks both the economic wherewithal and the administrative transparency considered pre-conditional to sponsoring an all-inclusive state-backed programme of social welfare. Following these critical appraisals came the optimistic message that the countryside had no need of such schemes, since ‘….rural people have access to a greater range of coping strategies, including extensive family networks, subsistence farming and work in the informal sector’ (Van Diermen & Manning 1999: 144).
In opposition to those who argued that informal arrangements, to the extent that they existed, would be totally inadequate for helping the poor to deal with their loss of income and the rising prices of basic needs, other observers warned against doling out assistance which would be cost-free. These and more dominant voices exhorted the Indonesian government and major international agencies not even to explore that option because, once introduced, it would be very difficult to discontinue public provisions to which people had become entitled. Proponents of economic policies in favour of the unfettered interplay of free market forces even postulated that the informal sector had no need of welfare and social security programmes. Such interventions were said to be counter-productive, since they would destroy ‘…the dynamic mini-communal-capitalist systems currently being created by the people for themselves’ (Jellinek & Rustanto 1999: 2).

In their early 1999 report, based on a quick tour around urban and rural Java, these authors prescribed the good old medicine of reliance on hard work and individual initiative. With such ideological notions playing a role in the background, the more sober policy assessment was that a comprehensive welfare packet for poverty alleviation might easily lead to mistargeting and misappropriation at all administrative levels of the huge amounts of funds that would have to be mobilized for the purpose. In the full awareness that such waste on a very large scale would be difficult to avoid, steps were nonetheless taken to set up a Social Safety Net Programme (Jaring Pengaman Sosial, JPS), with the economic and political objective of redressing the immediate threat to the livelihood of massive numbers of people. This was because the phenomenal price increases of all basic needs, triggered by the withdrawal of subsidies on consumer rice under the strong pressure of international agencies, gave rise to alarming explosions of popular discontent in large cities and small towns throughout the country. The possibility of further food riots resulting in political turmoil that might become unmanageable, motivated the authorities to change their stance. They now started to persuade foreign donors to underwrite the cost of the ‘return to social security’ operation.

5 The authors gave their populist language an undiluted social-Darwinistic twist when they argued that ‘…the crisis has forced people together to overcome their poverty. Poverty, where the poor are lazy, incompetent, stupid, spendthrift, unable to think about the future and unable to organize, has been wiped away by the crisis. It has forced them to work together to overcome their difficulties.’ (Jellinek & Rustanto 1999: 33).
Ultimately, even the provision of ample loans by the IMF and the World Bank failed to shore up the dwindling legitimacy of the New Order regime. To maximize the inflow of ‘donor dollars’ there was an urgent need for fresh stocks of data that would reflect the escalating dimensions of the poverty problem. Their production was entrusted to the National Family Planning Coordinating Board (*Badan Koordinasi Keluarga Berencana Nasional, BKKBN*). Field staff at the sub-district level supervised door-to-door investigations which classified all households into five categories, dependent on their state of welfare. In the course of our empirical research, we checked on the procedures for collecting and processing these data by local officials in the village and at the sub-district level.

The number of households that had fallen below the poverty line rose abruptly and hugely in autumn 1998 because government needed to ‘update’ the figures in order to increase pressure for massive foreign loans. While earlier head counts had understated the magnitude of indigence, the new instructions were intended to maximize the number of people living in a state of acute deprivation. In both cases the statistical zeal was inspired by the political convenience of the moment. Just as Suharto, the father of development (*bapak pembangunan*), had produced ‘wealth for all’, statistics were now also delivered in accordance with the command-style of administration. The assumption was that no one would bother to look behind the Potemkin facade, whether past or present.

In unswerving adherence to the typical *newspeak* jargon of the New Order, in the Social Safety Net Programme the ultra-poor were identified as people in the ‘pre-prosperity’ stage. They were singled out to become exclusive beneficiaries of the Special Market Operation (*Operasi Pasar Khusus, OPK*), intended to improve the food security of this most vulnerable segment of the population. The distribution of cheap rice, at 1000 rupiah per kilo, did not proceed according to plan in our fieldwork villages. Monthly consignments were irregular, of bad quality in the beginning, and were divided unevenly among the various hamlets; inhabitants residing in and around the centre received a much bigger ration than those living on the periphery. Of much greater significance than these shortcomings, however, was the immediate and downright refusal by most well-to-do households to agree that the cheap rice should be set aside for the poor in the village. They ensured that quota were evenly apportioned among all. This mode of ‘fair and equal sharing’ also failed, however, because several of our respondents in the pre-welfare category stated that they did not have the cash –
10,000 rupiah – in hand to buy their standard share of ten kilos. This was somewhat more than one dollar, or a full day’s wage for an agricultural labourer. The rations to be distributed, fixed on paper at twenty kilos per month for targeted beneficiaries, never reached that amount and were subsequently cut further from ten to five kilos. In mid-2000 even that reduced quantity was no longer made available on a regular and timely basis.

Other components of the Social Safety Net Programme were also not specifically earmarked for the most underprivileged far below the poverty line, who were exposed to the impact of krismen. All that materialized under the heading of employment creation in North Subang and East Cirebon were some minor public work projects which invariably took the form of road improvements. Wages represented a mere ten percent of the total budget; the biggest part of the outlay was spent on raw materials and ‘overheads’ or fees nominally paid for supervision to the local authorities and to their friends. To distribute employment evenly – and here, again, the non-poor insisted on their right to share – new gangs of workers were recruited each day, with the result that, in East Cirebon, the employment period averaged no more than three or four days. In North Subang, households had to contribute their labour power in rotation and as gotong royong, i.e. without any wages at all. Only men could participate in these public work projects. Our suggestion that padat karya might also help to alleviate unemployment among female workers was not readily agreed to by local officials with whom we discussed this issue. Their argument was that, in times of crisis, public works had always been male-based. They saw no reason to change that practice; moreover, no orders had come from above instructing them to do so.

Announced as a people’s empowerment programme, a micro-finance scheme was launched for small entrepreneurs who could not afford to pay the high interest rates charged on regular bank loans. In North Subang and East Cirebon, some petty traders and shopkeepers, farmers, artisans and brick manufacturers received credit in order to strengthen their business activities. On the basis of occupational identity, recipients were clubbed together and encouraged to work with one another in a cooperative spirit. This scheme proved abortive even before it started. Firstly, apart from sharing the same occupation, the members of a group had absolutely nothing to do with one another and the assumption that they would act as partners in the same venture was senseless. Second, the loans provided were so low, ranging from 50,000 to 200,000 rupiah (6 to 15 dollars), that it was clear from the beginning that the money
would neither be spent for productive purposes, nor would it be repaid. Thus, the loans did not come back in the form of instalments needed to build up the revolving fund which the chairmen of the various groups were supposed to run. The budget, apart from being wasted in most cases on consumption, was also spent on beneficiaries who were selected not on the basis of economic vulnerability but of social proximity to the local powermongers. However small the amount of capital distributed, it went only to people who already owned assets and who were in the higher income brackets. We did not encounter a single jobless migrant or landless labourer who had qualified for receipt of the cheap credit.

The final link in the Social Safety Net Programme was meant to provide protection to impoverished households that were forced to cut down heavily on costs of health and education. To prevent them discontinuing the schooling of children or forgoing medical care, scholarships were granted for poor students and a special health card (*kartu sehat*) was introduced which guaranteed free access to the primary health centre. In East Cirebon parents were allowed to send their children to school free of charge in some cases, but this eligibility was restricted to boys and girls who continued their education beyond the primary school level. Village officials in North Subang decided to spend this part of the budget on maintenance and repair work. The allotted money was then diverted from the much-needed repair of the school building, however, to renovation of the *masjid* in the centre of the village. As for free medical care, in both localities that provision was reserved almost exclusively for old people. Although their vulnerability was mostly beyond dispute, it meant that among the working poor men, women and children in ill health could not benefit from the facility.

The total performance was thoroughly disappointing, but not unexpectedly so (see also Breman 1999a, 1999b). At the end of 1998, in view of warning signals received from all over the country, the World Bank decided to postpone a loan of another $600 million for the next round of the operation until after elections scheduled for June 1999. As reasons for doing so, the Bank listed political abuse and lack of transparency in expenditure. A substantial part of the budget disappeared in the delivery process before reaching the grassroots. A critical reappraisal now being circulated by the Bank argues that the SSN schemes were actually quite small and that, other than with *OPK*, less than 15 percent of households benefited. The document, still in draft format, goes on to say that aid distributed through public channels did play a role but that, according to one study quoted, less than a quarter of the people who were
questioned considered ‘government’ as their primary means of coping with the crisis. The conclusion drawn from these findings is that ‘…Poorly designed SSN programs can weaken both ‘informal’ safety nets of family and community relations and undermine existing poverty efforts and institutions’ (World Bank Poverty Assessment 2000: ch.2:8).

In other words, not only have the various schemes delivered under the umbrella of the JPS failed to accomplish what they promised, they were also counterproductive in the sense of destroying or damaging coping mechanisms at individual, household as well as community level. In view of that apprehension, it is not surprising that the World Bank has decided to stop funding the public provision of social security in its present shape. Expenditure for the current financial year has already been scaled down and will be phased out from 2001.

Welfare entitlements are no longer on the international agency agenda, and not only because of leakage and mistargeting. As far as the World Bank is concerned, the emphasis is again on making the poor more productive. Nothing, of course, is amiss with empowerment of the poor. The disillusionment shown by the World Bank and other foreign donors, however, is stated in rather rhetorical terms and tends to overlook the empirical evidence that, for poor people in particular, the so-called informal social security arrangements are inefficient as well as ineffective. In more ways than one, these mechanisms are inadequate to provide badly needed coverage against the ongoing impact of the economic crisis for large parts of Java’s rural population. I could not agree more with Dhanani & Islam who opine in a recent paper that ‘…a fiscally sustainable social protection policy that is able to reinforce household coping mechanisms and social capital should become part of Indonesia’s medium-term strategy for battling poverty’ (Dhanani & Islam 2000: 22). Such a strategy, however, would require far-reaching changes in the political setting. What are the prospects for transformation to a political order that is not authoritarian but participatory and to policies that are bottom-up instead of top-down?

Reformasi from the bottom up

The chances of such a turnaround seem rather remote in the near future, even though the New Order has been eclipsed. The policy-makers in charge of the Social Safety Net Programme have declared that a truly participative style of development was what they had in mind in implementing the new public care arrangements. Active participation of the community
should guarantee the targeting of beneficiaries on a needs basis, while such popular monitoring mechanisms would increase the transparency and accountability of the operation and thus help to suppress costs. With the heavy-handed style of government administration acknowledged as being counterproductive, emphasis was placed on self-reliant organizations at the local level, for example the Village Community Resilience Institution (*Lembaga Ketahanan Masyarakat Desa, LKMD*).

Since the state had clearly failed to deliver development for all, NGOs were invited to accept a consultancy role in activating the people in cooperative endeavours. The *JPS* became the vehicle for this new approach. As laid down in the general guidelines for the Social Safety Net Extension Programme 1998/99, coordinating teams were established to manage the programme, consisting of local officials, representatives of the people, and voluntary agents acting on behalf of qualified NGOs. Their *modus operandi* was to emphasize ‘…the active and full participation of the community through counselling and partnership’ (Sumodiningrat 1999: 30-31). Grassroots ‘facilitators’ were appointed to organize community meetings at which projects were identified and people were helped to sort themselves into activity groups. What happened in actual practice was very much at odds with the paper presentation which underlined the need for mobilization and socialization, training and capacity building. Still, that discrepancy was beyond the comprehension of the planners who had designed the new shape of policies.\(^6\)

In a critical reappraisal of local level power politics and the command-style of administration practised under the New Order regime, the World Bank seems to have changed to a view that is sceptical of the community facade which for so long has been deliberately manipulated to suggest that all rural people have shared equally in the development process.\(^7\)

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\(^6\) Staff of the National Development Planning Agency (*Badan Perencanaan Pembangunan Nasional, BAPPENAS*) in Jakarta were invariably surprised to hear that most people in our fieldwork villages were not ‘consulted’ or ‘counselled’ in the decision-making process on the distribution of *JPS* benefits. They insisted that general meetings must have been held at which community members sat together to discuss various options on what to do and how to proceed. If such meetings were not held, it must have been because of the unanimous decision not to hold them.

\(^7\) An example of the critical reappraisal is the following passage. ‘The ‘villages’ in the structure of government are not necessarily natural ‘communities’ nor, in many cases, a unit of communal or social affiliation. Rather the existing *desas* were created as an administrative convenience as a means to impose order and control. These were intended to supplant and co-opt - not cooperate with - existing social structures. So *Inpres* schools replaced community schools - and their associations which sponsored them, official irrigation systems created new water user associations - often supplanting pre-existing arrangements. New groups for ‘women’, for ‘cooperatives’, for ‘farmers’ were arranged along a quasi-corporatist model of organization by ‘interests’ - but with all of these
such devastating criticism, so unexpectedly and in stark contrast with the earlier praise for Indonesia’s model of economic growth led by Suharto, at this moment in time? Doubtless because now that the New Order state has finally lost all legitimacy, it is well-nigh impossible to uphold the communitarian pretension any longer. That realization seems to have inspired the unreserved approval with which the World Bank now quotes comments made by poor men and women regarding their experience of exclusion, in a manner which is both guarded and matter-of-fact: ‘Although many institutions can be influenced by the community, not all levels of the community can influence them. Those who are able to have influence are only people with high social status, the village officials or the rich’ (ibid.: chap. 2: 24). The Bank’s draft report supports that statement with many illustrations.

The illusion that ‘everyone – both rich and poor – are in the same boat, experiencing the same difficulties during the economic crisis’ (Jellinek & Rustanto 1999: 30) has still not lost its charm for some observers, but it was certainly not a widely-shared sentiment in North Subang and East Cirebon. Before making some final observations on this issue, I would first wish to discuss whether the findings of our micro-studies are indicative of what has occurred in the recent past and is happening at present to work and welfare in rural Java at large.

The answer has to be negative. The diversity shown by the various parts and zones to which the populous island can be divided precludes any effort to reduce the ecological, cultural-historic and socioeconomic configurations to fairly standard patterns represented by a few localities. That much was already clear when, at the beginning of 1999, a group of Indonesian and Dutch social scientists met to discuss their ongoing research into informal and formal social security arrangements throughout Java. The progress reports submitted differed widely on the changing scope of poverty and on the magnitude of unemployment caused by the economic crisis in the fieldwork villages (see Hüsken; Koning; White & Abdullah; Breman & Wiradi). Should the variations which for good reasons were highlighted in the workshop, lead us to conclude that our own research findings in North Subang and East Cirebon are unique and have no validity other than for those localities? That is not the substance of our

organizations down to the local level based on vertical hierarchical structures that were centrally driven and controlled. These locally based but centrally controlled ‘community’ groups interacted with locally based but centrally controlled government officials (every member of the ‘local’ government hierarchy was employed by one single, Jakarta-based ministry - Ministry of Home Affairs’). (World Bank Poverty Assessment, New Outline, 2000: chap.1: 15)
conclusion. Our fieldwork villages were selected with specific criteria in mind. Firstly, they belong to the fertile but densely populated plain stretching along Java’s northern coast; second, they are characterized by a pattern of land distribution that is excessively skewed and produces a high percentage of landless households; third, a prominent feature of the village economy is large-scale labour circulation between city and countryside, involving a major segment of the local workforce; the landpoor and landless, in particular, work and live in a state of constant mobility. We contend that the outcome of our investigations is fairly representative of this type of situation, which is by no means exceptional on Java.

I would like to advocate more case studies similar to those which we have carried out, and to suggest that the contribution of such micro-level monographs should not only be understood in terms of checking on baseline data that are aggregate in nature and which aim at quantification in a macro-level analytical framework. As Mehta and Venkataraman have argued in the context of anti-poverty policies in India, a fresh approach is needed to review the current methodology of poverty estimation (see Mehta & Venkataraman 2000). Far more than the Government of India, in the recent past the Indonesian state has used statistics not to ascertain the objective reality, but to camouflage the deprivation in which a greater part of the population continued to live than has officially been acknowledged. The risk of distortion and misrepresentation on this score is still present.

In an apparent effort to revoke earlier poverty measurements which deliberately understated the number of people working and living in this predicament, the World Bank is on the verge of going on public record with the news that ‘poverty is a reality that faces in one form or another half or more of the Indonesian population’ (World Bank 2000: Part 1:3). How can this truly Pauline conversion be explained? The line of reasoning signals an interesting turnaround from earlier policy views, beginning as it does with the statement that the poverty line is a social and political decision, and cannot be fixed by experts exclusively based on any ‘technical’ criteria. The Bank document then goes on to argue that the absolute level of the poverty line is not of crucial importance, but that in its fixation, standards of living should be comparable over time and across households. And then comes the sleight of hand: that it would be fallacious to assume that ‘the poor’ constitute an identifiable and relatively stable group which is different from the ‘non-poor’. Not at all, since a large swathe of the Indonesian population may very well not be ‘poor’ today but is nevertheless ‘at risk’ of poverty. Any
adverse shock to their incomes (or necessary expenditures) could easily force such people over the (arbitrary) line into poverty.

What is the moral of this insight? Firstly, that ‘the poor’ are definitely a very fluid group, changing from year to year in size and composition, and second, that any comparison with previous estimates would be misconceived. And this is precisely the rationale of the World Bank exercise: to deny the relevance of critical reflecting on earlier calculations that suggested that the official poverty level in pre-
krismon days had fallen to close to 10%. The marvel of the Bank’s solution is that, on the one hand, it makes it possible to reiterate that, prior to krismon, only one out of ten households was still below the poverty line while, on the other hand, it may now be conceded that poverty has since increased by whatever multiplier you care to choose. It all depends on where and how that arbitrary line is fixed.

The anthropological research that we recommend enables us to focus at close quarters on the background, dynamics and context in which poor people live, and upon their social identity. Such studies make it much more difficult to imply that, granting the fluid nature of poverty, many people who happen to live and work in deprivation are not transient in that status, weathering a temporary setback and waiting for good fortune to return. Because of their lack of economic assets and adequate social protection and, last but not least, due to policies that do not aim at direct improvement of their plight, this substantial segment of the population has consistently been, is now and, in all likelihood, will remain in the foreseeable future, condemned to experience the shortcomings and defects in their wellbeing which are associated with poverty.

My final observations are based on the earlier conclusion that the economic malaise has escalated into a more encompassing and lasting crisis, one that, by overturning the political order, has also affected the social fabric of society. The time has not yet come to draw up the balance of all these changes, but the outcome may very well be not entirely negative. How have the forces of reformasi made their impact felt in our fieldwork villages? The lurah in East Cirebon, who was forced to step down, explained in our discussions with him that he was an innocent victim of reformasi. He did not confess to, and was not openly accused of, malpractice. He argued that the decision to remove the leader of the nation from office, was bound to be followed up by urging low-ranking members of the government cadre like him to
resign. In his view, it was not something to feel guilty or embarrassed about. Long-standing enemies among the local elite had simply made use of the political turmoil to engineer his downfall. The script is persuasive – the idea of turbulence higher-up becoming a means with which to settle old scores at the grassroots – but the change of scene may be rather more complicated than just a matter of rivalry among local notables. The youth of the neighbouring village had written ‘down with the aparat desa’ on boards in front of the local office. Such slogans seemed to reflect a new mood which was not merely critical of petty officials for their misdemeanours, but of the state power at large which they represented.

The run-up to the elections saw the return of political life to the countryside. For the duration of the campaign village streets were decorated with coloured party flags. Youngsters constructed booths from which activists hailed all passers-by with loudspeakers to cast their vote in favour of the respective candidates. The floating mass, thoroughly demobilized under the New Order regime, was supposed to have become politically articulate again in, and as a result of, the 1999 elections. Is this indeed what happened? During our stay in the villages in March-April that year it was interesting to note that local officials invariably predicted that Golkar would return to power. Perhaps with a reduced majority but, so they said, any other outcome was highly unlikely. They could not have been more wrong. In both North Subang and East Cirebon an overwhelming number of votes, nearly two-thirds, went to the Indonesian Democratic Party of Struggle (PDI-S) of Megawati Sukarnoputri. Golkar finished only in third place, after the PKB led by Abdurrahman Wahid. In my opinion, the results indicated massive distrust by most village inhabitants of the party which, until recently, had been so dominant in the political landscape; they should not be read, however, as a vote of confidence in the parties which had become active in order to oppose continuation of the New Order. The political formations that have come to the fore are still very much leader-centred. So far, they lack a programmatic base and, in most cases, do not even have a consistent set of policy objectives with which to attract followers. In the wake of the New Order, politics and politicians seem to be active only in the urban domain. What will be the organizing principle for mobilizing political support in the rural hinterland?

‘Village reconstruction’ was the title of the 1952 lecture in which J.H. Boeke expounded his views on the urgent need for a person-centred village policy which would be neither authoritarian nor autocratic. In his address before an academic audience nearly half a century
ago, the colonial policy-maker began by conceding that, due to what he chose to call the
disintegrative influence of capitalism, it would not be possible to bring back the ancien
régime of homogeneity that used to exist in Asian agrarian societies. He made a plea,
however, for restoring the traditional communal sense as much as possible. For that
challenging task in the new era that had come, experts would have to be trained to empower
and give voice to the ‘little man’ who, under colonial rule, was given ‘no chance to follow his
own insight and initiative’ and was left without ‘opportunity for self-activity and self-
responsibility.’ Such experts had little room for manoeuvre in early post-colonial Indonesia
and none at all in the aftermath following that first period of Independence. The authoritarian
regime that came to power in 1965 ruthlessly wiped out whatever self-activity and self-
responsibility had so far been built up by and for ‘the little men’.

W.F. Wertheim started his career in the colonial civil service of the Netherlands-Indies. In his
scholarly work on changing Asia in the second half of the twentieth century he favoured a
different and more radical approach for overcoming the problem of mass poverty in the
Javanese countryside. In vehement disagreement with what he called the betting on the strong
principle, Wertheim spoke out against the ‘community development’ type of rural policies
that had become dominant in various parts of South and Southeast Asia in the course of the
1950s and 1960s. Such policies which targeted the better-off in the rural economy were,
according to Wertheim, bound to fail to lift the majority of village people out of the backward
state in which they were held. Betting on the many – to make those who were weak strong,
mainly through organization and education towards efficiency and self-reliance – was his
prescription for a development trajectory that would benefit this major, though heavily
underprivileged, part of mankind. His essay ends with the proclamation that those who had
sided with the subordinated masses in the development process and who were actively
promoting their emancipation from all kinds of bondage, were patently on the winning side
(Wertheim 1964: 277).

In retrospect, Boeke’s pessimistic scenario of the development path has been proved wrong,
while Wertheim’s optimism turned out to be ill-founded. Looked at from the perspective of
what the two scholars wanted, the first a revitalization of the community and the second a
rural policy that would favour the rural poor, prospects for the immediate future do not appear
bright.
The government apparatus at the village and sub-district level has by and large remained loyal to *Golkar*, and the administrative style of petty officials is also pretty much the same as during the last three-and-a-half decades. The 1998 election results reflect a shift in the local power balance, but competition for the not-so-negligible spoils seems again to be limited to factions among the village elite. At the moment, political and administrative decentralization is a high priority on the agenda of central government. Much will depend on the concrete shape given to the devolution of executive, economic and political power to the district level. It might provide a new opportunity for bottom-up *reformasi*, but it could also legitimize the closed shop practices of local wheeler-dealers. When all is said and done, the floating mass is still floating. It will take a long time to build up the reform movement that is needed to articulate the interests of the majority of underprivileged and marginalized segments of Java’s rural population.
References

Books, articles and other published reports


**Unpublished papers, documents**


