Gerben Nooteboom et Pande Made Kutanegara

‘Will The Storm Soon Be Over?’
Winners and Losers in the 1997 Crisis in Rural Java
In academic and non-academic literature about the 1997 crisis in Indonesia, different, and often contrasting, views on its effects are found. In early reports and accounts on the effects of the crisis, essentially two contrasting observations dominate the debates. Some focus on the large number of losers, especially on Java: people who lost work, income, and welfare; while others mention winners, often outside Java, who benefited from the crisis due to their access to land, capital, and export resources. Nowadays, the heterogeneous impact of the crisis, with some areas in Indonesia suffering while others appear to be better off in absolute terms, is generally acknowledged. “The crisis has taken different shapes, and has had varied and often highly contradictory impacts in different regions, economic sectors and among different social groups. The crisis has generated both winners and losers, in economic, political and social terms” (White et al. 2002b: 149-150). It has been recognized that Java has been hit more by the crisis than the resource-rich and export-oriented outer islands, where farmers have access to more land and grow more crops for the world market. In brief, during the crisis, export-oriented segments of the agricultural sector have done well, while other aspects of the rural economy have stagnated or fallen back (Evans 1998, Sumarto et al. 1998: 4, Warr 1999: 24-26, 2000).
Although many studies on the crisis have been carried out, and new ones are still produced, little is known about the people who were among the hardest hit and about what happened to them during the crisis. What are the impacts of such a 'crisis' in the lives of weak and vulnerable groups? How has the crisis been perceived by them, and what does it reveal about the basic structures of society? In this article, we deal with such questions for rural Java and argue that the study of the crisis is an opportunity to gain more insights into underlying features and processes of change in Indonesian society. What can we learn from this crisis? Has it been 'revelatory' (Solway 1994: 3)? Will life ever be as it was before? Was it just a period of minor turmoil? According to White et al. (2002b), the study of a crisis is a good way to study underlying features of a society, which would otherwise not be visible: “Crisis also exposes the failure or predicament of particular models of social, economic and/or political development, and by definition after crisis things will never be the same again; the nostalgic desire of some groups to ‘return to normal’ (to a pre-crisis situation) is actually not so much a lament for the past as a lament for a future which needs to be constructed” (White et al. 2002b: 150).

The aim of this article is twofold: In the first place, we want to describe and analyze the effects of the crisis on different categories of poor villagers in two villages in rural Java; secondly, we want to understand and evaluate the government’s role at the local level in fighting the crisis in its early years. In this way, we hope to contribute new insights to the question of whether fundamental changes are taking place in the social, economic, and political structures of rural Java, and of Indonesia at large.²

To achieve this goal, we present case studies of two villages in Java during the crisis, and show how the effects of the crisis vary for a number of categories of people in these villages. The article is based on material gathered during a one-and-a-half-year anthropological fieldwork conducted during the economic crisis. The first study, by Kutanegara, took place in the village of Sriharjo, Central Java,³ while the second was carried out by Nooteboom in Krajan,⁴ a remote village in Bondowoso, East Java. At several stages, we visited each other to fine-tune operational definitions, questions, and topics.

This research dealt with poverty, coping strategies, labor and migration, and the role that the local government played in fighting the crisis. Extended household surveys were carried out on expenditure, survival strategies, and changes in incomes and work at the beginning of the crisis, in early 1998.⁵ In Sriharjo, 352 families were surveyed, and 100 in Krajan, covering more than 15% of all households in each research location. To gain further insights into the nature of the crisis and its effects, we decided to repeat the village survey in mid-1999.⁶ The research thus lasted from mid-1997 until mid-1999, with a six-month break. Besides surveys, a number of qualitative research methods, ranging from life histories, participant observation, to semi-structured interviews, were used.

Sriharjo is an example of a lowland village where commercialized agriculture is prevalent. The majority of the village population of 9,300 are excluded from agriculture, resulting in a high number of urban workers. Before the crisis, land in
Sriharjo seemed to have lost some of its primary productive function, and increasingly villagers attributed symbolic functions to the possession of land. Krajan, with a population of 3,400 and about the same area, is a typical example of an upland village, more remote, less densely populated, with a larger proportion of villagers with direct or indirect access to land, fewer labor opportunities outside agriculture, and thus fewer urban workers. Although Krajan is also part of the wider market, subsistence production is still critical for 49% of the population.

This article first provides an introduction to the nature of the crisis and the constitution of poverty in Indonesian rural society; it then examines the nature of the crisis in the two villages and its effects on and perceptions and experiences by local people; it also investigates into the role of the local government in dealing with the crisis and its effects on poverty; finally, it proffers some conclusions on the effects of the crisis in rural Java.

**THE 1997 CRISIS IN INDONESIA**

The 1997 crisis in Indonesia took place simultaneously on three different levels: a currency crisis, a food crisis, and a political crisis. These crises had several interrelated causes and reasons, which are not dealt with in detail here, since we want to focus especially on the local-level effects. The three crises, however, are described briefly below.

The currency crisis started in July 1997 with slightly deteriorating exchange rates, which then devalued faster between September and November (see Fig. 1). At the beginning of January 1998, the rupiah had already devalued by 50%, to be followed by yet stronger devaluation. In response to this devaluation, inflation occurred, and food prices started to rise. The first rise in basic food prices, important for the poorer people, occurred in October 1997. In the villages, people became aware of these rising prices: In Sriharjo, they began to worry about the price of food in November 1997, while in Krajan this occurred during Ramadan, around the turn of the year.

![Fig. 1: Exchange rates, Rupiah to US$.](Source: Central Bureau of Statistics, Jakarta)
The food crisis began somewhat earlier than the financial crisis, with the effects of El Niño causing droughts and related problems, such as lower yields and forest fires (see Fig. 2). Rice production started to fall in 1997 and 1998, declining by nearly 10% compared with 1996 (FAO 1998). At first, many smallholders in lowland Java experienced difficulty, due to their poorer harvests, in repaying debts, but later, landowners in rice-producing areas began to benefit from higher producer prices. National shortages of rice started to enhance the rise of rice prices (see Fig. 3) and, in other areas, the prices of export crops.

Related to the currency crisis and hyper-inflation, a political crisis started to develop. The New Order regime showed cracks and lost its legitimacy, which culminated in the fall of Soeharto in May 1998. One of the main reasons for Soeharto’s fall was his, and his government’s, late and weak response to curb the crisis, and their failure to control the rising prices and economic disarray. The research periods in 1998 and 1999 were periods of political turmoil enforced by competition between different factions and regions. J. Habibie, the interim

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**Fig. 2: Food price index, March 1997 - September 1998.**
(Source: Central Bureau of Statistics, Jakarta)

**Fig. 3: Average monthly rice price, 1997/1998.**
(Source: Central Bureau of Statistics, Jakarta)
president, could not do much either. This political disarray at the national level surely forms an important context for explaining and understanding the lack of government policies and leadership that was displayed during the crisis.

During the first year of the crisis, government concern, analysis, and policies were predominately oriented towards cities rather than rural areas. For this reason, urban problems dominated the national political and academic discourses, while rural areas remained out of the picture. This is partly understandable, given that in-depth studies on the crisis in rural areas were fragmented, often contradictory, and not readily available. Moreover, the government hardly took any initiatives for research in rural areas and was more concerned with maintaining control over the country and remaining in power (Holtzappel et al. 2002: 12). Of these early reports on the effects of the crisis, those from (often World Bank related) economists were among the most influential, and the central government directed its attention mainly toward the huge urban problems, such as mass unemployment, budget deficits, company bankruptcy, and restructuring of the banking sector. The lack of concern for rural areas was mainly due to a lack of reliable and differentiated information on the effects of the crisis in such areas.

At the dawn of the crisis, the government was very hesitant to take action, seeming to believe that the rural areas were not really affected and could cope with the difficulties. Soeharto said on television, a few months before his fall, that “[t]he storm will soon be over” (Badai pasti berlalu). The initial governmental responses were not effective and had nothing to do with fighting the causes, as is demonstrated, for instance, by the Cinta Rupiah (“Love your own currency”) campaign, an appeal on rich Indonesians’ wives to donate their golden jewelry to strengthen the currency, the distribution of rice packages (nasi bungkus), and the public exchange of American dollars for rupiahs by government officials and wealthy people.

In August 1998, as the crisis continued and its severe effects could no longer be neglected, the World Bank-sponsored Social Safety Net programs (JPS, Jaring Pengaman Sosial) came into effect. Designed to lessen the negative social effects of the crisis, they included programs for enhancing food security (cheap rice, subsidies for sembako, increased rice price interventions, etc.); for creating jobs; for supporting credit for small and medium enterprises; and for social protection, for education and health.

**NEW ORDER ECONOMIC GROWTH AND POVERTY**

Many accounts, academic and non-academic, report that Indonesia has experienced periods of rapid economic development, socio-economic and political change, interspersed with severe crises. The 1997 crisis, which eventually led to the fall of Soeharto and the New Order rule, is the most recent. The question arises as to whether the 1997 crisis in Indonesia reveals fundamental features of social, economic, and political change.

Notwithstanding the setback to Indonesia’s economic development, impressive changes have taken place at the economic, social, cultural, and demographic levels.
in recent decades. Just to mention a few since independence, population growth has decreased, education has improved, economic growth has increased, and large numbers of the rural population have migrated to the big cities. These developments have led to widespread commercialization, commoditization, industrialization, urbanization, globalization, as well as to individualism and Islamization.

Economic development during the New Order regime has also brought about a gradual shift in attention, from rural to urban areas and to urban problems of unemployment and poverty. The earlier New Order attention to rural areas had materialized in a series of rural development programs, such as the Green Revolution program, the ‘Colt Revolution’, road construction projects, electrification and the development of small-scale industries. In general, from 1975 to 1997, living conditions in rural areas of Indonesia improved significantly. At the same time, in most areas, pressure on rural resources did not further increase, due to decreasing fertility levels and the migration of many, often landless, villagers to the cities or outer islands in search of work. New Order policies created rapid agricultural development and increased rural incomes, but also put a strain on employment. While agricultural production increased, inequality grew, employment opportunities for landless villagers decreased, and a growing number of young villagers left to work in the cities.

As another effect of this development, villages have become less isolated and to some extent urbanized. Many rural areas in Java have started to look like desakota or rurban regions (McGee et al. 1997), and urban and rural economies have started to merge. Therefore, when urbanized Java was affected by the severe crisis of 1997, rural areas were similarly affected. Even in remote rural areas, both inside and outside Java, the crisis was felt with much force.

Notwithstanding the New Order’s major achievements in creating economic growth and reducing poverty, widespread and persistent poverty remained a problem. According to official statistics, in 1991, 15% of the population were living below the poverty line, and larger numbers were living just above it. In 1998, after the start of the economic crisis, real wages dropped by 40% (Breman 2000: 27), and a large proportion of the population was again living below the poverty line, while many more were facing difficulties in making ends meet and running the risk of falling below that line. These figures indicate that, in the middle or longer term, the need to create and maintain a secure livelihood for large numbers of Indonesians remains very important and deserves continuing attention.

Poverty is a contested concept. Generally and primarily, it refers to a state of insufficient satisfaction of basic needs due to the people’s poor economic conditions. Being poor means being unable to make ends meet. The causes of poverty are then a lack of ownership of or command over assets, resources, and monetary incomes. Generally, a distinction is made between relative and absolute definitions of poverty. Absolute poverty occurs when people fail to receive sufficient resources or income to support a minimum level of physical health and efficiency, often expressed in terms of caloric input or nutritional levels. Relative
poverty is defined by the general standards of living in different societies and what is culturally defined as being poor, rather than by some absolute level of deprivation. We here adopt a relative definition of poverty, as it allows for an analysis of the perceptions and experiences of people in poverty and offers opportunities to look at wider consequences of poverty, such as vulnerability. This comes to the fore especially in cases of adversity or crisis, when scarce possessions are at risk or may be lost. The difference between being vulnerable or not is expressed in terms of being excluded from or a member of systems of redistribution of and access to goods (either government organized or at the local level).

In ‘classical’ poverty studies, these dimensions of exclusion from social relationships, care, time, and other indirect and potential access to resources are often neglected or overlooked. Most studies have been essentially static in their attempt to define absolute standards of poverty. Definitions with fixed ‘poverty lines’ of so many dollars per day do not make much sense when prices and basic needs differ between societies, and when part of the economy is non-commoditized. Moreover, the irrelevance of a dollar-based poverty line became clear during the crisis. In a situation of a rapidly devaluing national currency, many people suddenly fall below the poverty line, while their purchasing power of locally available basic needs initially remains unchanged.

We therefore adopted a broader perspective, taking social relations and support networks into account. By doing this, we acknowledge that villagers do not stand alone, but need and use other people and institutions for access to resources, support, social protection, and care. In our studies, these issues were examined by making use of a social security perspective. With the phrase ‘social security,’ we refer to the collective ways in which people, households, and local communities try to protect their living against shocks and stress that threaten the continuity and stability of their livelihood. We refer to both state-organized and non-state and locally organized forms of social security. Locally organized social security is often called ‘informal’, or ‘traditional’ social security. These forms of social security are not embedded in state regulations and legislation and mostly not formalized in written rules and regulations, they are context specific, restricted to small areas, and mainly organized by local people.

In our opinion, we need to go beyond the limitations of both poverty and livelihood studies by examining the experience of and responses to shocks and stress in rural livelihoods related to village social security and support networks. Both classical poverty and livelihood studies are mainly oriented toward incomes and economic conditions, and are usually focused on the here-and-now. Besides, the term poverty is viewed as negative, and many poverty studies have a condescending connotation, tend to be static, oriented solely toward the poor and destitute in society. Livelihood studies, on the other hand, being oriented to the actor and the people’s livelihood strategies, are overly positive, even if these people are left without any choice or hope of improvement.
A TALE OF TWO VILLAGES

The Crisis in Sriharjo

The Sriharjo Setting

Sriharjo lies in Central Java, some 25 km to the south of Yogyakarta, at the foot of the Sewu limestone hills (Pegunungan Sewu) that rise from the Indian Ocean, and on the road to Gunung Kidul, close to the Imogiri cemeteries where the Sultans of Yogyakarta have been buried for centuries. Desa Sriharjo is relatively poor in natural resources, due to its large area of barren limestone hills, except for a strip of irrigated rice fields (sawah) along the river and the main road. The higher part of Sriharjo produces cassava, maize, and some bananas for subsistence, as well as teak wood, chillies, and vegetables for the local and regional markets. The irrigated lowland areas produce rice, maize, soya beans, and vegetables for the market.

The overall population of the desa, around 9,300, is scattered over thirteen hamlets. The limestone hills, making up 60% of the village area, hosts 30% of the population. The fertile lower part has 40% of the total area and 70% of the population. The hilly part is far more isolated and poor than the lower part. Its inhabitants are referred to as wong gunung (mountain people), which carries the negative connotation of backward, uneducated, and traditional, while the inhabitants of the lower part are referred to as wong ngare (lowland people), which has a positive meaning. Transport facilities in lower Sriharjo are very good and many villagers travel daily back and forth to their work in Yogyakarta, most of the wong gunung by bike, the wong ngare by motorcycle. In the hills, roads are narrow, not metaled, and muddy in the rainy season.

Sriharjo is known in the academic literature due to the pioneering research on poverty and inequality by Singarimbun and Penny in the early 1970s, which resulted in one of the first Indonesian books on poverty. Although for many years poverty had been a sensitive subject in Indonesia, since it did not officially exists, these authors showed that there was widespread and persisting poverty in Sriharjo.

From the end of the 1960s, rural development programs implemented by the New Order government started to improve the economic conditions in rural Java and villages such as Sriharjo, and poverty started to slowly decline. A restudy conducted by Singarimbun in 1989 (Singarimbun 1996) showed that poverty declined from 70% of the villagers in 1969 to 42% in 1989. (During the early crisis, in 1998, we found that this percentage had risen again to 70% of all Sriharjo villagers.) In the same period of twenty years (1969-1989), income from non-farming activities (including work in Yogyakarta) rose from 16% to 69% of total village income and the contribution of the agricultural sector to average household incomes fell from 84% to 31%.

But more changes took place. The number of villagers having access to land declined considerably over the past thirty years: Villagers with little or no land rose from 49% to 76%, and villagers with no land at all rose from 37% to 53%. As employment in agriculture has decreased due to new labor saving techniques, most
of the villagers have lost access to land. These transformations in lowland Java, with severe implications on the economy of Sriharjo, lay behind the increased migration to the big cities and the increased importance of remittances from the cities for the village economy and the villagers’ livelihoods. Despite these developments, a large proportion of the Sriharjo people remained poor. Who were these poor in 1997?

Since the early 1970s, not much has changed in the characteristics of poverty in Sriharjo. There are still poor among those who are landless, who have no access to land, and who lack stable incomes from non-farming activities. Nevertheless, this group has become considerably smaller due to new job opportunities in Yogyakarta and beyond, and to the increased labor participation by women as domestic helpers or workers in the garment and manufacturing industries. The poorest in Sriharjo are still made up of those categories of people who lack access to local and supra-local assets, resources, and income opportunities, in combination with a lack of support from networks of family members. Examples are widow/ers without children or with small children, the elderly without children, and the handicapped. Also those depending on a single source of low income, such as agricultural laborers, harvesters, rickshaw (becak) drivers, and construction workers, often belong to the poor.

Unlike in the past, however, full-time farmers are no longer the well-off people of Sriharjo. This category now includes better educated people who combine farming with non-farming activities, such as teachers, army officials, traders, and civil servants.

When the Crisis Came to Sriharjo

How did the villagers react when the prices of basic needs began to rise and rumours of mass dismissals of workers in factories and construction sites spread across Java? At first, villagers were constantly chatting about the crisis and its causes, for example, during rotating saving groups (arisan), village meetings, and night watches (ronda). They did not understand where the krismon originated, and saw it as the source of all their problems, such as loss of jobs in the cities, household budget problems, rising prices of basic needs, pesticides, and fertilizer. In these discussions, various views were expressed about causes, ranging from supernatural sanction to foreign conspiracy and including the scapegoating of the Chinese minority. Gradually, discontent against the national and local government rose, and consensus was reached in blaming the government and their ‘Chinese friends.’

Some villagers viewed the events as severe, while others trusted that their effects would be easily overcome. In general, villagers’ opinions varied with socio-economic and demographic factors, such as occupation, age, social status, and gender. Young people perceived krismon as a serious crisis, while the older generations viewed it as a normal condition of rural life. According to the latter, a crisis is a real famine where no food of good quality is available. For them, the lack of food is the main indicator of a crisis. In the 1930s,
during the Depression, they suffered so badly from famine that they ate cassava skin, banana tree roots, and grass. During Japanese occupation, people even died of starvation. In the revolutionary years (1945-1950), food was only available in limited amounts, and this occurred again in 1965-1966. These previous crises are still perceived to have been much worse than the 1997 crisis.

Younger people, however, who had never suffered from any crisis or famine, regarded the 1997 crisis as a disaster. Not only the lack of good food meant crisis, but also their lowered purchasing power for other consumer goods, such as cigarettes, snacks, tea, sweets, and trendy clothes. The middle and upper classes with access to large plots of land realized that they still could do quite well due to the rising prices of produce, while those dependent on a salary, such as civil servants, experienced a real drop in purchasing power. The lower classes could but reduce quality and quantity of food. Further, their voices were not among the loudest in the village: While the middle and upper classes tended to discuss the economic circumstances at length and seemed worried, the lower classes kept quiet and often refrained from complaining and expressing demands.

Different perspectives on the crisis also appeared between men and women. In general, women, being household managers, faced more difficulties during the crisis (see Photo 1), except for women with higher independent incomes. Households where the woman was making embroidery usually did better, under equal conditions, than households where the woman was not. In many cases, women’s incomes were nominally less affected than men’s, but due to their responsibility for household needs, they were hit harder.

The crisis was particularly hard on those households depending solely on non-farm activities and a single wage-earning family member. At the beginning of the crisis, nearly all large construction works in the cities stopped, many factories went bankrupt, and work opportunities for males with low education decreased severely. In early 1998, more than 100 people working in Bandung, Bogor, and Jakarta came back to Sriharjo, only some ten of them women. Most women worked as domestic servants or in the textile industry and did not lose

Photo 1: An old widow complaining of stress headache (pusing).
their jobs. Also, more than 200 male villagers working as construction workers and becak drivers in and around Yogyakarta lost their incomes and stopped going to Yogyakarta. There are, however, indications that most villagers who lost jobs in the cities did not return to the village, but found other work (Lont 2002a). Unfortunately, we had hardly any opportunity to include urban laborers in our survey and had to rely on returning laborers’ accounts.

There has been broad debate on the importance of the numbers of returning laborers in Java. Some early reports on the crisis mentioned large masses of laborers returning to their villages with little chance of finding work (Breman 2000: 3, 18-19; Wiradi 1999), while others reported a huge increase in agricultural employment (Manning 2000: 123) and assumed the agricultural sector to be a refuge for the unneeded urban laborers, e.g., “A high proportion of displaced workers found work in agriculture” (Manning 2000: 126). In contrast, others still reported that returning laborers were not as numerous as expected, and that, if laborers did indeed return, they did not stay long in the village (Hüsken 1999; Indiyanto 2001: 326-327; Koning 1999: 7; Koning 2001a; Nooteboom 2001: 367). Later on, it has been gradually understood that, although numbers varied between villages, regions, and industrial sectors, most fired villagers did not return, or return for long, but soon found other work in the cities. Many of these early studies likely took the notion of returning laborers for granted, reproduced other studies, and thus created a ‘returning laborers’ discourse that had not been verified.

In general, workers returned to Sriharjo if they could not find any other work in the city. At first, in early 1998, the presence of these returnees from the large cities was not obvious, as many migrants had returned to the village to celebrate idul Fitri. After the festivities, however, some decided not to go back to the city and were joined, in the first half of 1998, by more migrants returning from the city. They seemed ill at ease in the village and, at first, did not engage in many activities. After a few weeks, host families made it clear to the returnees that they were becoming a burden, and these then started to assist with various kinds of work, such as cutting grass (see Photo 2), wage laboring, fishing, making embroidery and handicrafts, and

Photo 2: Hard labor to earn a living at dusun Sompok, Sriharjo.
trading birds. Unfortunately, they discovered that finding jobs was nearly impossible, earnings from these were low, work was hard and of low status, and living and social conditions in the village were not like in the city, and soon, some went back to the city in search of work. By the end of 1998, most returnees had followed suit.

For commuters, traveling back and forth to Yogyakarta, the situation was different. They immediately took up whatever work was available in the village because they were already used to combining rural activities with their urban work. Both groups constantly tried to get information about job openings from friends and relatives, and some of them, indeed, found a new job quickly.

Those with good social networks were more successful than those operating individually. For instance, unskilled construction workers, who used to work for a broker, found work more quickly than skilled construction workers operating alone. Some, however, unable to find a similar job, were forced to switch from urban work to occasional rural work (*buruh srabutan*), such as cutting sugarcane, milking cows, or gathering grass. This meant a real drop in status, and earnings were not even enough to feed a family. In order to survive, they were forced to downgrade their way of life: They had to mix rice with *tiwul* (low-quality food made from dried cassava) and abstain from any side dish such as *tempe*, *tahu*, fish, or egg; they also refrained from buying sugar or tea, switched to cheap, sometimes self-made, cigarettes, and used only a little, poor-quality cooking oil.

According to many families, finding good food for their children and satisfying their needs was a major concern. Most children had never eaten dried cassava, and they also complained of feeling hungry (as cassava does not make one feel full), stomach problems, and the bad smell of cheap rice. After one year of the crisis, some families suffered from lack of money for new clothes. As one old man said: “At the moment, we eat just as we did in the Dutch period: just rice mixed with cassava. Dried fish and clothes are difficult to get. Fifty-three years of freedom didn’t bring us any profit at all. Moreover, it seems I will have to wear clothes from sacks or bark again. These are my last clothes.”

Another major worry expressed by poorer villagers concerned the expected gifts (*sumbangan*) for funerals and weddings. They were afraid that, by being unable to afford these gifts, they would suffer from gossip and social exclusion, and be called stingy or anti-social, since social relationships are essential for maintaining access to social support. They tried, using all possible ways, to find money to stay part of the ritual exchange networks of village society. *Sumbangan* is often viewed as a leveling institution for mutual help (*tolong-menolong*; Koentjaraningrat 1967b) but, in practice, it became a major burden for the poor, who found it increasingly difficult to fulfill village obligations. During the crisis, the poor paid out relatively more on premiums for social support than they received (Kutanegara forth.; Lont 2002a; Nooteboom 2003).

Not all villagers suffered from the crisis. Those who had good access to resources such as land and cattle were able to maintain, or even improve, their position. Those who earned an income from agriculture, and combined this with...
incomes from non-farm activities, benefited most. Villagers in the poorer areas of Sriharjo who had cattle also benefited from rising prices by selling some of their cows to buy a second-hand motorcycle: More than twenty people sold cattle, and many motorcycles were acquired, not only for working outside Sriharjo, but also for increasing social status.

The Crisis in Krajan

The Krajan Setting

The upland village of Krajan is located far from the large urban centers in Java, on the northern slope of Mt. Argopura, in East Java. The nearest middle-sized city is Jember, at a distance of sixty kilometers, but few villagers have ever gone there. In Krajan, unlike Sriharjo, the majority (over 90%) of villagers engage in farming, often supplemented with one or more other income-generating activities, such as trade, handicraft production, and house construction. Unlike in many lowland Javanese villages, migration rates are low and so remittances from outside are not very significant to most household incomes. Three-quarters of the migrants during the previous five years (before 1997) headed for Kalimantan, while others went to Madura or Bali, or stayed in the region.

For Krajan, no baseline study, as for Sriharjo, was available. For this reason, we extended the survey to issues of poverty perception, social support, consumption, and diet. According to Singarimbun and Penny’s poverty line (incomes below 340 kg of rice per capita), two-thirds of the Krajan population is poor. Half of these, i.e., one-third of the total population, can even be labeled destitute. When compared to villages in fertile areas in lowland Java, Krajan is a relatively poor village, lacking special resources such as extensive fertile sawah plots, or plantations. Nevertheless, it is slightly better off than other villages in the region that have even fewer resources, less fertile soils, and less rainfall. The Krajan agricultural system consists mainly of maize, livestock, tobacco, and rice, although land is scarce and not very fertile and yields tend to be unreliable. Rice, maize, and sometimes tobacco are grown on the 10% of the land that is irrigated, the other 90% consisting

<table>
<thead>
<tr>
<th>Social Class</th>
<th>Percentage of total population</th>
<th>Average sawah ownership (ha)</th>
<th>Percent of total village sawah</th>
<th>Average tegal ownership (ha)</th>
<th>Percent of total village tegal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rich (kaya)</td>
<td>9</td>
<td>0.97</td>
<td>53</td>
<td>2.47</td>
<td>37</td>
</tr>
<tr>
<td>Enough (lebih)</td>
<td>10</td>
<td>0.21</td>
<td>13</td>
<td>1.37</td>
<td>23</td>
</tr>
<tr>
<td>Just enough (cukup)</td>
<td>11</td>
<td>0.16</td>
<td>11</td>
<td>0.49</td>
<td>9</td>
</tr>
<tr>
<td>Insufficient (kurang)</td>
<td>19</td>
<td>0.11</td>
<td>13</td>
<td>0.47</td>
<td>16</td>
</tr>
<tr>
<td>Poor (miskin)</td>
<td>19</td>
<td>0.05</td>
<td>6</td>
<td>0.28</td>
<td>9</td>
</tr>
<tr>
<td>Destitute (kashani)</td>
<td>32</td>
<td>0.02</td>
<td>4</td>
<td>0.11</td>
<td>6</td>
</tr>
</tbody>
</table>

Table 1: Ownership of sawah and tegal per social class in Krajan (1997).
of dry land (tegal). In the tegal fields, maize, tobacco, and cassava are grown. Table 1 shows the average ownership of land per social class.\textsuperscript{40}

The rich (orang kaya) own 53\% of the total sawah area.\textsuperscript{41} The poorest 32\% of the population own only 4\% of all sawah owned by Krajan villagers.\textsuperscript{42} During the crisis, there was no significant increase in selling of land, although pawning increased. The few plots of land that changed hands in 1998 were all sold by smallholders to larger landholders. No significant relation with the crisis could be observed. Pawning land, however, was often due to increased debts related to illness, death, or harvest failure, and the inability to pay them back.

\textit{When the Crisis Came to Krajan}

When, in early 1998, we asked village men at the coffee stall about the crisis, we often received a stereotypical and somewhat apathetic answer: “Crisis for us? We here live in constant crisis” (\textit{di sini krisis terus}). This illustrates the indifference to the national crisis, predominantly perceived as an inflationary crisis. In the early months of the crisis, the rising prices due to inflation attracted most attention from women, and only at the washing place was it the talk of the day. In Krajan, price hikes first became felt during the \textit{Ramadan} month (December 1997 and January 1998),\textsuperscript{43} when villagers began preparing \textit{selamatan}, cookies, and gifts for \textit{Idul Fitri}. They were not shocked, since prices usually rise during \textit{Ramadan} but then return to normal soon afterwards. That year, prices continued to increase after \textit{Ramadan}, and every villager experienced the higher than usual prices of rice, cooking oil, flour, and clothes, and was forced to find a solution.

Table 2 shows in the left columns the perceived changes in the households’ socio-economic status since the previous survey, and in the last two columns the effects on consumption levels are expressed in terms of food consumption. Families facing higher costs and/or lower returns generally are inclined to first cut expenses on luxury goods, such as radios, flashlights, batteries, new clothes, filter cigarettes, and sandals, and then only cut down on food. For this reason, we assume that changes in food consumption are a good indicator of those categories severely affected by the crisis. Information was gathered (see Table 2) on the consumption of the most common basic needs generally consumed in the village, such as rice, maize (and rice mixed with maize or dried cassava), cassava, vegetables, soybean cakes (\textit{tahu, tempe}), eggs, noodles, dried fish, meat, coffee and tea, tobacco or betel nuts.\textsuperscript{44}

The survey shows that, on average, nearly three-quarters of the villagers felt that they were severely hit by the crisis. Of the rich villagers, 46\% perceived themselves as not doing well: None had cut down on food consumption, but some had sold motorbikes, cattle, or television sets to recoup losses in agriculture (especially tobacco farming). The larger rice, maize, and cattle farmers, on the contrary, were doing better due to the crisis and made good profits because of the rising market prices for agricultural produce. Those producing large quantities of maize were doing especially well, as maize prices increased three-fold and production costs remained low.\textsuperscript{45}
The middle to upper classes (cukup, lebih, and kaya) realized that they could still do quite reasonably well if they cut consumption according to their means, and business opportunities increased for some. None of the richer villagers reduced food consumption during the crisis, although some had to save on expensive consumer goods. Moreover, most of the rich profited from rising prices for agricultural produce, interest on bank accounts, and increasing trade opportunities.

It was especially the middle and lower classes that perceived themselves as not doing well. Among them, the middle classes were cutting down most on food consumption, while the poorest villagers (kasihan) did not (see Table 2). Middle-class villagers could relatively easily save on expenditure by cutting out all luxuries and shifting to cheaper kinds of food. Clearly, many of the poorest families, living with no luxuries, could not cut down further on consumption, nor even on food consumption, having already been eating the lowest-quality rice mixed with large proportions of maize. Especially among this group, many were complaining about bad health, or had fallen ill. They were among the hardest hit.46

Landless families in Krajan without high incomes responded to the crisis in several ways.47 Even more than in the past, non-cash benefits were preferred to cash benefits. Those dependent on labor relationships with returns in kind, such as sharecropping and share harvesting, were not severely affected, while those dependent on wages were. Those unable to get significant access to these kinds of work could not do much more than cut their coat according to their cloth: They only ate once or twice a day, mixed their rice with larger amounts of lower-quality food such as maize or cassava. Much depended on the origin of their income. The poor and destitute relying on wage incomes (like rural laborers in tobacco production) experienced most pain due to the crisis’ inflationary aspects, as they rarely owned enough land, had no reserves, and therefore were totally dependent on cash incomes, however small these might be. Some were the first victims of the crisis, due to loss of work and purchasing capacity. Others, usually widows, who

Table 2: Percentages of perceived success or failure in Krajan in terms of socio-economic status, and changes in food consumption per social class
were allowed to glean after the harvest if they had good relations with landowners, could reduce the pain to some extent. They did not experience major income reduction as they could not fall down any further, having lived already for years on the edge of starvation. Moreover, for these groups, the government’s cheap-rice program was the last straw that they could clutch, since they generally did not own land or have sufficient networks of support. Rice subsidies were a major help to these people in preventing starvation.

About the Tengger area, East Java, Hefner notes that moral considerations in caring for weaker members of society are largely absent in mountain societies: “The social orientation emphasizes neither selfless collectivism nor self-possessed individualism. Ideally households guarantee their own subsistence and welfare”. About the moral village economy, he writes: “Its norms are most apparent not in the realms of production, but in consumption and exchange […] Its effect is lifestyle conformity, not selfless sharing” (Hefner 1990: 154). The latest crisis made clear that Hefner’s observations applied in Krajan, since during crisis times, not much of a village-wide social safety net was visible. Also, in Krajan, the ‘rule’ is that villagers take care of their own social security, and only in cases of infrequent and minor demands can the poor rely on opportunities for getting help from wealthier villagers. Examples of this kind of support are small loans from patrons, wealthier neighbors, or employers, labor opportunities, cash advancements, incidental free meals, emotional support, and contributions at life-cycle festivals or communal labor activities. These, usually minor, forms of care are, in general, only dispensed to a limited number of people and only as long as it conforms with the interests of the wealthy. They do not protect against the structural and negative effects of a crisis. As the labor force was more abundant during the crisis than before, rich villagers could find more than they needed to work in their fields, and incentives to care for their needy fellow villagers were low.

The crisis revealed the weakness of village institutions of social security and the narrow base of resource redistribution between rich and poor. In Krajan, conflicts and competition, rather than harmony, between richer and poorer villagers increased. Gossip, rumors, and complaints about richer villagers could be heard more often than before. Some middle- and upper-class people complained about the poor receiving support; allegedly, they, too, should receive help. On the other hand, poorer villagers began speaking out louder, due not only to their increasing poverty, but also to the political changes.

Sriharjo and Krajan Compared
In both villages, opinions on, and effects of the crisis varied with socio-economic and demographic factors, such as status, occupation, age, and gender. Villagers dependent on outside incomes or salaries were much more affected than those controlling assets such as land and cattle in the village. Young people viewed Krismon as a serious crisis, while the older generations considered it a normal condition of rural life. In Sriharjo, the men seemed more concerned about declining labor opportunities, in the towns and the city, and about dwindling
incomes than the women, while in Krajan the women were the first to worry about the constantly rising prices and closely watched every increase.

The different perspectives between men and women came especially to the fore due to differences in livelihood constitution. In general, women, being household managers, faced more difficulties in coping with the increasing cost of basic needs and, consequently, their perceptions tended to differ from the men’s. Those confronted with reduced or stagnating household incomes cut more on consumption than their husbands. Moreover, widows were among the hardest hit. Conversely, women with independent incomes were less concerned. For instance, women in some Krajan households had a surplus of maize (prices tripled during the crisis), were engaged in trade, or produced good-quality baskets, and were less complaining and better able to cope. These households had much better prospects, under similar conditions, than those with women not engaged in income-generating activities. Similar observations were made in Sriharjo: As men are generally more engaged in the cash economy and cash-crop farming, the 1997 crisis was predominantly a male crisis, if looked at from an income perspective.

As a side effect of the crisis and the proliferation of home-based work, labor divisions between men and women also changed. Especially in Krajan, women in poorer households, traditionally more strongly oriented toward the subsistence part of the household, were in fact much more successful than men in securing subsistence and coping with the crisis and, therefore, gained a stronger and more independent position within the household and, in some cases, in the local community.

The majority of the poor population in both Sriharjo and Krajan own no land and depend on wage labor as their main source of income. After the crisis broke out, the demand for wage laborers in Krajan decreased by more than 60% due to a shift from labor-intensive cash crops (tobacco) to food crops (maize), and for independent (non-tied) wage laborers, possibilities of finding paid work diminished to near zero. In Sriharjo, the drop in rural labor demand was less dramatic, but a higher supply of laborers due to returning migrants led to comparable, albeit temporary, rates of unemployment. In Krajan, the village economy shifted from semi-subsistence back to a strong subsistence economy. Forms of co-operative work, such as local forms of gotong royong, exchange labor, rotating work groups, and helping-out labor, increased in importance in both villages, due to rising labor supply and landowners’ inability or unwillingness to pay wages rather than to a wish for more cooperation. In Sriharjo, family and kinship relations also gained importance, as migrants returning from town and city could first fall back on them. After about a month, however, returnees were expected to help in working and generate income, or to leave. In Krajan, we did not see any increase in transfers of money or goods through kinship lines, as ‘We all face the crisis,’ as the villagers put it. Only in the context of the cheap-rice program did relatives sometimes offer loans to poorer kin. Informal arrangements of mutual support were not important in fighting the negative aspects of the crisis. Local arrangements for social security and mutual help are not designed and equipped for these kinds of crises where everyone is affected.
The crisis revealed the strength of those people’s livelihoods that are based on varied sources of incomes, and the weaknesses of those dependent on only one source, where the cash incomes were among the hardest hit, either in the village or in town. Among those who had been doing better during the New Order era in Krajan, the wage laborers, the losers could now be found.

Unlike in Sriharjo, labor migration in Krajan had not been massive, and not many returned. Most out-migration from Krajan is rural to rural (especially Kalimantan). Those who used to regularly go to Bali decided to stay home after receiving news that business in Bali was slack. Many villagers in Kalimantan did not wish to return, as the situation in the outer islands was better, or were stuck there because they could not afford the boat trip. Only in 1999 did migration begin increasing again, and many former wage laborers found work in the forests of Banyuwangi and earned reasonable incomes that they brought home to buy rice. These were among the first to recover, after only temporarily falling below the poverty line.

In Sriharjo, similar processes took place. In 1999, the returnees from the cities had already found new work opportunities outside the village. Those returnees who had not been able to find new occupations outside the village were facing severe cutbacks in expenditure and had lost contact with their old social networks in the city that were crucial for finding work.

**GOVERNMENT POLICIES IN THE VILLAGES**

More than a year passed after the crisis began in mid-1997 before the national government took serious action to fight its effects on the rural poor. As Breman noted: “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” (Breman 2000: 41). When the extent and impact of the crisis gradually became clear, the government, fueled by fear of political turmoil and riots, implemented policies targeting the poor in rural areas. Most were part of JPS,48 the Social Safety Net program, reluctantly sponsored by the World Bank and IMF, as a tiny part of a huge US$ 50 billion restructuring program with the economic and political objective of addressing the immediate threat to the livelihoods of massive numbers of people (ibid.: 42).

The beginning of the crisis can be characterized by a general lack of policies, both at the national and regional levels, both in Sriharjo and Krajan. The regional government that deals with village affairs is situated at the district (kecamatan) and regency (kabupaten) levels. Officials at these levels had been used to carrying out top-down programs of the national government, and were not very sensitive to the differential needs of local people.
Government support to the needy was distributed on the basis of one of three different data sets, from the village office, from BKKBN (Family Planning department), or from the Department of Social Welfare. Sometimes, officials simply picked a poor area, and only its inhabitants received help, with both poor and rich members benefiting, while poor people living in richer areas did not benefit at all.

**Government Responses in Sriharjo**

The first action that local government took in Sriharjo was implementing the early *sembako* programs. These distributions of goods targeted at the poor were not successful. Youngsters organized three demonstrations and questioned the government on the injustice of the distribution system. As a response, the local government decided to apportion the aid more equally among all families: All, poor and rich, thus received an equal share. In this way, aid intended for the poor was to some extent transferred to the richer echelons of society.

More significant *sembako* aid was given later (starting in October 1998), when the government shipped cheap rice (@ Rp 1,000 per kg) on a monthly basis (see Photo 3). Sriharjo received 613 rations (*paket*) per month, most of it meant for the hilly part of the village, which seemed a sound idea, as most of the poor households live there. However, since the hamlet head, under pressure from influential villagers, distributed the aid not only to the poorer households but to every household, it was by far insufficient to support the poorest families – on average, households received around 7 kg of rice per month (see Photo 4). The local government legitimized their decision by stating that they feared conflicts in the village and needed to keep the mobs quiet.

Some of the cheap-rice packages were distributed in the lower part of Sriharjo to those who had been registered as poor in pre-crisis years. Others who had only recently been confronted with unemployment and lower incomes and had recently fallen into poverty did not receive any aid from the government.

The first relief programs were mainly about food (*sembako*), but other elements were later added, such as health, work, and income-generating activities. From mid-
1998 to mid-1999, the total aid to Sriharjo exceeded 200 million Rupiah. However, the village administration, having never before received so much money, was not equipped to spend it properly. Village officials got confused because they had not received instructions about a clear program with clear criteria, as they were used to. Some villagers expressed the feeling that the government wasted a lot of money and that misuse of funds by lower government officials had become rampant.

**Government Responses in Krajan**

At the beginning of the crisis, both national and regional governments continued their usual policies towards the village level. Since the former had no solution at hand, the latter continued to carry out the usual programs and kept busy with ceremonial visits to villages, telling their standard tales on development, communal work projects (*gotong royong*), and courses on *Panca Sita* (the state ideology).

As the crisis continued, regional government officials paid more frequent visits to villages. At first, the small funds for small local projects such as literacy programs, public works, social development, and reforestation were increased. But these funds were soon exhausted, and were not renewed. Other development programs at the village level continued, such as the LKMD (Village Community Resilience Institution).
The first special aid programs for the poor, who were no longer able to buy food, started in April 1998. Some government departments, the army, and private donors (Muslim, Christian, and Chinese organizations) supplied basic goods (rice, cooking oil, salt) to the rural poor. Locally simply called *sembako*, these aid campaigns, often spontaneous and not based on reliable data, involved much showing off, haphazard organization, and random distribution. In Krajan, the village head simply ruled that some families in his neighborhood and some of his most loyal followers were poor and thus entitled to the aid packages. Criteria for selection were not clear and often the neediest received nothing, while others, close to village officials, could secure one or more packages. The more remote hamlets of Krajan received less aid than those near the center. This whole campaign of spontaneous *sembako* aid was more symbolic than effective: Krajan received on five occasions around 150 packages, while the needy required much more.

Of more significance was the JPS *sembako*, beginning only later (October 1998), whereby the government doled out cheap rice (@ Rp 1,000 per kg) on a monthly basis. In Krajan, the *sembako* aid was overwhelming due to the village head’s good relations with regional politicians and the military. In the first few months, the village was issued 12 tons of rice (around 1,200 packages) for a population of 3,400 people, including 550 poor families. The ensuing decrease of the rice prices in the village led to a dozen small shops going bankrupt, as their owners were mainly dependent on selling rice. The number of packages was so high that it was sometimes hard to find buyers, because many poor villagers lacked cash. Therefore, middle- and upper-class villagers were also entitled to buy them.

After two months, the village head, and later his secretary, began selling some of the rice illegally to shops in Bondowoso town at market prices. Also, regional government officers and employees of Bulog (the national agency in charge of rice distribution) in Bondowoso took advantage of the situation. In villages around Krajan, the weight of rice sacks was always 5% to 10% below standard. Government officers at district level sold this shortfall “to cover the cost of their extra work,” as they justified it.

In other village aid projects of this period, regional and lower-level government employees seemed to benefit from the aid programs. The cheap credit programs (KUT) in Krajan, for example, were considerably extended for the 1998/99 planting season. However, few funds became available for farmers, and two-thirds of the funds (more than Rp 150 million) were used by the village head for his own ends, such as his re-election campaign (Nootboom 2001: 369). In Krajan, KUT money flows were difficult for villagers to monitor, and open criticism of the uses of these funds was seldom heard due to fear of sanctions from the village head.

Despite these failures of the cheap-rice program, most of the poor in Krajan, shocked as they were by the sudden fall of their purchasing power, remained able to buy cheap rice on a monthly basis and were definitely helped by this kind of aid, which kept them from starvation. Unfortunately, the poorest had no access to this program, as even Rp 10,000 was too much for them and they were unable to obtain income and credit. Only after some time were they offered loans from the main
shop owner in the village, the village head’s mother, who asked in return for 60% of
the aid rice that they bought, which she then re-sold in her shop at a considerable
profit. Ultimately, thus, like in Srihardjo, the upper and middle classes took
advantage of this program and procured a large piece of the pie.

Sriharjo and Krajan Compared

Did the local government (village head, village officials, and regency officials) pay
enough attention to the impact of the crisis on the rural poor? When in 1998 we
asked local government employees what they were doing about it, they said: “The
crisis is not so severe in the villages as in the cities. Pity those in the cities who
cannot eat. For us, here in the villages, the situation is reasonably good. We can still
freely pick leaves to add to our food”. It was in the same words that they reported
on the village situation to the regional government officials. To a certain extent,
they did believe that in their own villages few people were affected, thus ignoring
the hundreds of families who were facing serious problems in making ends meet.

There were three reasons for this clear ignorance of problems in their own
villages: 1) local village officials did not know much about poor people in their own
villages; they hardly ever met them, and villagers tend to conceal poverty, making it
somewhat invisible; 2) they were influenced by the dominant discourses in the
media and higher government echelons that only depicted the severe situation in
the cities; 3) in general, such officials are more geared towards serving the higher
levels of government than to serving the villagers; thus, they were busy carrying
out government programs and instructions from above, and incapable of addressing
the villagers’ specific problems and needs. The village officials were unable to
convey the villagers’ needs to higher levels, and did little to enhance the poor’s
living conditions. They never proposed new ideas or programs adapted to the
poor’s needs, and they continued to carry out government programs, which in
practice benefited the rural middle class more than the poorest of the poor.

The impact of the crisis made painfully clear that the Indonesian government
was a source of insecurity more often than a provider of social safety. Other
features of the JPS (Social Safety Net) programs hardly ever reached Krajan, and we
were not in a position to report on what happened with the funds available for
these programs at the district or regency levels, beyond the fact that no significant
programs for increasing employment, education, or access to health were carried
out at the village level.

In general, poorer villagers eventually benefited mostly from the subsidies on the
nine strategic basic commodities (sembako), which kept prices low, and from the
specific features of their village’s economy, which, in the case of Krajan, enabled
nearly half of the population, both rich and poor, to fall back on subsistence
production. Kinship relations played only a minor role in this, as family members
could only be helped out on a temporary basis and access by the majority of the
rural population to work and resources in the villages was limited. More important
than all the government programs and local forms of welfare, however, were non-
aricultural sources of income, such as cottage industries (garments, embroidery,
or baskets), which enabled the rural poor to generate a modest income alongside their subsistence sources.

CONCLUDING REMARKS

Levinsohn et al. wrote about the 1997 crisis in Indonesia: “We find that the poor have indeed been hit hardest. Just how hard the poor have been hit, though, depends crucially on where the household lives, whether the household is in rural or urban area, and just how the cost of living index is computed. What is clear is that the notion that the very poor are so poor as to be insulated from international shocks is simply wrong. Rather, in the Indonesian case, the very poor appear the most vulnerable” (Levinsohn et al. 1999: II). We have tried to refine such statements.

Although we came to the same conclusion about the very poor, who did, indeed, appear to be the most vulnerable, poverty studies such as that of Levinsohn et al. sometimes raise more questions than answers, as they do not tell us why some people are hit harder than others, which people are hit hardest, or how people perceived the crisis and actually coped with it. Moreover, the question can be raised as to why some categories of poor are hit harder than others, and why some people recover more quickly than others. This is not a matter of region, location, or being urban or rural.

The lack of high incomes or ownership of property, as such, do not much define the negative effects of the crisis. Having social relationships of support is important, but having social relations offering access to resources, information, and work is even more important. For this reason, we come to a categorization of the losers of the crisis that differs from social classes mentioned previously. In doing this, we define four categories of vulnerable villagers: 1) the weak and already poor, such as widows and widowers, chronically ill people, and the elderly, with little or no access to resources, or caring relations, and hardly any capability of working; 2) the poor who have been poor for a long time, do not have assets, such as cows, land, and other means of production, and who have poor access to stable income and work; 3) the new poor, i.e., those groups of people who were just able to make a sufficient living and remain part of society before the crisis, but then faced a major setback due to diminishing returns from products and labor, and consequently were forced to sell, pawn, or rent out productive assets while losing access to non-farm employment (often in cities); and 4) the temporary poor, i.e., those villagers who fell into poverty by losing their job, or by a severe drop in income due to inflation, but who were able to cope, and soon found new work (in Krajan, people started to migrate and added to their income by working seasonally outside the village).

The first three categories comprise the structural poor, and for them a national recovery from the crisis will make little difference. Many of the new poor have lost structural access to sources of income and capital, such as land, cows, and work. Especially for them, more drastic measures should be taken to improve their socio-economic conditions. The most important effect of the crisis has been that the
number of structural poor in rural areas has increased, and the gap between rich and poor has widened still further.

This crisis also reveals the weaknesses of the local and regional governments to come up with adequate responses. Why did they perform so badly in rural Java, and why did they initially think that help was not needed? At the beginning of the crisis, the government was very hesitant to take action. It still seemed to believe that the rural areas were not badly affected and could cope with the difficulties by themselves. The main reason for the many problems related to the help programs in the villages was muddled, unreliable data. Over the years, many studies on rural Java have been published in Indonesia about poverty, inequality, social change, and village life. Most of these only partly or indirectly touch on people’s lives in coping with the consequences of this poverty, and offer a static, limited, romanticized or distorted picture of Java’s rural societies. In the dominant government discourse, villages are often regarded as homogeneous and harmonious communities, able to care for their weaker members by gotong royong and other local arrangements of solidarity and mutual help. The crisis revealed that this stereotypical and erroneous view had blinded government officials and intellectuals to the hardships of the rural poor and existing inequalities between regions, economic sectors, classes, and within villages. It explains the often weak and misplaced responses of the government in the early stages. The crisis also revealed the dormant and hidden conflicts, hierarchies, and competition between villagers. Free handouts of food packages triggered jealousy between hamlets, different social strata, and especially among neighborhoods and within families.

In his influential book, *Agricultural Involution*, Clifford Geertz claims that widespread leveling mechanisms of shared poverty exist in rural Java and argues that rural populations in Java reacted to population pressure and decreasing resources by sharing their poverty and by the intensification of labor in wet-rice production (Geertz 1963), although his idea of “shared poverty” has been revised by later research on Java showing widespread inequality and poverty in rural economies and disproving the existence of a shared poverty ethic. Ben White, for example, offers a clear comment on the idea of shared poverty: “...No observer would dispute the existence of a pervasive public ideology of sharing and reciprocity in Javanese society – nor the widespread, actual ‘sharing of poverty’ within the marginal and landless classes – the crucial error of agricultural involution lies in assigning to this ethic a determinant role in regulating the actual relations of distribution between classes” (White 1983: 23). Many Javanese villages, although they may display a morality of sharing, tend to be highly inequitable and regard to the distribution of resources as our data shows. In the whole of Java, landlessness and near-landlessness were widespread phenomena during the New Order rule. In 1983, some 43% of the rural population had no land at all (Hüsken & White 1989: 256-257).

The discussion of sharing versus inequality in rural Java lingers on, sometimes hidden, to the present day. Associated with this is the debate as to whether New Order changes in agriculture led to more wealth for all, or to a new schism in
society. For instance, Edmundson (1994) states that, on average, inequalities in the distribution of wealth in rural areas did not increase. Others have shown that incomes of larger landowners increased, and that labor wages increased, but more slowly, and that the gap between rich and poor increased (White & Wiradi 1989: 298-299). At the same time, other important changes in the rural wage structure took place, such as diminishing harvest shares (wages in kind; see Hüsken & White 1989: 254). The crisis reveals that these processes are still going on. The Javanese village has often been mythologized as harmonious due to the existence of different arrangements of mutual help (Geertz 1963, Koentjaraningrat 1967a, 1967b, Jay 1969). Why is this image still so strong?

It might be beneficial for some groups in Indonesia to maintain this distorted discourse. During the 1997 crisis, politicians believed too easily that the effects of the crisis were not as bad in villages as in urban areas. Recognition of the problematic effects of the crisis on poverty in rural areas would have entailed taking action. They opted to focus on the huge urban problems, and tried to strengthen the existing village community held together by gotong royong, solidarity, and mutual help by preaching and stressing ‘traditional’ values. They could do so more easily because urban elites rarely went to and stayed in villages, and so simply did not know much about disharmony and inequalities among groups and classes, and between local areas within villages. If we, then, want to group current social realities in rural Java, we must set aside such classical views of the Javanese countryside, and move beyond agricultural involution and social class (or rich vs. poor) dichotomies.

We have presented a more internal view of society, showing the variety of kinds of poverty, social relationships, and ways of access. Our study reminds us that poverty figures in rural Java are still very high, and remain a persisting reality, too often overlooked. Any policy not taking into account the diversities and inequalities at the local level runs the risk of failure. As long as general goals and solutions are presented as solutions to specific problems, policies will never be fully effective.

The crisis made clear that local government under the New Order regime was an administrative unit incapable of fighting poverty and inequality. At the local level, the government administrative systems were not sufficiently equipped for properly reporting on effects and needs to higher echelons of their hierarchy, let alone for anticipating and fighting the effects of the crisis. Looking at recent developments in Indonesia, political unrest, stagnating reformation, and a weakening state, we are left to wonder whether the storm will soon be over.

**Notes**

1 On the outer islands, see Angelsen & Resosudarmo 1999; Sunderlin et al. 2000. But the good prices for export goods and the increased incomes for farmers in the outer islands must be balanced against rising prices of production and consumer goods (Sunderlin et al. 2000: 3). When the first phase of booming prices was over, rising prices also became a problem for these export-oriented producers.

2 The article is based on two Ph.D. research studies carried out from mid-1997 to the end of 1998, and at the beginning of 1999 (see Kutanegara forth., Nooteboom 2003). Both are part of a project on Social
Security and Social Policy in Indonesia, carried out by Gadjah Mada University (Yogyakarta) and the universities of Amsterdam and Nijmegen, and sponsored by the Royal Netherlands Academy of Arts and Sciences (KNAW). The present article builds upon three early publications based on the same research (Kutanegara & Nooteboom 2000, 2002, Nooteboom 2001) We are grateful to Frans Hüsken, Milan Titus, Hotze Lont, Bernard Sellato, and unknown referees for helpful comments on an earlier draft. We also thank Rene van der Haar for bibliographic and editing assistance.

3 This research is an extension of the well-known poverty studies by Masri Singarimbun (1976, 1996).

4 Krajan is a pseudonym.

5 Although the two surveys were not exactly the same, due to a slightly different general research question (Sriharjo being a restudy), the topics covered were the same, and the methodology was comparable.

6 In the 1998 survey, we collected information on incomes, expenditures, labor activities, food consumption, and forms of mutual help. This forms an interesting baseline of incomes and expenditures. In the 1999 survey, in May-July, we again focused on these issues, but added specific questions on the crisis in order to analyze its effects in more detail. We were able to retrace 98% of the households.

7 In most lowland regions of Java, worries about rising prices began earlier, as a greater fraction of the population was working in cities and depending on wage labor, and had better access to price information and income.


11 See Holtzappel et al. (2002: 12-15), who use the metaphor of ‘riding a tiger’ for the Indonesian government trying to remain in the saddle.

12 Among early studies: ILO 1998, Nehru et al. 1998, Levinsohn et al. 1999. According to Lont, these were based on large-scale surveys, such as those by BPS (National Statistical Office) and IFLS (Indonesian Family Life Survey): “The large-scale statistical studies have been very influential in creating the dominant image of the crisis among the general public and among policy makers. Their reports are published quickly, and easily accessible through the Internet. They are quasi-authoritative and used by many economists” (Lont 2002b: 3).


14 For comments on the reliability of census data, see also Hull 2001.


16 Sembako is the acronym for sembilan bahan pokok, the “nine basic goods,” including rice, flour, sugar, salt, frying oil, and kerosene.

17 For instance, the Australian economist Hal Hill summarized these achievements and stated that the New Order regime had been successful in creating rural development and improving rural people’s livelihoods (Hill 1996). Such views have been challenged. Others (e.g., White 2000) comment that this development has never been steady or accessible to all.


19 Improvement of transport and migration opportunities.

21 Most of these processes took place in lowland Java. In less densely populated highland areas, however, similar agricultural revolutions also took place. Hefner (1990), who did research in highland East Java, some 50 km from Krajan, mentions one of the consequences: “Right up through the late 1960s, cheap land had been a distinctive feature of upland society. As has been reported elsewhere in Southeast Asia (Scott 1985: 69) the green revolution has changed this. [...] For the land-poor, the escalation in land prices represents a development as significant as the closing of forestlands at the beginning of the century. A small window of opportunity has closed. The very developments that have brought prosperity to more affluent farmers have reduced economic mobility among the poor. Long more permeable than in lowland society, the boundary between landed and landless has become firmer” (Hefner 1990: 130).


24 For examples of this kind of poverty studies, applied in Indonesia, see Singarimbun & Penny 1973 and Sajogyo 1986. Their main achievement has been to bring the problem of widespread rural poverty in Indonesia to attention. They tried to improve monetary poverty definitions by using rice as a criterion of poverty: The “destitute poor” are those with incomes below 240 kg rice equivalent/capita/year, while the “poor” have less than 320 kg (Singarimbun & Penny 1973). This definition of poverty, although a major improvement at that time, remains rather static and income-oriented. It also failed to take social exchange and support relationships into account.


26 The use of traditional, indigenous, or informal social security is problematic, due to false connotations and dichotomies. For a discussion of misleading dichotomies, such as formal-informal and traditional-modern, see Von Benda-Beckmann 1994, Von Benda-Beckmann et al. 1988, Midgley 1994. We prefer to use the phrase “local social security” to stress the heterogeneity and embeddedness of this social security in local communities and in often quite specific localities. Compare with the phrases “rural people’s knowledge” or “local knowledge” (Scoones & Thompson 1994), in contrast to “indigenous/traditional knowledge.” Local social security contrasts with state-organized social security.


28 Defined as an income of less than 320 kg rice per capita per year (Singarimbun & Penny 1973, Singarimbun 1996).


30 An acronym for krisis moneter, monetary crisis.

31 Villagers call this the era of shortages, or the wasted or “missed era,” jaman meleset.

32 They often put it this way: Kami harus/selalu hidup prihatin, “We must/always live a prihatin life.” Although the first meaning of prihatin is “worried, preoccupied, concerned,” the word refers here more to its second meaning of “frugal” and to eating less, sleeping less, and demanding less. “We have to be tough and patient and entrust our lives to God’s mercy.” These statements, however, generate more questions than answers, as they did not reflect the people’s actual circumstances, and are public, often sociably acceptable expressions.

33 Two-thirds of the people working outside the village were male. The rest consisted of women, usually much younger (often unmarried), who, for this reason, were probably more flexible. Taking these proportions into account, twice as many male laborers were dismissed.

34 In general, few domestic servants were fired after the crisis, although working conditions often deteriorated. Workers in the textile industry were protected by one of the managers who originated from Sriharjo.
35 The average wage for this kind of work was Rp 4,000 for a long working day excluding breakfast or lunch. The price of rice was more than Rp 3,000 per kg.
36 For food preferences, tastes, the perception of low-quality food, and Javanese concepts of “full” (wareg) and “hungry”, see Indiyanto 2001: 327-339.
37 Krajan, at about 1,000 m asl, is one of eight villages of kecamatan Pakem, kabupaten Bondowoso.
38 Less than 10% of the households have a member working elsewhere.
39 Krajan is a so-called IDT village, benefiting from a government program (Inpres Desa Tertinggal) to assist settlements “left-behind” by development.
40 Socio-economic inequalities are obvious to all villagers, and in assessing each others’ wealth and status in the local hierarchy, people appeared to use a ranking system on which nearly everybody agreed. In its general form, it roughly follows a tripartite division: the well off, those who can more or less manage, and the poor. In discussing individual cases, however, people make further subdivisions, and the overall local wealth-ranking system turned out to consist of six categories: ‘rich’ (kaya), ‘enough’ (lebih or maju), ‘just enough’ (cukup), ‘insufficient’ (kurang), ‘poor’ (miskin), and ‘destitute’ (susah or kasihan). We crosschecked this ranking with the compulsory contribution (the equivalent of local tax) to the annual village festival (selamatan desa), as listed by the hamlet heads (kepala dusun). Further, we discussed the attributed social position of households with their members themselves. A general point for calibration between higher and lower classes in terms of wealth ranking is the notion of cukup or pas-pasan. Cukup implies that the household has enough to fulfill its needs and live decently, including the capacity to perform all the required selamatan and other social obligations in the village. When we compared this ranking system with incomes computed in rice, it corresponded largely with the 320 kg per capita used by Singarimbun and Penny (1973; see also White & Wiradi 1989: 293).
41 This includes the ownership of sawah outside Krajan, in three neighboring villages.
42 Some 40% of the total population of Krajan had no sawah at all, and half of these were found in the lowest category; 53% of the poor category and 37% of the category of the less poor had no sawah at all. Remarkably, in the category cukup, everyone had at least some sawah, while among the richest villagers interviewed, 11% did not own any sawah because, having other sources of income, they no longer needed any. The richest 25% of the survey population own 74% of all village sawah. The poorest 25% virtually own no sawah (0.7%; only two had a tiny piece of sawah).
43 Five months after the first devaluation of the Rupiah in July 1997.
44 We excluded smoking from the calculations, as many men had increased smoking due to stress and fewer work opportunities (where the landowner usually provides tobacco); most families had shifted to cheaper brands.
45 Data of May–July 1999. Maize was not part of the sembako program, and its price was not subsidized. Some middle-class farmers sold maize to buy cattle, which astonished fellow villagers, as maize had never been an important commodity in Krajan.
46 There are several reasons for this: 1) poorer villagers pay relatively more for funerals, selamatan, and weddings, while they receive less support at these occasions since their networks are smaller, and their friends and relatives are often also poor; 2) those engaged in mutual help and mutual labor groups generally expend more labor on richer neighbors then they receive, due to differences in plot size; 3) corvée labor and services provided to richer village members, politicians, relatives, and patrons are investments and premiums that generally cost more than the social security ever provided in return; 4) those who need credit most can borrow least, and pay the highest interest. On the performance of local social security in Indonesia, see Von Benda-Beckmann 1999, Von Benda-Beckmann et al. 1994, Von Benda-Beckmann et al. 2001, Biezeveld 2002, Ingleson 1996, Koning 2001b, Lont 2002a, Nooteboom 2003.
47 “Landless” refers to those with little or no land, although some of the landless have rights of use over some land (land on which the house stands, a home garden, pekarangan, or adjacent plot). We use as a
definition of landless those people whose domestic production does not exceed more than two months worth of food (paddy, maize, or cassava) or who do not share a household with those who have access to resources. Landlessness, on average, refers to those families owning less than 0.1 ha of sawah in Krajan or less than 0.2 ha of tegalan (dry land) in Sriharjo (the figure is lower for sawah, which is more productive).

48 Jaring Pengaman Sosial.

49 In one of the peak months, the village secretary sold at least five tons of rice back to town. With the profits, he built a new house.

50 The anthropologist Jellinek stated in 1999 that the effects of the crisis that hit Indonesia a year before had not affected rural people that much (Jellinek 1999). After carrying out for the World Bank a rapid appraisal in some urban and rural areas, she concluded that these effects were much worse in the cities (see also Jellinek & Rustanto 1999). At the beginning of the 1997 crisis, Harmoko, the spokesman of Parliament and a prominent member of the ruling party Golkar, inspected rural areas in Central Java (Safari Ramadhan), speaking to village officials and having a good dinner (buka puasa) in one village. He then declared to the national television and newspapers that the situation was not so bad because he had had a good meal, implying that much food was available in the villages (see, e.g., Jawa Pos, December 1997). The Indonesian delegation at the UN-World Population Summit in Cairo in 1994, asked about possible future problems in the care for the elderly as a result of demographic changes, replied: “We do not have this problem, as in our country children care for their parents” (Niehof 1995). See also a discussion of government construction of Indonesian mutual-help traditions (Bowen 1986).

51 For extensive debates on Geertz’ shared poverty and agrarian involution, see Hart et al. 1989, White 1983.

References


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Abstract: In the dominant discourse in Indonesia, villages are often viewed as harmonious, homogeneous communities, able to care for their weaker members by *gotong royong* and other traditional arrangements of solidarity and mutual help. The 1997 economic crisis reveals that this stereotypical view has blinded government officials and intellectuals to the hardships of the rural poor and to existing inequalities in rural areas and between regions. Two detailed case studies of villages in Java show the persistence of widespread inequality and poverty, the crisis' differential impact on richer and poorer people, and the local government's inability to deal with local problems. The impact of the crisis on rural Java has been severe for the structural poor, villagers without access to land, capital, a stable income, and good social relations. National recovery will make little difference to them, since they will not directly benefit from it. For them, and the new poor, who lost structural access to resources during the crisis, more drastic measures should be taken, which, however, can only be carried out if the local government has been reformed and trained for its new tasks.

« La tempête passera-t-elle bientôt ? ».
La crise de 1997 en milieu rural à Java

Résumé : dans le discours en vigueur en Indonésie, le village est souvent envisagé comme une communauté homogène et harmonieuse, capable de prendre en charge ses économiquement faibles grâce au *gotong royong* et à d'autres dispositifs traditionnels de solidarité et d'entraide. La crise économique de 1997 révèle que ce stéréotype empêcha les bureaucrates et les intellectuels de percevoir les difficultés éprouvées par les pauvres en région rurale et les inégalités existant entre les régions et au sein de chaque région. Deux études détaillées de villages de Java démontrent la persistance et l’étendue de l’inégalité et de la pauvreté, l’impact différentiel de la crise sur les riches et les pauvres et l’incapacité des autorités locales de traiter les problèmes à leur niveau. L’impact de la crise sur les régions rurales de Java fut rude pour les démunis structurels : les villageois sans terre, sans capital, sans revenu stable et sans un bon réseau de relations sociales. Le redressement économique national, dont ils ne bénéficieront pas directement, ne leur apportera pas de notable amélioration. Pour cette catégorie et celle des nouveaux pauvres, qui ont perdu pendant la crise leur accès structurel aux ressources (terre, etc.), des mesures draconiennes devront être prises, qui ne pourront cependant être mises en application que lorsque les instances gouvernementales locales auront été réformées et formées à leurs nouvelles responsabilités.

Key-words: Indonesia, rural Java, crisis, socio-economic analysis, local level, responses, poverty.

Mots-clés : Indonésie, Java rural, crise, analyse socio-économique, niveau local, réactions, pauvreté.

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