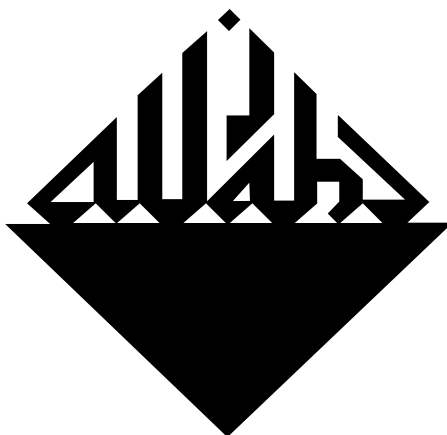


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FINANCING MUHAMMADIYAH: THE EARLY
ECONOMIC ENDEAVOURS OF A MUSLIM MODERNIST
MASS ORGANIZATION IN INDONESIA (1920S-1960S)

Gwenaël Njoto-Feillard

THE ULAMA, THOUGHT-STYLES, AND THE ISLAMIC
STATE DEBATE IN CONTEMPORARY MALAYSIA

Norshahril Saat

EDUCATION, IDENTITY, AND RECOGNITION:
THE SHI'Ī ISLAMIC EDUCATION IN INDONESIA

Zulkifli

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Gwenaël Njoto-Feillard

Financing Muhammadiyah: The Early Economic Endeavours of a Muslim Modernist Mass Organization in Indonesia (1920s-1960s)

Abstract: *Throughout its history, Indonesia's largest Islamic reformist organization, the Muhammadiyah, has relied on funding based on the gift economy. Using the organization's archived financial reports from the 1920s to the 1960s—a source that had yet to be exploited—this study shows how the Muhammadiyah used different shares of resources (donations, member fees, subsidies, etc.) to finance its organization. In the pre-War period, the Muhammadiyah Central Board became noticeably reliant on colonial subsidies. The reformist organization attempted to emancipate itself from this dependency and develop its own productive sector (businesses, cooperatives, banking, etc.), which raised various ethical questions as this socio-religious institution decides to operate lucrative economic endeavours. Finally, this article argues that the case of Muhammadiyah clearly shows how Indonesian Islam was, quite early on, well-informed of the ethical debates surrounding the idea of 'Islamic economics' long before its recent emergence as an economic initiative in the Muslim communities.*

Keywords: Indonesia, Muhammadiyah, Islam, gift economy, Reformism, enterprise, zakat.

Abstrak: *Sepanjang sejarahnya, Muhammadiyah, organisasi Islam reformis terbesar Indonesia, bergantung pada pendanaan yang berasal dari bantuan. Dengan menggunakan arsip laporan keuangan organisasi dari 1920 sampai 1960 -sumber yang masih harus digali- artikel ini menggambarkan secara rinci perbedaan bagian sumber-sumber pendanaan (sedekah, iuran anggota, subsidi, dll.). Ia menunjukkan bahwa pada masa pra-peperangan, Muhammadiyah telah berusaha memberdayakan sendiri dari ketergantungan ini dan mengembangkan sektor-sektor produktif milik sendiri (usaha, koperasi, perbankan, dll.) yang juga dijelaskan artikel ini dengan rinci. Tulisan ini juga menunjukkan aneka kesulitan etis yang muncul saat lembaga kemasyarakatan-keagamaan ini memutuskan untuk mengarahkan tujuannya kepada usaha-usaha yang menguntungkan. Terlebih, kasus Muhammadiyah memperlihatkan secara jelas bahwa Islam Indonesia, sejak awal, telah memperoleh informasi dengan baik mengenai perdebatan etika seputar gagasan "Ekonomi Islam".*

Kata kunci: Indonesia, Muhammadiyah, Islam, bantuan ekonomi, reformisme, perusahaan, zakat.

الخلاصة: تتوقف المحمدية، كبرى الجمعيات الإسلامية الإصلاحية الإندونيسية، طوال تاريخها على التمويل القادم من المساعدات. باستخدام أرشيف التقارير المالية للجمعية من عام ١٩٢٠ حتى ١٩٦٠م - وهي مصادر مازالت في حاجة إلى دراسة متأنية - تصور هذه المقالة بالتفصيل فروع موارد التمويل (الصدقات والمبلغ المستحق عليه من الأعضاء والتبرعات وما إلى ذلك). لقد ظهر أنه في عهد ما قبل الحرب، حاولت المحمدية تمكين نفسها وتحريرها من هذه التبعية وطورت قطاعات إنتاجية خاصة لها (الأعمال والشركات التعاونية والبنوك وما إلى ذلك) حيث تعتمد هذه المقالة أيضا إلى بيانها بالتفصيل. يظهر هذا البحث أيضا الصعوبات الأخلاقية التي ظهرت عند قيام هذه المؤسسة الاجتماعية الدينية باتخاذ قرار يوجه هدفها إلى الأعمال الراجحة. خاصة، أن قضية المحمدية تظهر بشكل واضح أن الإسلام باندونيسيا، في عهده المبكر، قد حصل على معلومات جيدة حول الجدل الأخلاقي بشأن فكرة "الاقتصاد الإسلامي".

الكلمات الاسترشادية: اندونيسيا، المحمدية، الإسلام، المساعدة الاقتصادية، الإصلاحية، شركات الزكاة

Founded in 1912, Muhammadiyah, Indonesia's largest Muslim modernist organization, originated from the milieu of batik merchants and religious officials in Yogyakarta (Central-Java). In the decades following its creation by K.H.¹ Ahmad Dahlan (1868-1923),² the organization showed an impressive growth—both in terms of membership and in infrastructure—as it came to include thousands of branches, numerous hospitals, universities, schools and orphanages. For its expansion, the Muhammadiyah relied on a variety of modes of financing—from membership fees, standard donations, religious alms and endowments to governmental subsidies—but also revenues from cooperatives and businesses. This organizational capacity has often been the subject of great pride for Muslim modernists, as it was considered to be the most evident sign of the 'spirit' of Islamic reform that would overcome a local traditionalist mentality deemed to be limited to the various legalistic aspects of religious practice (*fiqh*). Early on, reformist Islam's merchant origins, its organizational capacity and modernist orientation were regarded as akin to the entrepreneurial spirit of ascetic Protestants described by Max Weber.³

But how successful was the Muhammadiyah in mobilizing these different type of revenues from the gift economy? Did the organization manage to build durable businesses in parallel to its charitable activities? As a religious organization, did it face ethical quandaries in its economic orientations? As French historian Marcel Bonneff remarks, "Muhammadiyah's history, from the origins in the Kauman⁴ to the present day, with its two to three million members and sympathizers, is, itself also, an economic history, a history that emerges only faintly".⁵ Indeed, to this date the only study that has approached, albeit briefly, the subject is Alfian's monograph published in 1989 on the 'political behaviour' of Muhammadiyah during colonial times.⁶ This paper proposes, therefore, to shed light on this 'material history' of Muhammadiyah from the 1920s to the 1960s.

The period chosen for this study is considered essential for a number of reasons. First, although the Muhammadiyah was created in the early 1910s, it was only in the 1920s that K.H. Ahmad Dahlan's organization really started to expand throughout Java and in the outer-islands. In the 1930s, as the effects of the 1929 Great Depression came to be felt in the Dutch Indies, a renewed awareness of the importance of economic matters appeared within Muhammadiyah ranks. After the 1940s—and

the inevitable economic downturn caused by almost a decade of the war—new opportunities seemed to appear for indigenous enterprise as the country was experiencing a form of liberal multi-party democracy in the 1950s. In the 1960s, however, the economy suffered from political mismanagement, and this may have been one of the reasons why Muhammadiyah's economic initiatives waned significantly. It was only at the end of the 1990s, and through the 2000s, that the reformist organization would again develop businesses on a large-scale. That period will be the subject of a subsequent article.

For the period from the 1920s to the 1960s, the archives of the organization contain a significant set of data that is yet to be exploited. This will be done through the study of the reports of its general assemblies (*muktamar*), as well as its official magazine, *Suara Muhammadiyah* and the Batavia branch's journal, *Pantjaran Amal*. This branch was in charge of Muhammadiyah's economic affairs.

Such a study does not have the ambition of surveying exhaustively the economic practices of the thousands of branches that constitute the organization. Rather, it focuses on the economic initiatives of the Muhammadiyah leadership, or Central Board (Pimpinan Pusat), in Yogyakarta and Jakarta within two main fields: the 'gift economy' (including donations, subsidies, membership fees and religious alms); and the productive sector (including banking, lottery, cooperatives and businesses).

Trials of the Gift Economy

The Early Financial Role of Muslim Merchants

In its formative years, the expansion of Muhammadiyah followed the trail of textile distribution and manufacturing in urban Java. The organization itself stated quite proudly that "many members go on commercial journeys and bring the Muhammadiyah with them, so that they are able to promote it when their task is completed."⁷ The case of Sumatra is particularly illustrative of this process. The local reports of Muhammadiyah branches frequently mentioned the fact that they were founded at the end of the 1920s by merchants (*orang-orang dagang*) from the region of Minangkabau, and, sometimes, from Java.⁸ Similarly, the Bondowoso branch in Central Java declared in 1927 that its members had "sold artisanal products on a market while preaching, particularly to villagers."

The over-representation of merchants, however, was not always an advantage for the organization's expansion. As an example, the Muhammadiyah group in the town of Aek Kanopan in North Sumatra had seen a drastic drop in its membership during its first year of creation in 1933. Its members were often merchants, and many had been compelled to resettle in another location more conducive to their commercial activities. Interestingly, during these early years the figure of the merchant-preacher seems to have been assisted in his efforts by other actors of Indonesian society. Founded in 1927, the Medan branch in North Sumatra relied on the revenues of a night market (*pasar malam*)⁹ that was organised with the support of the Sultan, who contributed financially through donations and through the provision of a plot to host the event.¹⁰

Alfian suggested that during the 1920s the contribution of Muslim merchants was significant in the donations to Muhammadiyah.¹¹ For the organization's Central Board in Yogyakarta, these donations represented 37 per cent of revenues in 1923 (24,047 of 65,737 guilders).¹² For the Surakarta (Solo) branch, the ratio was even greater at 60 per cent (3,762 guilders). Both towns were at the centre of the textile commerce and manufacturing sector, to which the Muhammadiyah was closely connected.¹³ In contrast, 75 per cent (2,953 guilders) of the Batavia (Jakarta) branch's revenues depended on schooling fees. In the case of the Muhammadiyah in Yogyakarta, the overall donations (including religious alms, or *zakāh*) represented 45 per cent of the revenues—to which the merchant milieu was potentially one of the most important contributors. Clearly, the revenues from the existing businesses (8.4 per cent) and member fees (1 per cent) were not sufficient for the organization's development or, even, maintenance. Comparatively to other towns in which Muhammadiyah was present, the revenues of Yogyakarta and Surakarta increased significantly between 1923 and 1932. This was according to Alfian, another sign of the Muslim merchants' mobilization.

Muhammadiyah Central Board reports include valuable data that allow us to better apprehend this potential contribution of the merchant class to the organization's finances. These documents establish a list of donors and the amount of their payments. In 1922, the Central Board registered 82 people as donors (59 men and 23 women), including one man who had given 1,000 guilders, which was roughly the equivalent

of one-third of the total sum of individual donations in Yogyakarta (3 425 guilders).¹⁴ With the eight persons who had given between 100 and 200 guilders, this group represented 65 per cent of the donations. Those who had given less than 25 guilders constituted three-quarters of the group. Their contributions amounted to 17 per cent (595 guilders) of total individual donations.

In 1923, the registered Surakarta donors totalled 78. Two of them had given, respectively, 565 guilders and 592.50 guilders, which amounted to 41 per cent of the total donations (2,829 guilders).¹⁵ Sixty five people, roughly 80 per cent of the group, had given less than 25 guilders. Seven people had given between 25 and 50 guilders. For the remaining eight, the donations were superior to 100 guilders. Thus, 70 per cent of the total sum originated from these eight individuals, who represented one-tenth of the group of individual donors. It is probable that their annual income was significantly higher than the average annual income of an urban Javanese (between 348 and 608 guilders) during these years.¹⁶

This data corroborates the case of Muhammadiyah in Kota Gede, as reported by Mitsuo Nakamura.¹⁷ One of the two founding members of the branch, K.H. Masjudi, was also one of the town's richest merchants and landholders. His father was a textile dealer and regular contributor to the Muhammadiyah in Kota Gede. His uncle, Haji Muchsin, was similarly an important donor to the branch. He had made a fortune from the monopoly on cambric (very fine linen used in *batik* manufacturing) imported from Japan, which had been granted to him by the Dutch authorities for the whole region of Yogyakarta. His third wedding to K.H. Ahmad Dahlan's niece further helped to incorporate him institutionally to Muhammadiyah. Haji Muchsin joined the Central Board in the early 1920s, where he was put in charge of religious endowments (*wakāf*). He became one of the biggest donors to the organization, contributing nearly 500 guilders per year.

While the aforementioned data from 1922 and 1923 shows that contributions from wealthy individuals were dominant, it should be noted that the category of resource in which their donations fell—called '*donatie*', or nominally registered donations—represented only part of the total from donations, to which individuals with more modest revenues could have contributed.

The Growing Importance of Colonial Subsidies

As the economic downturn ignited by the 1929 crisis struck the Dutch Indies, it is likely that pious merchants would not have been able to demonstrate as much generosity as during the early years of Muhammadiyah. More importantly, the organization's financial reports from the 1930s show that, the organization grew bigger in size and came to include numerous educational and charitable institutions, the input from colonial subsidies increased significantly.

Earlier, Muhammadiyah had set itself as a principle not to be involved in the political struggles against the authorities.¹⁸ The organization's statutes declared unequivocally that members "shall not violate the laws of the country and [endanger] public security, under any circumstances."¹⁹ In 1923, this neutral positioning resulted in Muhammadiyah members' being excluded from the Sarekat Islam (SI) at a time when the latter was adopting a 'non-cooperative' stance towards the colonial authorities.

As a social and educational organization, Muhammadiyah received subsidies from the colonial government and had to, thus, tread carefully. In this same year, 1923, the Central Board in Yogyakarta declared that it had received 6,461 guilders from the Dutch authorities, and that this was intended for four of its schools. It had also received 1,500 guilders from the sultanate destined to its 'poor houses' (*rumah miskin*). The colonial subsidies thus represented 10 per cent of its total income—64,737 guilders. This was, certainly, a modest share, but one that the organization could not ignore so easily. The daily reports of the Central Board show that the Muhammadiyah often lacked funds for its projects, especially for those of an educational nature. As a sign of this tight budgeting, the Central Board decided in July 1923 to sell the organization's automobiles to allow for more savings.²⁰

In 1929, Muhammadiyah received 83,251 guilders from the colonial authorities and 6,290 guilders from the sultanate. Compared to 1923, the amount of subsidies had been roughly multiplied by 10 (by 14 in real value)²¹ and was congruent with the development of educational, social and health institutions within the organization. The subsidies represented 54.5 per cent of the total income of Muhammadiyah in Yogyakarta, with all sections and departments included. The financial reports of the second half of the 1930s and the early 1940s—(before the war)—corroborate this evolution: hovering between 60,000 guilders

and 100,000 guilders per year, the governmental subsidies accounted for around half of the total income of the organization in Yogyakarta.²² Quite logically, the humanitarian and education departments were the direct beneficiaries of this type of resource within Muhammadiyah.²³ As an example, in 1936 governmental subsidies represented, respectively, 70 per cent (12,916 guilders) and 40 per cent (50,377 guilders) of their income.²⁴

If one should take into account the total income of Muhammadiyah on the national level, including the revenues of regional representations and branches, the ratio of subsidies was most certainly much more modest. It was, as estimated by Alfian, to be 15 per cent in 1932.²⁵ At the organization's headquarters in Yogyakarta, however, the specific proportion, hovering around 50 per cent, may have appeared as a troubling development. In fact, this dependency on colonial funding provoked heated debates in Muhammadiyah circles. In 1935, a controversy ensued on the origins and use of funds by the Central Board. In an attempt to resolve this issue, the Central Board put in place a commission to verify its accounts and invited an external auditor.²⁶ Yet, the most efficient argument in defence of subsidies seemed to be of an ideological nature. In 1939, an important figure of Islamic modernism, Haji Abdul Malik Karim Amrullah—who was also known as HAMKA and was a member of the Central Board—answered critics in the following way:

The Muhammadiyah is convinced that it is necessary to request subsidies, at a time when millions and millions of Indonesia's riches are being used by the Netherlands for the development of the Christian faith, while 90 per cent of the population is Muslim. With each passing year, the Dutch support to Christians increases and this is a reaction to the development of charitable works [*'amal*] by Muhammadiyah.²⁷

Similarly, one of the organization's branches in Sumatra criticized the fact that "Islam cannot expand [in Batak lands]²⁸ because of the Christian religion, the lack of workforce, [the lack of funding] and the absence of subsidies in the way the Christians benefit from."²⁹

These critiques were not baseless. With the Ethical Policy's implementation at the beginning of the 20th century, the colonial authorities had put in place an educational reform that was meant to contribute to indigenous development. Through this new program, Christian schools, as the most numerous Dutch schools already active

in the archipelago, became the largest beneficiaries of governmental subsidies. In 1937-38, of the 216 Muhammadiyah 'people's school' (*volkscholen*), 99 received governmental funding. In the same period, 1,727 Protestant schools, 537 Catholic schools and 95 secular schools were benefiting from this scheme.³⁰ In 1936, the governmental budget for non-religious educational activities attributed 686,000 guilders to Protestants, 285,000 guilders to Catholics and 7,500 guilders to Muslims. In 1939, the funds increased significantly for Protestants (844,000 guilders) and Catholics (355,700 guilders), whereas they stagnated for Muslims (7,600 guilders).³¹

Realizing this disparity, the Muhammadiyah—as well as its traditionalist rival, the Nahdlatul Ulama—called in 1937 for an end to all governmental subsidizing, whether it concerned Christians or Muslims institutions.³² This demand was not acknowledged, however.

Membership Fees, Public donations and Religious Alms

Other forms of resources were available to the Muhammadiyah. The 1935 statutes established that monthly membership contributions were set to 10 cents for individuals, 7.5 guilders for branches (*cabang*) and 2.5 guilders for groups (*grup*, i.e. sub-units, later known as *ranting*). The payment was considered compulsory, and the failure to abide could result in being excluded from the Muhammadiyah—at least in theory. In 1923, these contributions represented less than 1 per cent (625 guilders) of the organization's income.³³ For the 1930s and the early 1940s, comparison to the previous decade is rather tricky since the data can be separated in two sets: the organization's revenues in Yogyakarta (all departments included); and the Central Board in itself. This distinction was not apparent during the 1920s.³⁴

For the second half of the 1930s and the early 1940s, in the case of Yogyakarta (all departments included) member contributions stayed below the 1 per cent threshold. Clearly, the women's association, the Aisyiyah, was the institution that could count most on these membership contributions. For example, these represented 38 per cent of the organization's revenues in 1941. For the Central Board itself, the ratio could reach as high as 18 per cent (1936) but fall to as low as 3 per cent (1941). It should be noted that, in the second half of the 1930s, an important part of the Central Board's revenues—between 25 per cent and 40 per cent—came from the *Madjelis Sjoera*,

a gathering of departments and sections financed, in principle, by a monthly contribution from branches (1.5 guilders each) and groups (0.5 guilders each) of the Muhammadiyah.³⁵

In the first half of the 1950s, the Central Board (excluding departments and sections) in Yogyakarta relied heavily on membership contributions (*uang pangkal*). This resource amounted to 46.4 per cent in 1953 and 49.1 per cent in 1954, with a 60 per cent increase between these two years.³⁶ However, in the second half of the 1950s, there was significant decline of this resource and its share in the overall revenues of the Central Board (see tables). From September 1962 to May 1965, membership contributions amounted to 5 per cent of the Central Board's total revenues.

The category of 'donations' was one of the most important resources for the organization in Yogyakarta. During his commercial ventures throughout Java, K.H. Ahmad Dahlan himself was keen on preaching reformist principles while gathering funds for his organization. It has been reported that during one of these trips in West Java, he had managed to collect a total of 3,500 guilders,³⁷ which was equivalent to 10 times the average annual income of an Indonesian in small towns in 1925.³⁸ According to the Muhammadiyah statutes, any institution, enterprise and person—without any distinction of race or religion—could donate to the organization. To further mobilize this type income, members did not hesitate to directly solicit the population. For instance, in 1923, as the period of economic malaise struck the Dutch Indies, the Batavia branch set up a donations committee (*Comite Pendjari Derma*), which managed to receive 500 guilders during a five-month period.³⁹

For the year 1923, donations amounted to 23,962 guilders, i.e. 37 per cent of the total revenues of the Muhammadiyah in Yogyakarta.⁴⁰ In Solo, the ratio was 60 per cent; in Batavia it was 4 per cent.⁴¹ In 1929, for Yogyakarta, the amount of donations was close to 1923 (26,746 guilders). In real value, it had increased by 41 per cent. Compared to total income, the ratio fell to 16.3 per cent as the amount of subsidies greatly increased (see above). For the organization, data for the 1930s and early 1940s confirm the decreasing ratio of donations compared to the overall importance of subsidies that was observed in 1929. For the Central Board itself, the share of donations in total revenues was much more significant (see tables). This was also the case in the second half of the 1950s and the first half of the 1960s. From September 1962

to May 1965, the mixed category of donations/contributions (*dermal sokongan*)⁴² represented 57 per cent of the Central Board's total revenues.

Religious alms (*zakāh*) constituted another significant source of income for the organization in Yogyakarta. At the end of the 1920s, Muhammadiyah set itself the objective of reforming *zakat fitrah*—donations in cash or in kind (most often rice) at the end of the holy month of Ramadan. *Zakāh* collection was operated by local religious authorities who, as 'alms administrators' (*āmil*), legally appropriated a certain amount of these donations.⁴³ The practice also allowed direct donations to individuals considered in need because of their social or economic conditions. From 1926 onwards, Muhammadiyah began to take charge directly of the collection and distribution of *zakat fitrah*.⁴⁴ In 1927, the 16th general assembly had clearly established that the organization should "become an institution [that has the task] of collecting and distributing *zakāh*."⁴⁵ Muhammadiyah, thus, condemned in religious terms the transiting of funds through local traditional actors, mentioned previously, and the lack of a clear definition in the process of donating. As Mitsuo Nakamura noted, these reforms in *zakat fitrah* "presented a direct challenge to the authority and the material foundation of traditional religious officials."⁴⁶

The *zakāh* category represented 22 per cent (7,626 guilders) of the total revenues in Yogyakarta in 1922, 7.8 per cent (5,034 guilders) in 1923 and 2.4 per cent (3,891 guilders) in 1929. In real value, the resource had decreased by 42 per cent between 1922 and 1929. In the 1930s, the ratio for the total revenues (all departments included) hovered at around 1 per cent. For the Central Board itself, it varied between 2 per cent and 7 per cent. For the case of the Proselytization Department, which was the main beneficiary of this resource, it could attain 71 per cent in 1941, for example. During the 1950s, however, *zakāh* revenues increased progressively for the Central Board, going from 4 per cent (Rp 4,065) of its income in 1953 to 25 per cent in 1958 (Rp 56,713). Thus, it had multiplied by five in real value. From September 1962 to May 1965,⁴⁷ *zakāh* amounted to Rp 3 million (15.5 per cent of total revenues).⁴⁸

Globally then, the figures show that Muhammadiyah relied strongly—and quite logically so—on the 'gift economy', whether religious or not. More interestingly, during the pre-War period, colonial subsidies had taken a greater importance in the organization's

finances. Conscious of the fact that its resources were all too dependent on external agents, whether that be the wider population or the government, Muhammadiyah's leadership sought to develop alternative sources of funding in the productive sector.

Muhammadiyah and the Market Economy

A Renewed Economic Awareness

While the defence of indigenous enterprise was one of Sarekat Islam's main objectives from an early stage,⁴⁹ there was also an acknowledgement of the economy's importance within Ahmad Dahlan's organization. The context was one of growing nationalism against colonial rule, but also of increasing tensions between indigenous and Chinese entrepreneurs. Within Muhammadiyah, the 16th general assembly (1927) in Pekalongan proposed to set up "economic instruction in schools, *dakwah* (proselytization) sessions and its institutions."⁵⁰ But it was during the next decade that its economic orientation became even more evident. This was, possibly, a reaction to the effects of the 1929 global economic crisis. In 1935, Muhammadiyah's 24th general assembly decided to create a specific group in charge of economic matters. With the goal of "improving the economic condition of the Muhammadiyah community and overcome the state of poverty", which presented "an obstacle to the implementation of God's will", the organization announced the formation of a Directive Council for the Economy (*Madjlis Pimpinan Ke-ekonomiean*). This institution was to be based in Batavia (Jakarta) and integrated into the main structure of the organization.⁵¹ Its objective was to "guide/direct the economic functioning of Muhammadiyah members in general." But the general assembly also specified the rule that any economic initiative had to be taken outside of the organization itself, probably in order to preserve its non-lucrative foundations, and, even more so, to safeguard it from potential financial failures.

The two following general assemblies, in Batavia (1936) and Yogyakarta (1937), confirmed the economic orientation proposed in 1935. They initiated what was to be called the Economic Affairs Department (*Badan Toentoenan Per-ekonomiän*).⁵² One of this body's first and most important initiatives was to give a favourable 'pre-advice' (*preaadvies*) to the creation of a bank by the Muhammadiyah— a project that had been called for insistently by some figures and representations within the organization.⁵³

Illustrative of this new economic awareness, Kartosoedarmo, the

Central Board representative (*consul*) for the West-Java region, declared in 1939 that:

As we are facing economic problems, we, the Indonesian Muslim community, are in great difficulty; [indeed] studies have showed that the spirit of Islamic motivation is still influenced by questions of jurisprudence (*fiqh*)⁵⁴ that proliferate in our midst today.⁵⁵

Kartosuedarmo observed that while Indonesia was rich in natural resources, it was limited to function as a market for European, American and Chinese products, or, again, as a source of cheap labour for outside investors.⁵⁶ One of the solutions for indigenous enterprise, and particularly for Muhammadiyah, was, therefore, to have access to capital through, logically, a banking institution.

As it incorporated many merchants in its ranks, the Minangkabau branch (West Sumatra) also wanted to make its voice heard on this particular matter. It “had enough of the fact that Indonesians did not practice the economy, but were subjected to the economy of others.”⁵⁷ As an indication of this state of affairs, the branch regretted the fact that a growing number of leaders and members were renouncing their responsibilities within Muhammadiyah because they did not have sufficient financial resources. Minangkabau also noted the fact that the organization was spending large amounts of funds for its daily functioning while having, at the same time, vast potentialities of capital through the mass of its members. Hence, it called for the creation of a “productive institution [to manage this] wealth.”

As an example, the branch suggested the following plan: if the 5,000 active members of the 250 branches and groups of the Minangkabau region each acquired a share (*andeel*) of 5 guilders only, then the organization could already have access to 25,000 guilders. Therefore, for the whole of Indonesia, the potential starting capital of such an institution was deemed immense. Minangkabau also suggested creating local branches, to which 2,000 guilders each would be attributed. The institution was to be a legal entity managed by specialists of the economy, law and religion. Its main purpose would be to help in the creation of businesses to respond to the demands of the local economy and allow Muhammadiyah members’ consumption to stay within the community.

As the host of Muhammadiyah’s Economic Affairs Department (EAD), the Batavia branch also had a clear opinion on the matter. It first insisted on developing an ‘industrial sector’— an initiative

that had to be considered as a ‘religious precept’. In its journal *Pantjaran Amal*, the branch announced that it was setting up a program linked to this sector within the Muhammadiyah institutions of higher learning, and encouraged readers to participate with their donations.⁵⁸ More importantly, and to better comprehend the EAD’s strategy of the following decades, Batavia gave its own diagnosis of the indigenous enterprise’s weaknesses.⁵⁹ According to the branch, there was little unity and coordination, a clear deficit in the education of members on economic, financial and technical matters, a lack of information and organization within Muhammadiyah, and finally a shortage of capital and credit.⁶⁰ Moreover, one of the main failings of indigenous businesses was the fact that they had not been able to develop the organizational capacity that made for the success of the ‘Western model’ and other ‘developed nations’.⁶¹ Clearly validating the ‘excessive individualism’⁶² thesis of indigenous enterprises, the Batavia branch also declared:

We all realize that many of our businesses, from small to big, are based on only one individual. If it happens that [this person] becomes sick or passes away, then very rapidly his business weakens or disappears as well.

The Muhammadiyah thus appeared to be the ideal structure to institutionalize and further develop indigenous capital. For this, one of the first initiatives taken by the Economic Affairs Department had been to try to collect data on the economic activities of the members. Batavia called for all branches (*tjabang*) and groups (*grup*) to provide information on their activities in detail. The detail required included: whether they were in the agricultural sector, farming, manufacture, forestry; the nature of the imported/exported products; modes of transportation of these merchandises; market prices; needs and customs of local populations.⁶³

It was, however, over a decade later that the modernist organization really started to invest in businesses on a large scale. There are probably many reasons why it preferred not to do so at an early stage of its development, at least not too openly. One of them is possibly the fact that, at the beginning of the 1920s, the modernist organization had encountered acute criticism from the communist current within the Sarekat Islam (SI). As the Muhammadiyah refused to take part in the political struggle opposing the colonial rule, the ‘Red-SI’ accused Ahmad Dahlan’s organization of being motivated by mere materialistic

aims. This was an argument that had already been used quite efficiently by the communists against Tjokroaminoto, the leader of SI.⁶⁴ As shown by Takashi Shiraishi, the communists, through the periodical *Islam bergerak*, blamed Muhammadiyah for being dominated by the colonizers/exploiters, a submissive posture that was explained by the fact that the organization represented ‘capitalist Islam’. This was an ‘Islam of the wealthy’, on the contrary to the SI, which symbolized an ‘Islam of solidarity and equality’ (*Islam sama rasa sama rata*) or, again, ‘communist Islam’ (*Islam komunis*).⁶⁵

In this context, Muhammadiyah first developed cooperatives—a type of institution that seemed to minimize the ethical tensions between collectivist principles and economic rationalization.⁶⁶ The cooperative movement appeared in the circles of batik entrepreneurs in Yogyakarta and Solo in 1934-1935.⁶⁷ Muhammadiyah had already decided in 1931, during its twentieth general assembly in Yogyakarta, that its cooperatives had to be created outside of the organizational structure. Once again, this was probably decided to shelter the organization from eventual failures.⁶⁸ While the 1920s and 1930s data on the Central Board’s finances and the organization’s multiple departments in Yogyakarta do not show a clear input from cooperatives, the contribution of such institutions to the local finances of the Muhammadiyah branches should not be underestimated. James Peacock noted that in Pekajangan, the branch’s cooperative financed the building of high-quality infrastructure just two years after it had been created (1934).⁶⁹

Early Debates on Interest Banking

During the 1930s, Muhammadiyah also showed a willingness to establish a banking institution of its own. As was the case with other countries in the Islamic world, the question of interest banking was a controversial one in the Dutch Indies. In the early 20th century, Islamic organizations differed greatly in their interpretations of the problem. In 1925, the Jong Islamieten Bond (Union of Islamic Youths) declared that banking institutions used by the Dutch and the Chinese were prohibited for Muslims. It called for the issuance of a *fatwá* (legal advice) on the matter.⁷⁰ Created in 1927 by the Partai Sarekat Islam Indonesia (PSII) to produce *fatwás* for its members, but ideally also for all Indonesian Muslims, the Madjlis Ulama

(Council of Ulama)s⁷¹ decided that interest banking was similar to usury and was, therefore, prohibited. Tjokroaminoto was later given the responsibility of creating an interest-free bank, but the project never materialized.⁷² Although Persatuan Islam (Persis) was known for its scripturalist interpretation of Islam, it considered that interest banking was authorized because it implied reasonable rates rather than usury, as defined in the Qur'an.⁷³

Muhammadiyah adopted a rather equivocal position on the matter. In its 1927 report, it condemned usury in the harshest terms:

As we realize the malevolence of 'usury eaters' and rentiers, [we are going to establish] associations to replace usury and to oppose excessive profit, as well as cooperatives and other institutions. In truth, usury has always been forbidden by Islam and the person who uses it is disapproved. Thus, this God-given prohibition has to be avoided and not be approached, even once, neither closely nor from afar.⁷⁴

However, in the 1930s, the organization also debated the necessity of creating a banking institution. The effects of the 1929 crisis and, more generally, the chronic difficulties of small entrepreneurs in having access to capital, were, perhaps again, driving reasons why the matter was considered as essential. It was, thus, debated from 1935 to 1937 during the 24th, 25th and 26th general assemblies. Following these, it was decided that "one of the instruments to contribute to the improvement of Muslims' economic condition" was a Muhammadiyah Bank.⁷⁵ The general assembly had followed the 'pre-advice' from the Economic Affairs Department based within the Batavia branch, which was, at that time, the greatest supporter of the creation of a bank in order to improve the organization's economic development.

The department had been given the task of developing the project leading up to the following year's general assembly. To justify the use of interest banking, as opposed to the abusive dimension of usury, the department suggested that the practice could be considered as licit if it implied taking "a modest surplus on the payment [of a loan]". This excess was justified by the existence of 'administrative fees' (*ongkos administratif*) for the bank. Batavia had also proposed other solutions to the problem, such as profit and loss sharing or, again, a form of 'murabaha' scheme. With this latter technique, also known today as 'mark-up financing', the client requests the bank to purchase a certain item that is then sold to him for a definite and theoretically reasonable

profit over the cost, as settled in advance.⁷⁶ The case of Muhammadiyah clearly shows that Indonesian Islam was, quite early on, well-informed of the ethical debates surrounding the idea of ‘Islamic economics’.

The 1937 general assembly had also given the task of debating the ethical aspects of the matter to the Council for Legal-Religious Affairs (Majelis Tarjih).⁷⁷ However, the council had adopted a rather conservative position in giving its support to the creation of a bank. It established as a condition that the ‘modest surplus’ argument advanced by the Economic Affairs Department in Batavia be removed altogether.⁷⁸ It also reaffirmed that all interest-bearing techniques that had been fixed in advance (*ribā’ nasī’ah*), as well as all products or money exchanges implying a surplus (*ribā’ faḍīl*), were to be considered as prohibited.

The declarations of K.H. Mas Mansoer, who was head of the Majelis Tarjih since its creation in 1927/1928 and was later leader of Muhammadiyah (1937-1944), reflected this uneasy positioning within the organization. He acknowledged the importance of banking institutions for the world’s economic development and, thus, the necessity for Muslims to adopt them even though they were prohibited. Thus, interest banking was to be considered as “prohibited [*ḥarām*] but tolerated, [although] facilitated and excused because the current situation [required] it.”⁷⁹ However, the Muhammadiyah banking project did not materialize in these early years.

In the 1960s, the matter was debated once again. In 1965, the 36th general assembly in Bandung (20-25 July) called for Muhammadiyah, or its Economic Affairs Department (EAD, called ‘Majelis Ekonomi’ since the 1950s) to “arrange for the creation of a bank as an effort for the development and the organization of capital and forces for members of the Muhammadiyah.”⁸⁰ In 1968, during a meeting in the town of Sidoarjo, the Council for Legal-Religious Affairs (Majelis Tarjih) reaffirmed the ruling that interest was to be considered as prohibited (*ḥarām*). But it also acknowledged that it was difficult for Muslims to isolate themselves from the world’s economic system, of which interest banking was considered as an essential mechanism. Moreover, the council considered the case of interest banking in governmental institutions to be ‘undetermined’ (*mutashābbihāt*), and would, therefore, implicitly tolerate its practice. The council’s decision was based on four main arguments: 1) profits from governmental

banks benefited the whole of society because these institutions were state property (an argument that had formerly been used by reformists Mohammad ‘Abduh and Rashid Rida);⁸¹ 2) interest rates were considered reasonable and thus could not be conflated with usury; 3) the current banking system had enough regulations to limit abuse ; 4) Muslims could not migrate to a ‘true’ Islamic banking system as it was still non-existent at that time.⁸²

At a moment when Indonesia was still reeling from the economic difficulties of Soekarno’s Guided Democracy, and while the New Order of Suharto was starting to expand its developmentalist ideology, it was perhaps important for Muhammadiyah to be seen as not hindering the country’s economic growth for religious-legalistic reasons.⁸³ It should be noted that this matter was far from being limited to the national level or to being a mere debate between judicial religious experts. At the base of the organization, some Muhammadiyah branches eagerly awaited the green light from the Central Board in order to deposit their various incomes and obtain an interest out of these funds.⁸⁴

The Lottery Issue

In the 1930s, interest banking was not the only sector in which tensions existed between religious ethics and economic rationalization. Financial reports of the period show that a non-negligible part of the Humanitarian Department’s income came from the lottery, a practice usually considered as prohibited by Islamic doctrine. While the lottery represented 15 per cent of the department’s total revenues in 1938, the ratio decreased to 5-6 per cent in 1939-40, and was nil in 1941.

As early as 1927, some Muhammadiyah members had voiced their opposition to this practice. To those with ‘impatient hearts’ (*kurang sabar hatinja*) who criticized the use of the lottery, the Central Board answered that these internal dissensions endangered the movement and that:

The Muhammadiyah requires charity from everyone, [a rule] that has been given by God, even as those to whom it demands are cheaters, ‘usury eaters’, crooks and people who take for themselves proscribed products. Those who transgress God’s proscriptions will surely have to suffer His torments and the Muhammadiyah members who do not take part in these sins will undoubtedly be safe.⁸⁵

Moreover, during the 22th general assembly in 1933 the organization

once again used the argument of ‘non-determination’ (*mutashābbihāt*) to justify the existence of this financing instrument. The council of legal-religious affairs concluded that lottery could be classified in three actions: 1) buying tickets for it; 2) getting a profit from it; 3) organizing the lottery in itself. For the act of buying tickets, the council determined that the negative aspects were more important than the positives one, and thus declared it prohibited (*ḥarām*). The legal character of ‘getting a profit’ from the lottery and ‘organising the lottery’ was left to the local branches to be decided.⁸⁶ Once again, the jurisprudential ambiguity allowed the practice to be pursued. By the 1950s, the lottery was no longer seen in any way as appropriate by the organization. Among other vices, gambling was targeted in campaigns both on the popular and legislative levels.

The Growth and Decline of Muhammadiyah Businesses

During the 1920s and 1930s, the creation of businesses per se by the organization itself seemed relatively limited. Those that were established had mainly the purpose of answering the internal demands of the members, sympathizers and the multiple departments and branches. This was an idea that was going to be further developed during the following decades. In 1927-1928, a printing company (*Uitgever Maatschappij*) was established in Yogyakarta. Its goal was to produce books, manuals and other materials under the supervision of the Central Board’s Department of Documentation (Taman Poestaka). As the initiative apparently worried the branches and groups, which saw the enterprise as a competitor in the local demand for books, the Central Board suggested that the market was large enough, especially within the numerous Muhammadiyah schools.

The starting capital of the printing company had been raised through a formal appeal. Each branch had to—theoretically—buy a share (*andeel*) worth 25 guilders, while groups were simply invited to do so.⁸⁷ With this funding, the capital was supposed to attain at least 5,000 guilders. In the following years, the organization apparently used this kind of appeal a number of times to consolidate the finances of the company.

In 1923, businesses contributed slightly more than 8 per cent (5,423 guilders) of Muhammadiyah income in Yogyakarta.⁸⁸ In 1929, this type of revenue had fallen to 2,735 guilders, representing 1.7 per cent of the total

income. In the second half of the 1930s, the contribution of businesses generally stayed below the threshold of 1 per cent of total revenues for Muhammadiyah in Yogyakarta (all departments included). The main departments concerned by this income were those of Humanitarian Affairs (PKO, *Penolong Kesengsaran Oemoem*), Documentation (Taman Poestaka) and the women's organization Aisyiyah. For the Central Board itself, the contribution of enterprises reached 2.1 per cent (133 guilders) in 1934 and 4.8 per cent (128 guilders) in 1935. From 1936 to 1941, however this total was nil (see annex tables).⁸⁹

In 1948, the organization had created in Yogyakarta a trading firm called Faida.⁹⁰ It was supposed to pursue the activities of another enterprise called *Makloem*, which had been created by members of the Muhammadiyah for the purpose of selling mainly common goods (tea, salt, noodle, etc.) to members and teachers of the organization for a reasonable price.⁹¹

During the 1950s, while the country was enjoying its newfound freedom and liberal democracy—which seemed to offer more opportunities for Muslim elites—the situation changed considerably in the finances of Muhammadiyah. During the 31st general assembly in 1950, some branches called for the arrangement of a special meeting on the economy and for the reactivation (*digiatkan*) of the Central Board's Economic Affairs Department (EAD).⁹² This was done in 1951 during Muhammadiyah's annual conference (*Sidang Tanwir*), when the EAD was the subject of a re-founding as its objectives were defined as “implementing the advancement of the great Muhammadiyah family in the domain of economics, establishing reports and collecting information.”⁹³

Once again, efforts were made in gathering data on the economic activities of the members to promote a more efficient coordination of financial means.⁹⁴ Yet, the EAD's objectives were more ambitious than before. At the beginning of the 1950s, the Central Board intended to create a branch of the EAD at the local level within each representations of Muhammadiyah. Moreover, every branch had the right to request the guidance of an EAD representative to receive recommendations on the creation and management of businesses. It was hoped that the entrepreneurs within Muhammadiyah could, in this way, respond to the demands of the local market at a time when the government was implementing a policy of import substitution industrialization.⁹⁵

The EAD called on the Indonesian people to “change its status from one of a user and buyer, to the one of user, buyer and producer.”⁹⁶ It mentioned particularly certain key sectors in the agricultural field (clove, pepper, resin, gambier, cinnamon and rattan, among others). Ideally, each branch of the EAD was to function as a centre of trading and distribution for the products of Muhammadiyah members. It was to be a mechanism of rationalization that had to move upwards to the Central Board’s EAD in Jakarta. The EAD also declared that it was ready to go through the banking and administrative red tape to facilitate the creation of businesses by the branches and members.

From 1953 to 1958, the category of ‘productive revenues’ (*hasil*) of the Central Board had tripled⁹⁷ from Rp. 26,811 (26.1 percent of total revenues) to Rp. 82,095 (35.9 per cent of total revenues).⁹⁸ In real value, however, this amounted to a more modest but still significant increase of 18 per cent. While the data currently available does not allow precise definition of the real contribution of businesses in this category (which could include land and car rental services, for example), the reports of the EAD clearly show that during this decade the economic engagement of the Muhammadiyah was extensive.

In 1954, the EAD suggested that economic institutions should be of two types: a cooperative or a ‘limited liability company’ (N.V., *Naamloze Vennootschap*), also known as *Perseroan Terbatas* (P.T.).⁹⁹ Members were also reminded that a capital of Rp. 250,000 was required to have the status of an importer at a national level. Preferably, those who intended to acquire shares in the businesses and cooperatives were to be registered members of Muhammadiyah. The EC suggested that the recruitment of the workforce be operated within the organization and, also, that only people who could commit to full-time employment be considered in order to promote professionalism. The numerous teachers and white-collar workers within the organization were, therefore, theoretically excluded from the process. The Central Board and the local branches that created the businesses had the right to receive 10 per cent of their profits.¹⁰⁰

During these years, Muhammadiyah businesses operated mainly in the two sectors of publishing and textile manufacturing. Through an appeal to branches and groups, the EAD founded the Publishing Association of Muhammadiyah (Jajasan Penerbitan Muhammadiyah), which continued the activities of a former company, N.V. Penerbitan

Tintamas, created in 1951.¹⁰¹ In 1953, the EC created a shirt manufacturer in the town of Bandung (West Java) and announced that it was planning to form other manufacturers in Solo and Semarang (Central Java) to produce textiles, shoes and bicycle tires.¹⁰² In 1954, another publishing company was created. N.V. Tamaddun had a substantial starting capital of 1.5 million rupiah, thanks to the contributions of Central Board member K.H. Fakhri Oesman and, more interestingly, former Prime Minister and leader of the Islamic Masyumi Party, Moehammad Natsir.¹⁰³ Other figures, including members of parliament and various businessmen, also participated in the effort. The company's main activities were the publishing and trading of books on Islam and in Arabic, along with office supplies.¹⁰⁴ The company was still active at least until the first-half of the 1960s.

In another sector, the EAD announced in 1957 that, for the first time in its history, Muhammadiyah had created a modern factory for clothing in the town of Pekajangan in Central Java. The effort, in terms of investment for the machines, was sizeable, totaling Rp. 360,000.¹⁰⁵ This sum almost amounted to the Central Board's total revenues in 1957. Comparatively, a big batik manufacturing business in 1956, with 55 full-time employees and 95 half-time employees, required some Rp. 500,000 in fixed and working capital.¹⁰⁶ While the origin of the funding was not mentioned in the reports, a political source would be a possibility, given the case in 1954. Indeed, the Central Board received Rp. 27,714 in 1956. This followed the 1955 general elections in which Masyumi—supported widely by Muhammadiyah members—had taken part. In 1957, party leader Natsir donated Rp. 70,000 to the Central Board. Additionally, in 1956/57, a similar sum was given by the Federation of Cooperatives of Batik Producers (GKBI), to which the Muhammadiyah had been historically connected.

The declared goal of the Pekajangan factory was to create products of better quality than the usual standard, but also less costly. Regional and local representations of Muhammadiyah were urged to order products through the EAD, with the promise of bulk-rate reductions. Other manufacturers, such as one in Bandung, had been the object of a similar modernization process, with the purchasing of new machines in 1954. For the town of Solo, the EAD announced that it had put aside Rp. 500,000 to acquire a new plot of land and create a textile and shoe factory. In Yogyakarta, the EC also put in place the INTEX cooperative

(Industri Textil), which used new machines as well. The starting capital of Rp. 380,000 had originated from the 38 members of the cooperative. The EC had also spent Rp. 360,000 for the creation of an automated textile factory and Rp. 225,000 for a towel factory. In its endeavours, the EAD declared that it had the support of the Ministry of Industry (Djawatan Perindustrian), the Ministry of Commerce (Perdagangan Dalam Negeri) and the Yogyakarta Cooperative.

In the same year of 1954, Muhammadiyah created the Indonesian Union of Islamic Merchants (PERDAMI, Persatuan Dagang Muslimin Indonesia), based in Kota Gede near Yogyakarta. Its objectives were to operate in various sectors, such as agriculture, industry, commerce and publishing. Because many of its members had already gone on the pilgrimage to Mecca and were considered to have a certain experience in maritime transport, it was decided that the PERDAMI should invest in this particular sector. In January 1954, Rp. 250,000 had already been collected for the projected Rp. 1 million of the union's starting capital.¹⁰⁷

Following a lease of Rp. 3 million contracted at the Indonesian Banking Corporation (IBC) and facilitated by the Finance Ministry in 1957, Muhammadiyah acquired two Central Java publishing businesses along with their land: *Pertjetakan Seraju* in Purwokerto and *Pertjetakan Putera* in Gombang. Muhammadiyah spent Rp 1.5 million for the acquisitions and Rp. 500,000 for the working capital. The rest was transferred back to the IBC.¹⁰⁸ It appears that Muhammadiyah's Central Board experienced some difficulties in reimbursing the sum and had to use funds originally intended for the building of a hospital in Jakarta.¹⁰⁹

It is not clear whether the EAD's initiatives in various sectors were later on discontinued because of mismanagement or, more generally, because of the degradation of the national economy during 'Guided Democracy'. Starting in 1959, this period was marked by President Soekarno's show of hostility towards foreign investments in the country and, more generally, towards the market economy. The 1962-1965 financial reports of the Central Board clearly indicate that the contribution of businesses was negligible at 0.38 per cent of total revenues, equal to Rp. 72,925. Evidently, the publishing activities—such as the *Suara Muhammadiyah* periodical and book retailing—were the most important source of revenue in the category of 'productive' activities (13.6 per cent).¹¹⁰

Although reports from the 1960s indicate that the creation of businesses was much less considerable than in the 1950s, the organization continued to call for the improvement of the economic condition of its members and sympathizers. This, it was believed, would allow for better cooperation between members, for the organization of meetings on the economic theme and, also, the ‘reactivation’ of the EAD.¹¹¹ Muhammadiyah’s programs for the periods of 1966-1968 and 1968-1972 show that the organization’s actions were mainly aimed at identifying its members’ activities and potentials, and developing EAD’s branches at each level of the structural representations.¹¹² Muhammadiyah would have to wait until the end of the 1990s to witness, once more, the economic drive that marked the 1950s.

Concluding Remarks

The fact that the modernist organization’s economic initiatives have not materialized into durable entrepreneurial institutions, as has been hoped for throughout the decades, is quite intriguing. Macro-economic factors, competition from other businesses, and internal management issues could have well been at the source of these difficulties. However, the archives and the more recent Muhammadiyah initiatives in the early 2000s in the business sphere have pointed to another important challenge:¹¹³ it is not an easy task for an organization based on charitable foundations to operate an economic transformation where the idea of ‘profit’ is central.¹¹⁴ In this process, it seems that the organization could barely escape from what had been described by Max Weber in the early 20th century—that is the existence of “a struggle in principle between ethical rationalization and the process of rationalization in the economic field.”¹¹⁵ The case of Muhammadiyah shows that although Islam has historically a strong commercial orientation, it can—like other religious traditions—be confronted with inherent tensions produced from the overlapping of the religious and economic fields.

This, evidently, has not prevented Muhammadiyah from being a major actor of Indonesia’s religious and social transformations. Since the beginning of the 20th century, it has been answering the spiritual and material needs of millions of Indonesians through its schools, universities, hospitals and orphanages. The archives show that the modernist organization, throughout its history, did not lack an economic drive, either. At a time when Indonesia is witnessing a

sustained growth, a burgeoning middle-class and an ever-strengthening religious resurgence, the problem of entrepreneurship is now more than ever an issue of major importance and a matter of debate in Muhammadiyah circles.

Table 1: Income of the Muhammadiyah in Yogyakarta in 1923

Type of income	Amount in guilders	Percentage of total
Membership contribution (<i>contribute</i>)	625,44	0,97%
Regular donations (<i>donate</i>)	3 202,24	4,95%
Usual donations (<i>derma</i>)	20 844,71	32,20%
Zakat	5 034,25	7,78%
Sub-total	29 706,64	45,89%
Governmental subsidies for schools	6 461,00	9,98%
Yogyakarta sultanate subsidies for poor people's houses	1 200,00	1,85%
Pakualam subsidies for poor people's houses	300	0,46%
Sub-total	7 961,00	12,30%
Teachers' fund	1 099,53	1,70%
Selling of merchandise	746,4	1,15%
Enterprises	5 423,33	8,38%
Loan	5 530,01	8,54%
Debt to Muhammadiyah	1 545,59	2,39%
Item donation	25	0,04%
Small change	1 092,99	1,69%
Pupils' fund	8 711,38	13,46%
Others	2 895,70	4,47%
Sub-total	27 069,93	41,81%
Total income (1923)	64 737,57	100,00%
Balance for 1922	4 619,40	
Total expenses 1923	66 076,72	
Total 1923	3 280,25	

Source: Verslag 'Moehammadijah' di Hindia-Timur, Tahun ke X (Januari - Desember 1923), Djokjakarta, Pengeroes Besar 'Moehammadijah di Djokjakarta (Djawa)

Table 2: Income of the Muhammadiyah in Yogyakarta in 1929

Type of income	Amount in guilders	Percentage from total
Membership contribution (<i>contributie</i>)	1 745,66	1,06%
Regular donations (<i>donatie</i>)	2 375,02	1,45%
Common donations (<i>derma</i>)	4 571,36	2,79%
Zakat	3 891,35	2,37%
Specific contributions (<i>sokongan</i>)	19 757,19	12,04%
Governmental subsidies	83 251,94	50,74%
Subsidies from the Yogyakarta sultanate	6 290,60	3,83%
Registration fee (<i>entree</i>)	45,00	0,03%
Pupils' fund	17 419,92	10,62%
Payments from the schools	7 488,21	4,56%
Small change	1 004,87	0,61%
Enterprises	2 735,03	1,67%
Payments from medical patients	3 273,36	1,99%
Revenues from land/property	49,31	0,03%
House rentals	148,50	0,09%
Selling of merchandise	3,20	0,00%
Loan	8 866,59	5,40%
External debt to Muhammadiyah	577,50	0,35%
Others	594,38	0,36%
Total	164 088,99	100,00%
Balance for year 1928	1 783,79	
Final balance for year 1929	165 872,78	

Source: *Suana Muhammadiyah*, no. 18, 14 February 1930, p. 379.

Table 3: Income of the Muhammadiyah in Yogyakarta in 1934

Type of revenues	Pimpinan Pusat	Humanitarian Affairs	Education	Women's organisation	Documentation	Youth Department	Proselytization	Total (by resource)	Percentage (by resource)
Membership fees	395,7			846,93		20,88		1.263,51	0,95%
Regular donators	131,35	859,38		357,63	218,44	51	323	1.940,80	1,46%
Usual donations	1.198,29	826,59	149,41	240,92		37,04	74,55	2.526,80	1,90%
Zakat	347,5	317,05	144	327,5	136	52,5	434	1.758,55	1,32%
Small change	67,57	192,58		185,47				445,62	0,34%
Contributions (sokongan)	3.967,72	9.150,44	10.558,91	54,65	30,77		209,32	23.971,81	18,02%
Businesses	133	310,69		17,45	10,39	20,45	28,85	520,83	0,39%
Debt	100	968			35		187	1.290,00	0,97%
Credit		1.345,15	3.300,00		25			4.670,15	3,51%
Selling of objects		5,32			2,75			8,07	0,01%
Others	20,7	717,83	322,25				7,05	1.067,83	0,80%
Subsidies from the government and sultanate		14.591,85	52.186,51					66.778,36	50,20%
Funds from pupils			13.717,71	658,25			719,29	15.095,25	11,35%
Payment from boarding schools			3.493,60					3.493,60	2,63%
Revenues from clinics		8.042,00						8.042,00	6,05%
Undetermined fund		139						139,00	0,10%
Total (by department)	6.361,83	37.465,88	83.872,39	2.688,80	458,35	181,87	1.983,06	133.012,18	100,00%
Balance from previous year	17,09		66,62	268,55	68,41	43,31	200,91	598,27	
Total 1934	6.378,92	37.465,88	83.939,01	2.957,35	526,76	225,18	2.183,97	133.610,45	

Source: *Suara Muhammadiyah* no. 4, 1935, no pages available.

Table 4: Income of the Muhammadiyah in Yogyakarta in 1935

Type of revenues	Direction	Humanitaire	Education	Prédication	Femmes	Documentation	Total (by ressource)	Percentage (by ressource)
Membership fees	234,32				597,32		831,64	0,69%
Regular donators	186,60	627,70		236,13	213,46	134,28	1,398,17	1,16%
Usual donations	292,30	492,55	82,03	38,97	471,06	2,50	1,379,41	1,15%
Zakat	206,25	252,25	120,00	417,85	361,55	191,25	1,549,15	1,29%
Madjelis Sjoera	1.076,97						1.076,97	0,89%
Contributions	230,20	4.118,29	11.308,55	116,46	92,57		15.866,07	13,18%
Businesses	128,25	405,48			4,00	47,00	584,73	0,49%
<i>Suara Muhammadiyah</i>	25,62						25,62	0,02%
Credit	272,73		2.275,86				2.548,59	2,12%
Others	27,90	915,58	547,48	7,50	8,70		1.507,16	1,25%
Small change		139,74			136,41		276,15	0,23%
Selling of objects		10,00					10,00	0,01%
Receivables		1.598,71					1.598,71	1,33%
Subsidies from the government and sultanate		17.040,29	48.651,41				65.691,70	54,55%
Funds from pupils			13.185,89	719,30	472,75		14.377,94	11,94%
Payment from boarding schools			4.012,40				4.012,40	3,33%
Revenues from clitics		7.529,29					7.529,29	6,25%
Unspecified fund		154,21					154,21	0,13%
Total (by department)	2.681,14	33.284,09	80.183,62	1.536,21	2.357,82	375,03	120.417,91	100,00%
Balance from previous year	409,10	199,24	1.692,50	161,77	268,74	12,68	2.334,93	
Total 1935	3.090,24	33.483,33	81.876,12	1.697,98	2.626,56	387,71	122.752,84	

Source: 1935: *Suara Muhammadiyah*, 1936.

Table 5: Income of the Muhammadiyah in Yogyakarta in 1936

Type of revenues	Central board	Humanitarian Affairs	Education	Proselytization	Women's organisation	Documentation	Youth Department	Total (by resource)	Percentage (by resource)
Membership fees	500,17				515,80		0,90	1.016,87	0,92%
Regular donors	198,75	768,98		618,42	194,26	134,90		1.915,31	1,72%
Usual donations	286,73	544,09	19,00	18,83	318,61	18,83	51,89	1.239,17	1,12%
Zakat	181,00	314,49	134,80	436,05	209,11	73,10	94,98	1.443,53	1,30%
Madjelis Sjoera	846,00							846,00	0,76%
Contributions	414,35	4.693,63	11.331,78	242,34	115,27		65,15	16.862,52	15,18%
Businesses		540,44			64,50	30,00	78,07	713,01	0,64%
<i>Suara Muhammadiyah</i>	84,54							84,54	0,08%
Credit		500,00	625,00				33,19	1.158,19	1,04%
Others	178,56	636,10		4,55	12,10			831,31	0,75%
Small change	9,13	45,60			57,76		0,91	113,40	0,10%
Selling of products		210,00						210,00	0,19%
Receivables		1.162,38	135,13		3,00			1.300,51	1,17%
Subsidies from the government and sultanate		12.916,40	50.377,05					63.293,45	56,97%
Funds from pupils			8.090,78	3,80			6,95	8.101,53	7,29%
Payment from boarding schools									
Revenues from clinics		9.847,46						9.847,46	8,86%
Unspecified fund									
Levy on employee salaries			2.116,47					2.116,47	1,91%
(Coombasting)									
Total (by department)	2.699,23	32.179,57	72.811,01	1.324,16	1.490,41	256,85	332,04	111.093,27	100,00%
Balance from previous year	47,73	2.746,61		96,56	225,08	57,64	18,55	3.192,17	
Total 1936	2.746,96	34.926,18	72.811,01	1.420,72	1.715,49	314,49	350,59	114.285,44	

Source: 1936: *Suara Muhammadiyah* no. 1, 1937.

Table 6: Income of the Muhammadiyah in Yogyakarta in 1938

Type of revenues	Central board	Humanitarian Affairs	Education	Proselytization	Women's organisation	Documentation	Youth Department	Total (by resource)	Percentage (by resource)
Membership fees	417,64				651,05		25,00	1,093,69	0,66%
Regular donors	112,60	725,15		202,10	110,66	124,35		1,274,86	0,77%
Usual donations	214,27	425,45		41,21	115,30	51,85	37,75	885,83	0,53%
Zakat	234,53	108,10	221,32	462,55	217,15	105,20	52,25	1,401,10	0,85%
Madjlis Sjera	1,827,45							1,827,45	1,10%
Contributions (<i>sokongan</i>)	2,104,17	3,997,72		257,44	109,36		68,06	6,536,75	3,95%
Businesses		195,13			1,37	190,50	92,86	479,86	0,29%
<i>Suara Muhammadiyah</i> and information bulletin									0,00%
Credit	1,450,00	6,887,35	554,90					8,892,25	5,37%
Others	604,58	631,59	820,07	34,44	17,20	33,45	7,63	2,148,96	1,30%
Small change	11,69	67,09			8,19			86,97	0,05%
Products sale	41,50							41,50	0,03%
Receivables	1,726,35	759,75			3,00		2,499,10	1,50%	
Subsidies	19,617,23	60,853,10						80,470,33	48,59%
Revenues from schooling		18,514,58						18,514,58	11,18%
Revenues	246,01	5,570,56						5,816,57	3,51%
Revenues from land	60,27							60,27	0,04%
House rental	290,60							290,60	0,18%
Levy on employee salaries			2,205,99					2,205,99	1,33%
Medical practice	3,194,22							3,194,22	1,93%
Manufacture (rugs)									0,00%
Payment from boarding schools			6,513,70					6,513,70	3,93%
Funds from pupils			2,670,03					2,670,03	1,61%
Funds from teachers			9,079,41					9,079,41	5,48%
Lottery		8,018,71						8,018,71	4,84%
Restitution of charitable funds		22,27						22,27	0,01%
Contributions linked to orphans		1,608,86						1,608,86	0,97%
Total (by department)	7,222,94	53,188,15	102,192,85	997,74	1,233,28	505,35	283,55	165,623,86	100,00%
Balance from previous year	514,23	1,671,66	1,690,50	421,59	123,82	24,50	56,94	4,503,25	
Total 1938	7,737,17	54,859,81	103,883,35	1,419,33	1,357,10	529,85	340,49	170,127,11	

Source: 1938: *Suara Muhammadiyah*, no. 1, 1939.

Table 7: Income of the Muhammadiyah in Yogyakarta in 1939

Type of revenues	Central board	Humanitarian Affairs	Education	Proselytization	Women's organisation	Documentation	Youth Department	Total (by resource)	Percentage (by resource)
Membership fees	760,82				455,75		17,20	1.233,77	0,67%
Regular donors	134,10	731,45		235,29	218,85	121,80		1.441,49	0,78%
Usual donations	202,57	230,42	595,20	32,10	191,08	29,65	81,34	1.363,36	0,74%
Zakat	196,50	163,62	46,50	430,45	205,85	123,55	74,00	1.240,47	0,67%
Madjlis Sjera	3.065,47							3.065,47	1,66%
Contributions (<i>sokongan</i>)	2.854,77	938,78		314,27	195,04		129,97	4.432,83	2,40%
Businesses		26,24			0,67			426,60	0,23%
<i>Suara Muhammadiyah</i> and information bulletin			345,34			97,33		442,67	0,24%
Credit	430,71	300,82	2.872,32		63,00		8,61	3.244,75	1,76%
Others		3.687,26	1.161,30	54,35	4,85	24,68		5.363,15	2,90%
Small change		29,60						80,92	0,04%
Products sale									
Receivables		981,15	1.128,37					2.109,52	1,14%
Subsidies		23.256,83	77.034,41					100.291,24	54,29%
Registration fee (entrée)			21.899,03					21.899,03	11,85%
Revenues (clinics, books sale, etc.)	120,84	6.154,97						6.275,81	3,40%
Revenues from land		49,58				72,00	46,68	168,26	0,09%
House rental		315,70						315,70	0,17%
Levy on employee salaries			3.160,08					3.160,08	1,71%
Medical practice		3.258,40						3.258,40	1,76%
Manufacture (rugs)									
Payment from boarding schools			7.884,75					7.884,75	4,27%
Funds from pupils			2.859,59					2.859,59	1,55%
Funds from teachers			10.385,31					10.385,31	5,62%
Lottery		2.403,78						2.403,78	1,30%
Restitution of charitable funds									
Contributions linked to orphans									
Medical drugs sale		712,00						712,00	0,39%
Madrasah				690,88				690,88	0,37%
Total (by department)	7.765,78	43.240,60	129.372,20	1.757,34	1.386,41	868,70	357,80	184.748,83	100,00%
Balance from previous year	662,21	1.914,75	1.118,38	358,20	198,87	55,04	31,91	4.339,37	
Total 1939	8.427,99	45.155,35	130.490,58	2.115,54	1.585,28	923,74	389,71	189.088,20	

Source: 1939: *Suara Muhammadiyah*, no. 3, 1940.

Table 8: Income of the Muhammadiyah in Yogyakarta in 1940

Type of revenues	Central Board	Humanitarian	Education	Proselytization	Women	Documentation	Youth	Total (by source)	% (by source)
Membership fees	727,30				589,30		14,75	1.331,35	0,63%
Regular donors	154,60	711,45		211,97	179,00	182,10		1.439,12	0,68%
Usual donations	55,85	907,74	576,37	66,15	189,69	4,44	38,04	1.838,28	0,87%
Zakat	248,50	197,74	30,50	376,35	210,85	134,25	89,25	1.287,44	0,61%
Madjlis Sjera	3.142,90							3.142,90	1,49%
Contributions (<i>sokongan</i>)	2.770,28	1.039,77		184,42	120,16	18,50	59,50	4.192,63	1,99%
Businesses		23,77			0,85	1.841,12		1.865,74	0,89%
<i>Suara Muhammadiyah</i> and information bulletin			192,45					336,20	0,16%
Credit			32,40		40,00			72,40	0,03%
Others	231,90	19,50	579,43	79,61	7,20	19,38		937,02	0,44%
Small change		40,68			80,91			121,59	0,06%
Product sale		9,00						9,00	0,00%
Debt to Muhammadiyah	35,00	1.359,18	981,48		9,00			2.384,66	1,13%
Subsidies		24.510,80	77.485,61					101.996,41	48,39%
Revenues from schooling			30.061,37					30.061,37	14,26%
Revenues (fines, books, etc.)	302,10	14.306,83				111,05		14.719,98	6,98%
Land revenues		54,46					20,77	75,23	0,04%
House rentals		335,70						335,70	0,16%
Levy on employee salary			3.727,63					3.727,63	1,77%
Medical practice		3.621,35						3.621,35	1,72%
Manufacture (rugs)									0,00%
Boarding schools			13.321,30					13.321,30	6,32%
Fund from pupils			3.779,69					3.779,69	1,79%
Fund from teachers			12.873,16					12.873,16	6,11%
Lottery		3.212,70						3.212,70	1,52%
Restitution of charitable funds		713,16						713,16	0,34%
Orphans fund								0,00	0,00%
Medical house funds								1.034,21	0,49%
Madrasah								0,00	0,00%
Assets					1,15			1,15	0,00%
Vehicle rental		126,82						126,82	0,06%
Susidies from Solo			170,00					170,00	0,08%
Various funds		2.038,59						2.038,59	0,97%
Total (by section)	7.668,43	54.433,45	143.641,39	918,50	1.428,11	2.454,59	222,31	210.766,78	100,00%
Balance from previous year	523,32	2055,54	1349,92	231,38	102,85	296,14	46,07	4.605,22	
Total 1940	8.191,75	56.488,99	144.991,31	1.149,88	1.530,96	2.750,73	268,38	215.372,00	

Source: 1940: *Suara Muhammadiyah*, no. 4, 1941.

Table 9: Income of the Muhammadiyah in Yogyakarta in 1941

Type of revenues	Central board	Education	Proselytization	Jeunesses	Women's organisation	Documentation	Youth Department	Humanitarian Affairs	Total (by resource)	Percentage (by resource)
Memberships fees	11,00				552,50		14,30		577,80	0,25%
Regular donors			163,32		174,33		174,60	607,27	1.119,52	0,48%
Usual donations	144,99	963,15	30,21	0,90	82,76	31,05	23,80	1.107,85	2.384,71	1,03%
Zakat		137,00	1.008,74	59,90	254,70	119,50		224,30	1.804,14	0,78%
Contributions (<i>vokongam</i>)	222,90		156,03	30,29	282,16	12,60		852,73	1.556,71	0,67%
Businesses					8,47	1.882,55		28,58	1.919,60	0,83%
Credit	5,00	5.900,00						2.000,00	7.905,00	3,40%
Others	1,80	1.268,82	61,40			47,38	38,88	208,58	1.626,86	0,70%
Small change					68,81			106,87	175,68	0,08%
Products sale				10,07				82,38	92,45	0,04%
Receivables		798,08		12,78				581,20	1.392,06	0,60%
Subsidies		93.212,49						19.787,92	113.000,41	48,59%
Revenues from schooling		28.384,34							28.384,34	12,20%
Revenues (cliques, books sale, etc.)						142,67			26.032,46	11,26%
Revenues from land								34,91	34,91	0,02%
House rental								300,80	300,80	0,13%
Vehicle rental								55,89	55,89	0,02%
Levy on employee salaries		4.048,82							4.048,82	1,74%
Medical practice								4.004,45	4.004,45	1,72%
Payment from boarding schools		11.386,20							11.386,20	4,90%
Funds from pupils		3.518,55							3.518,55	1,51%
Funds from teachers		14.507,99							14.507,99	6,24%
Lottery								3.359,83	3.359,83	1,44%
Restitution of charitable funds								1.064,25	1.064,25	0,46%
Assets					7,77				7,77	0,00%
Others						122,97		2.036,74	2.036,74	0,89%
Advertising									122,97	0,05%
Total (by department)	385,69	164.125,44	1.419,70	113,94	1.431,50	2.533,32	76,98	62.477,01	232.563,58	100,00%
Balance from previous year	15,87	1.644,69	17,07	21,35	297,84	19,14	34,75	2.717,11	4.767,85	
Total 1941	401,56	165.770,13	1.436,77	135,29	1.729,34	2.552,46	111,73	65.194,12	237.331,43	

Source: 1940: Madjlis Consul Hoofdbestuur Moehammadijah, *Verantwoording HB Moehammadijah Madjlis Consul dengan Madjlis-2-ruja Bahagian Pemoda 1941*, Yogyakarta, 1942.

Table 10: Income of the Muhammadiyah Central Board (Pimpinan Pusat) in 1953-1955 (in Rp)

Income type	1953		1954		1955	
	Value	%	Value	%	Value	%
Registration fee (<i>uang pangkat</i>)	47 779,00	46,44%	76 340,30	49,10%	38 701,00	25,31%
Regular donations (<i>donatie</i>)	139,50	0,14%	8 426,75	5,42%	10 942,50	7,16%
Common donations (<i>derma</i>)	1 110,60	1,08%	3 282,00	2,11%	845,80	0,55%
Zakat	4 065,85	3,95%	6 910,75	4,44%	10 030,75	6,56%
Specific contribution (<i>sokongan</i>)	17 311,00	16,82%	10 089,50	6,49%	21 817,55	14,27%
Productive revenues (<i>hasil</i>)	26 811,56	26,06%	28 113,34	18,08%	45 066,79	29,47%
Debt to Muhammadiyah	5 500,00	5,35%			525,00	0,34%
Loan			12 000,00	7,72%	25 000,00	16,35%
Capital (<i>uang modal</i>)			10 267,50	6,60%		
Others	174,70	0,17%	45,00	0,03%		
Total	102 892,21	100,00%	155 475,14	100,00%	152 929,39	100,00%

Source: Buah Putusan Mu'tamar Muhammadiyah ke 33 di Palembang 17-22 Dz. Hicridjah 1375
 24-29 djuli 1956, Jogjakarta, Pusat Panitia Mu'tamar Muhammadiyah, p. 20-21.

Table 11: Income of the Muhammadiyah Central Board (Pimpinan Pusat) in 1956-1958 (in Rp)

Income type	1956	1957	1958
Registration fee/branches (pangka /daerah)	15 605,50	12 310,00	19 718,50
Regular donations	8738,5	10 269,75	7 525,00
Common donations/specific contributions (derma/sokongan)	70 556,00	220 356,32	49 688,15
Zakat	33 381,90	7 943,60	56 713,80
Productive revenues (<i>hasil</i>)	60 018,78	59 072,04	82 095,94
Debt to Muhammadiyah	11 075,00	4,24%	4 700,00
Religious donations (<i>infaq</i>)	62 063,04	23,74%	8 356,00
<i>Suara Muhammadiyah</i> magazine		13 224,00	8 356,00
Others		992,00	
Total	261 438,72	404 808,46	228 797,39
		100,00%	100,00%

Source: Mohammad Ridwanullah, *Berita Atjara Pemerintahan Buku Kas Pusat Pimpinan Muhammadiyah (1956-1958)*, Yogyakarta, 1959.

**Table 12: Income of the Muhammadiyah Central Board
(Pimpinan Pusat), from September 1962 to May 1965, in Rp.**

Income type	Amount in Rp	%
Membership contributions	4 537,50	0,02%
Registration fees/regional branches (<i>pangkal/daerah</i>)	906 384,70	4,67%
Donations/ specific contributions (<i>donasi/sokongan</i>)	11 052 683,45	57,00%
Zakat	3 010 942,00	15,53%
Revenues from property	872 670,09	4,50%
Enterprises	72 925,00	0,38%
Selling of merchandise	20 250,00	0,10%
Debt to Muhammadiyah	372 660,50	1,92%
Religious donations (<i>infaq</i>)	357 868,40	1,85%
<i>Suara Muhammadiyah</i> magazine	282 353,00	1,46%
Book sale	2 355 145,71	12,15%
Others	83 161,00	0,43%
Total	19 391 581,35	100,00%

Source: Pimpinan Pusat Muhammadiyah, Keputusan Mutamar Muhammadiyah ke 36 di Bandung, Yogyakarta, Pusat Panitia Mutamar Muhammadiyah Yogyakarta, 1965, p. 12.

Endnotes

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1. 'K.H.' is an honorary title, combining the words '*Kyai*' (similar to '*ulamā*') and '*Haji*', one who has completed the Hajj.
 2. Born 'Muhammad Darwis' in 1868 in Yogyakarta, he was the fourth son of KH. Abubakar bin K. Sulaiman, a batik merchant who was also a religious official of the Sultan's mosque. Ahmad Dahlan stayed in Mecca in 1890 and 1903, where he studied with leading religious figures of the Indonesian community. He was also influenced by Muslim Reformists Jamāl al-Dīn al-Afghānī and Muḥammad 'Abduh. For more details, see Deliar Noer, *The modernist Muslim movement in Indonesia 1900-1942* (Oxford: Oxford University Press, 1973), p. 76.
 3. Max Weber, *The Protestant ethic and the spirit of capitalism* (Stephen Kalberg transl. ed., Chicago: Fitzroy Dearborn, 2001).
 4. The neighbourhood adjacent to the Great Mosque of Yogyakarta, mostly inhabited by the Muslim merchant community and religious officials of the sultanate (*abdi dalem*).
 5. Marcel Bonneff, 'Le Kauman de Yogyakarta. Des fonctionnaires religieux convertis au réformisme et à l'esprit d'entreprise', *Archipel*, 30 (1985): 192.
 6. Alfian, Muhammadiyah. The political behavior of a Muslim modernist organization under Dutch colonialism (Yogyakarta: Gadjah Mada University Press), 1989.
 7. *Berita taboenan Moehammadijah Hindia Timoer* (Yogyakarta: Pengeroes Besar Muhammadiyah, 1927), p. 82, 87.
 8. *Gids Congres Moehammadijah ke 28 di Medan* (Yogyakarta: Muhammadiyah, 1939), pp. 27-32.
 9. This financing technique was commonly used by Muhammadiyah branches and departments during the 1920s. For example, the Central Board's Humanitarian Affairs Department in Yogyakarta managed to collect 6 534 guilders from this type of source in 1923. See *Verslag Moehammadijah di Hindia-Timur* (Yogyakarta: Pengeroes Besar Moehammadijah di Djokjakarta-Djawa, 1923), p. 110.
 10. *Gids Congres Moehammadijah ke 28 di Medan*, p. 26.
 11. Alfian defined six categories of revenues for this period: donations; membership contributions; religious alms (*zakāh*); schooling fees; governmental subsidies; various revenues (including businesses and investments). Alfian, *Muhammadiyah*, p. 310.
 12. *Verslag Moehammadijah di Hindia-Timur* (1923).
 13. Alfian was intrigued by the fact that Muhammadiyah revenues in Pekalongan were unusually low, while the town was known to be a particularly active centre for batik enterprise. The 1923 and 1927 Muhammadiyah reports clearly show that Ahmad Dahlan's organization was confronted to stiff resistance from local religious authorities and townspeople in putting in place its reformist activities. See *Ibid.*, p. 128 and *Berita taboenan Moehammadijah Hindia Timoer* (1927), p. 59-60.
 14. Nine institutions and groups had given 472 guilders (12 % of total donations, 3898 guilders). *Verslag Moehammadijah di Hindia-Timur* (Yogyakarta: Pengeroes Besar Moehammadijah di Djokjakarta-Djawa, 1922), p. 114-6.
 15. This does not include two payments of 157 guilders and 727 guilders made by a 'Football committee'.
 16. Anne Booth, 'Living standards and the distribution of income in colonial Indonesia. A review of the evidence', *Journal of Southeast Asian Studies*, 19, 2 (1988), pp. 310-34.

17. Mitsuo Nakamura. *The crescent arises over the banyan tree. A study of the Muhammadiyah movement in a Central Javanese town* (Yogyakarta: Gadjah Madah University Press, 1983), p. 74.
18. It is noteworthy that the Dutch had attempted to limit Muhammadiyah's activities to Yogyakarta during its formative years.
19. *Statuten dan huishoudelijke reglement Moehammadiyah* (Yogyakarta: Hoofddomite Congres Moehammadiyah, 1935), p. 24.
20. *Persidangan Pengoeroes Besar Moehammadiyah pada 14 juli 1923 diroemahnja pemoeka K.H. Ibrahim* (Yogyakarta: Pengoeroes Besar Moehammadiyah, 1923).
21. Real values in this document are calculated from Table A7.1 Key indicators of economic change in Indonesia (1900-99) in Peter van der Eng, 'Indonesia's growth performance in the Twentieth Century' in Maddison, Angus, D. S. Prasada Rao, and William F. Shepherd (eds.), *The Asian economies in the Twentieth Century* (Cheltenham: E. Elgar, 2002), p. 171-3.
22. 1934 (50,2 per cent), 1935 (54,5 per cent), 1936 (57 per cent), 1938 (48,6 per cent), 1939 (54,3 per cent), 1940 (48,4 per cent) and 1941 (48,6 per cent).
23. It should be noted that, at least since during the second half of the 1930s, the various departments and sections were each already functioning with an autonomous budget. In the financial reports available, we chose to sum up the various funds to be able to compare with the data of the 1920s, when the budgeting of all departments were undifferentiated.
24. In the 1950s, the amount of subsidies from the young Indonesian Republic does not appear clearly in the financial reports of the Central Board, its departments and sections. However, it seems that the importance of such resources was still in the minds of the organization's cadres. Clifford Geertz noted this reality in Modjokuto (Pare) and remarked also that, on a national level, the Central Board's priority was to collect subsidies from the Ministry of Religions, as Muhammadiyah schools had difficulties keeping up with the Ministry of Education's modernisation criteria. Geertz, *The religion of Java*, p. 173, 195-6.
25. Alfian, *Muhammadiyah*, p. 195.
26. The person was the editor of an economic journal and a representative of the Bureau of Native Affairs. *Boeah Congres Moehammadiyah seperempat abad* (Yogyakarta: Hoofddomite Congres Moehammadiyah, 1936), p. 39.
27. Haji Abdul Malik Karim Amrullah, *Moehammadiyah melaloei 3 (tiga) zaman* (Padang: Markaz Idarah Moehammadiyah Soematera Barat, 1946), p. 54.
28. A region of North-Sumatra.
29. *Gids Congres Moehammadiyah ke 28 di Medan* (Yogyakarta, Pimpinan Pusat Muhammadiyah, 1939), p. 49.
30. Alfian, *Muhammadiyah*, p. 310.
31. Harry J. Benda, *The crescent and the rising sun. Indonesian Islam under the Japanese Occupation, 1942-1945* (The Hague: W. van Hoeve, 1958), p. 223.
32. *Ibid.*
33. In Solo, the ratio was 5 per cent and 10 per cent in Batavia.
34. This category is defined as including the following resources : contributions from regular donors (*donatie*); common donations (*derma*); contributions following an appeal for funds for a particular project (*sokongan*). Scholarship fees are excluded as the difference between donations and payments are not well defined in the available data.
35. *Suara Muhammadiyah*, XVII, 7 (November 1935): 125-6; The data for branches and local groups is scarce. As an example, in 1928, the Madiun branch declared an income of 179 guilders, of which 32 percent came from membership fees. *Verslag Moehammadiyah, moelai sedjak berdirinja sebingga pengabisan taheen 1927* (Yogyakarta: Moehammadiyah, 1927), p. 16.
36. It is possible that the contributions had been halted during the war and given in full

- after this period of instability.
37. *Boeah Kongres Moehammadijah seperempat abad*, p. 36.
 38. In large towns, the average annual income was 608 guilders. Booth, 'Living Standards and the Distribution of Income in Colonial Indonesia. A Review of the Evidence': 326.
 39. *Verslag Moehammadijah di Hindia-Timur* (1923), p. 84.
 40. We chose to define this category as the addition of contributions from regular donors (*donatie*) and common donations (*derma*).
 41. See Alfian, *Muhammadiyah*, p. 195.
 42. *Sokongan* or 'contributions' could be considered as donations. These were often used for organising conventions and meetings, the creation of new departments or again to support the *Suara Muhammadiyah* journal when needed.
 43. Nakamura, *The crescent arises over the banyan tree*, p. 91 ; Taufik Abdullah, 'Zakat collection and distribution in Indonesia', in *The Islamic voluntary sector in Southeast Asia*, ed. Mohamed Ariff (Singapore: Institute of Southeast Asian Studies, 1991), p. 57.
 44. Azrul Tanjung and Sutia Budi, 'Gerakan ekonomi Muhammadiyah. Sebuah gugatan', *Equilibrium*, 2, 3 (2005): 287-296.
 45. M.D. Badawi, *Himpunan keputusan Kongres/Muktamar Muhammadiyah ke-19 s.d. ke-44* (Jakarta: Pimpinan Pusat Muhammadiyah, undated), p. 2 (electronic document).
 46. Nakamura, *The crescent arises over the banyan tree*, p. 91.
 47. Comparison from the 1950s to 1962-1965 is difficult since the data for the latter period is regrouped in just one table. If we take the average GDP deflator for the years 1962 to 1965, then one could estimate that the amount of *zakāh* in real value had been approximately divided by two compared to 1958, which could be in-line with the declining state of the national economy in the first-half of the 1960s.
 48. It is interesting to note that in 1963-1964, the organization received 100 000 Rp from the Federation of Batik Producers Cooperatives (GKBI), to which the Muhammadiyah had been historically linked, amounting to 11 per cent of its revenues during this period (870 000 Rp from December to June). The GKBI was created in 1948. During the liberal democracy period, one of the Indonesian government's objectives was to promote indigenous enterprise, particularly in the batik sector. With the intention to solve the recurrent problems of access to *mori* (an essential element for the fabrication of batik), the government monopolized its importation, while attributing its distribution to the GKBI. The system did not prove to be efficient, as it created a black market for the product. For more details, see Bonneff, 'Le Kauman de Yogyakarta', p. 192.
 49. Takashi Shiraishi, *An age in motion. Popular radicalism in Java, 1912-1926* (Ithaca and London: Cornell University Press, 1990).
 50. *Boeah Kongres Moehammadijah Minangkabau ke XIX* (Yogyakarta: Hoofdbestuur Moehammadijah Hindia Timoer, 1930), p. 2.
 51. *Goebahan Kongres Moehammadijah ke-24 di Kalimantan-Bandjarmasin* (Surabaya: M.S. Ibrahim, 1935), p. 21.
 52. 'Per-economiean dalam kalangan Moehammadijah', *Pantjaran 'Amal*, 1 (10 January 1938): 16.
 53. 'Praadvis pereconomian dan rantjangan Bank Moehammadijah', *Pantjaran 'Amal*, 11 (10 June 1938): 245-249; R.P. Gondokoesoemo, 'Economie kita dan tjara memadjoekannya di Hindia Timoer', *Suara Muhammadiyah*, X, 14-21 (April 1929,): 58; *Boeah Kongres Moehammadijah seperempat abad*, p. 22, 23.
 54. This remark was evidently aimed at the traditionalists of Nahdlatul Ulama, whose 'mindset' was deemed by Muhammadiyah modernists as hindering progress.
 55. *Gids Kongres Moehammadijah ke 28 di Medan*, p. 49.
 56. 'Pereconomian kaoem Moehammadijah. Praeadvis kepada Kongres Moehammadijah ke 24 oleh Tjabang Betawi', *Suara Muhammadiyah*, 4 (June 1935): 71-76.

57. *Seroean Consulaat tentang economie menjamboet poatoesan Congres Akbar Moehammadijah ke-29* (Consulaat Moehammadijah Daerah Minangkabau, 1941), p. 12-22.
58. 'Industrie', *Pantjaran 'Amal*, 10 (10 January 1938): 207-208.
59. 'Per-economiean dalam kalangan Moehammadijah', *Pantjaran 'Amal*, 3, 1 (10 January 1938): 16.
60. In the case of Tulungagung, Christine Dobbin had noted this difficulty of the Batik entrepreneurs to access credit. Christine Dobbin, 'Accounting for the failure of the Muslim Javanese business class. Examples from Ponorogo and Tulungagung (c. 1880-1940)', *Archipel*, 48 (1994): 97.
61. 'Per-economiean dalam kalangan Moehammadijah': 17.
62. Anne Booth, *The Indonesian economy in the nineteenth and twentieth centuries. A history of missed opportunities* (New York : St. Martin's Press-Australian National University, 1998), p. 311.
63. 'Seroean Badan Pereconomiean', *Pantjaran 'Amal*, 2, 23 (10 December 1937): 514.
64. *Verslag Moehammadijah di Hindia-Timur* (1922), p. 38.
65. For more details, see Shirashi, *An age in motion*, p. 253, 255.
66. 'Moehammadijah dan cooperatie', *Suara Muhammadiyah*, 29 (28 February 1931).
67. Bonneff, 'Le Kauman de Yogyakarta', pp. 175-205.
68. *Keputusan Congres Muhammadiyah ke 20 di Yogyakarta*, (Yogyakarta: Muhammadiyah, 1931), p. 3 (electronic document).
69. Peacock, *Purifying the faith.*, p.70-71.
70. The *Jong Islamieten Bond* was founded in 1925 by the Sarekat Islam and the Muhammadiyah. See Robert Van Niel, *The emergence of the modern Indonesian elite* (Dordrecht: Foris, 1984), p. 168.
71. In practice, the Council's influence was limited to Sarekat Islam circles. The 'Madjlis Ulama' should not be mistaken with the 'Majelis Ulama Indonesia', a semi-official institution, created in 1975.
72. Noer, *The Modernist Muslim Movement in Indonesia (1900-1942)*, p. 151-152.
73. Howard M. Federspiel, *Islam and ideology in the emerging Indonesian State. The Persatuan Islam (Persis), 1923-1957* (Leiden, Boston: Brill), p. 302.
74. *Berita tafoenan Moehammadijah Hindia Timoer*, p. 15.
75. *Boeah Congres Akbar Moehammadijah ke 26* (Yogyakarta: Hoofdcomite Congres Moehammadijah, 1937), p. 10.
76. Kartosoedharmo, 'Soesoenan Bank Moehammadijah' in *Almanak Moehammadijah 1358* (Yogyakarta, H.B. Moehammadijah, Madjlis Taman Poestaka, 1939), p. 205-206.
77. On the early role of the Majelis Tarjih, see Howard M. Federspiel, 'The Muhammadiyah. A study of an orthodox Islamic movement in Indonesia', *Indonesia*, 10 (October 1970): 67-68 ; see also Syamsul Anwar, 'Fatwa, purification and dynamization. A study of Tarjih in Muhammadiyah', *Islamic Law and Society*, 12, 1 (2005): 27-44.
78. *Himpunan putusan Majelis Tarjih Muhammadiyah* (Yogyakarta: Pimpinan Pusat Muhammadiyah, 2009), p. 299.
79. K.H. Mas Mansoer, 'Kedoeoekan bank didalam Islam', *Pantjaran 'Amal*, 8 (20 April 1937): 155-156 ; see also Gondokoesoemo, 'Economie kita dan tjara memadjoekannya di Hindia Timoer': 58.
80. *Keputusan Mu'tamar Muhammadiyah ke 36 di Bandung* (Yogyakarta: Pimpinan Pusat Muhammadiyah, 1966), p. 4.
81. Charles Tripp, *Islam and the moral economy. The challenge of capitalism* (Cambridge, New York: Cambridge University Press, 2006), p. 127.
82. Pimpinan Pusat Muhammadiyah, *Himpunan Putusan Majelis Tarjih Muhammadiyah*, Jakarta, p. 370.
83. The matter became once again the subject of debates in 2003, when the Indonesian Ulama Council (MUI) established that interest banking was 'illicit' (*harām*), a bold

- move that surprised many on the political and economic scene. Ahmad Syafi'i Maarif, Muhammadiyah's leader, criticized the move as it was deemed potentially detrimental for conventional banks currently operating in Indonesia. He added that the main focus of debates should rather be the eradication of corruption. In 2005, after the Muhammadiyah-owned bank (Bank Persyarikatan Indonesia) was at the centre of a scandal initiated by Lulu Harsono, a person external to the organization, the conservative current among Muhammadiyah — the one that opposed interest banking — was reinforced. As a result, the Council of Legal-religious Affairs (Majelis Tarjih) and the Economic Affairs Department (Majelis Ekonomi) jointly declared that interest banking should be considered as illicit and that the 'non-determination' status was not a valid argumentation anymore. See *Hasil pelaksanaan RAKERNAS & business gathering, Jakarta, 19-21 augustus 2006* (Jakarta: Majelis Ekonomi & Kewirausahaan PP Muhammadiyah, 2006), p. 18.
84. *Surat dari Sekretaris Muhammadiyah cabang Tjidulang kepada PP Muhammadiyah* (Cidulang, 18 January 1969).
 85. *Berita taheen Moehammadijah Hindia Timoer*, p. 22.
 86. *Boeah kepoetoesan Congres Moehammadijah ke-22 Semarang* (Yogyakarta: Hoofdbestuur Moehammadijah, 1933), p. 8-9.
 87. *Keputusan Congres Muhammadiyah ke-23, 19-26 Juli 1934*, (Yogyakarta: Muhammadiyah, 1934), p. 15.
 88. Enterprises also represented 3 162 guilders of costs on the annual budget.
 89. We do not have data for the year 1937 however.
 90. In 1941, the Central Board encouraged branches and groups to buy shares in the maritime transportation company called 'N.V. Indonesische Scheepvaart & Handel Maatschappij'. The initiative was supposed to help improve the Hadj journey for members of the Muhammadiyah. 'Andeel kapal Hadji', *Suara Muhammadiyah*, 6 (July 1941): 126.
 91. Bekas direksi kantor dagang Makloem, *untitled document* (Yogyakarta: Makloem, 1948); *Anggaran Dasar Usaha Dagang Faida* (Yogyakarta: Pengurus Usaha Dagang Faida, 1948).
 92. *Keputusan Mu'tamar Muhammadiyah ke I (31)* (Yogyakarta: Pusat Panitia Mu'tamar Muhammadiyah, 1950), p. 3-4.
 93. 'Konsepsi pimpinan ekonomi Muhammadiyah', *Suara Muhammadiyah*, 14 (November 1951): 184.
 94. 'Pendaftaran ekonomi', *Suara Muhammadiyah*, 16 (December 1951): 208.
 95. Majelis Ekonomi Muhammadiyah, 'Perekonomian keluarga Muhammadiyah', *Suara Muhammadiyah*, 39, 12 (December 1953): 540.
 96. *Ibid.*; see also, 'Ruangan Madjlis Ekonomi – Pemandangan', *Suara Muhammadiyah* (February 1954): 582.
 97. It should be noted that this could be due to a combination of Muhammadiyah being more active in the productive sector and the devaluation of the Rupiah.
 98. 18.1 per cent (28 113 Rp) in 1954, 29.5 per cent (45 066 Rp) in 1955, 23 per cent (60 018 Rp) in 1956, 14,6 per cent (59 072 Rp) in 1957.
 99. In the case of N.V. (or P.T.), the company is owned by shareholders, but the shares are not registered to certain owners, so that they may be traded on the stock market.
 100. *Ibid.*, p. 583-584.
 101. *Surat no. 7/61, kesempatan kembali saham* (Yogyakarta: Dewan Komisaris Pertjetakan Persatuan N.V. Jogjakarta, 1961).
 102. Majelis Ekonomi Muhammadiyah, 'Perekonomian keluarga Muhammadiyah': 540.
 103. M. Natsir was the leader of the Masyumi from 1949 to 1958, but also minister of Information (1946-1949) and Prime minister of the Indonesian Republic (1950-1951). For a history of the Masyumi, see Rémy Madinier, *L'Indonésie. Entre démocratie musulmane et Islam intégral. L'histoire du parti Masyumi 1945-1960* (Paris: IISMM-Karthala, 2011).

104. *Tambahan Berita-Negara RI tanggal 9/7 - Perseroan Terbatas N.V. Penerbit dan perusahaan dagang Tamaddun* (Jakarta, 1954).
105. Ijas Damanjuri, *Keterangan keuangan kas PP Muhammadiyah semester ke I tahun 1956, semester ke I tahun 1957*.
106. Everett Day Hawkins, 'The batik industry. The role of the Javanese entrepreneurs', in *Entrepreneurship and labour skills in Indonesian economic development*, ed. B.H. Higgins, (New Haven: Yale University Southeast Asian Studies, 1961), p. 67.
107. 'Pertumbuhan Madjlis Ekonomi P.P. Muhammadiyah Jogjakarta', *Suara Muhammadiyah*, 41 (February 1954), p. 557-558.
108. *Keterangan mengenai kredit Pemerintah yang diterima oleh Pusat Pimpinan Muhammadiyah* (4 agustus 1959) (Yogyakarta: Pimpinan Pusat Muhammadiyah, 1959).
109. H.A. Badawi and H. Hasjim, *Pelunasan kepada Negara* (Yogyakarta: Pimpinan Pusat Muhammadiyah, 12 January 1961).
110. Pimpinan Pusat Muhammadiyah, *Keputusan Mu'tamar Muhammadiyah ke 36 di Bandung*, Yogyakarta, Pusat Panitia Mu'tamar Muhammadiyah Yogyakarta, 1965, p. 12.
111. Some branches complained that they had not received the advice promised to them by the Economic Affairs Department in the 1950s. Pengurus Besar Muhammadiyah, *Keputusan Mu'tamar Muhammadiyah ke I (31)*, Yogyakarta, Pusat Panitia Mu'tamar Muhammadiyah, 1950, p. 3-4.
112. 'Rentjana kerja Pimpinan Pusat Muhammadiyah Madjlis Ekonomi', *Bulletin Suara Muhammadiyah*, 2, 8 (1968).
113. The contemporary economic projects of the Muhammadiyah, have been analyzed in the author's book and will be translated into English in a following article.
114. See Robert Wuthnow, 'Religion and Economic Life' In Neil J. Smelser and Richard Swedberg (eds), *The Handbook of Economic Sociology* (Princeton N.J., New York: Princeton University Press, Russel Sage Foundation, 1994), p. 620-646.
115. Max Weber, *Economy and Society. An Outline of Interpretive Sociology Vol. 1*, Gunther Roth and Charles Wittich eds (Berkeley : University of California Press, 1978), p. 584.

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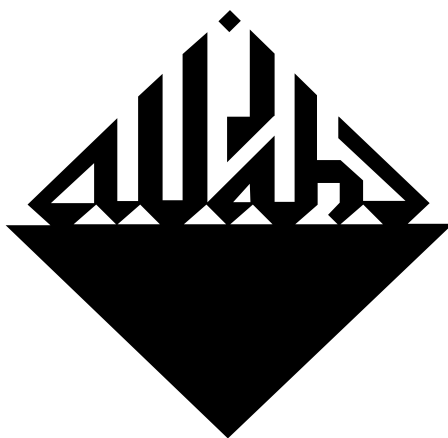
Arabic romanization should be written as follows:

Letters: ' b, t, th, j, ḥ, kh, d, dh, r, z, s, sh, ṣ, ḍ, ṭ, ḏ, ' gh, f, q, l, m, n, h, w, y. Short vowels: a, i, u. long vowels: ā, ī, ū. Diphthongs: aw, ay. *Tā marbūṭā*: t. Article: al-. For detail information on Arabic Romanization, please refer the transliteration system of the Library of Congress (LC) Guidelines.

سثوديا اسراميا

مآلة إنءونسية للءراساء الإسلامية

السنة الءاءى والعشرين، العءء ١، ٢٠١٤



الإسلام والقانون والءولة: ءراساء في فكر آبي باءموس هاءيكوسومو وءوره

سوءارءوءو عبء الءكيم

ببين معهد ءبوايرينآ ومءرساء
منبآ العلوم: ءراساء ءاريخية عن نشأة مفهوم
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ءوءو سوهاءوءو
