

For ESEE 2015 for this sub-theme:

#### **4. Power, politics, institutions and the reality of achieving change**

##### **4.4. Interrelations between societal, cultural, and economic and political values**

#### **ABSTRACT** (150 words)

We aim to understand the relation of social norms in a small scale society with Indonesia's current rural development policy in a dynamic political setting. We conducted a framed experimental game with an indigenous community in East Kalimantan to assess individual's decision in sharing the benefits of a government program vary according to the following characteristics of the individual: a) exposure to the national system and b) trust. We game was framed on a rural development government policy, aiming to empower villages to decide on their development pathway. The game was played with 212 adults sample from 5 villages upstream and 2 resettlements located near the city. Our preliminary result suggests that adults characterized with less exposure to the national system are less cooperative. We also find differences in adults' decision in relation to their trust with fellow villagers and also trust to the government.

#### **EXTENDED ABSTRACT** (600-1200 words except the references)

### **SOCIAL NORMS IN RURAL DEVELOPMENT: A FRAMED FIELD EXPERIMENT WITH THE PUNAN TUBU OF KALIMANTAN, INDONESIA**

#### **Social Norms in Rural Development Policy: A Framed Field Experiment with the Punan Tubu of Kalimantan, Indonesia**

#### **KEYWORDS**

Cooperation; experimental economics; Indonesia; rural development; small scale society

#### **INTRODUCTION**

This study addresses the impact of rural development polices on social norms in a small scale society. We aim to understand whether the sharing norms practiced in a small-scale society are equally applied when the context is sharing resources from an external actor, in our case study the government. We conducted a framed experimental game with an indigenous community in East Kalimantan to assess individual's decision in sharing the benefits of a government program vary according to the following characteristics of the individual: a) exposure to the national system and b) trust. Specifically, the purpose of the study is to understand whether social norms regarding sharing that is generally practiced in a small-scale society are equally applied in a context in which resources to be shared come from an external actor, the government in our case study. We conducted a framed experimental game with an indigenous community in East Kalimantan to assess individual's decision in sharing the benefits of a government program vary according to the following characteristics of the individual: a) exposure to the national system and b) trust. Our case study refers to an indigenous community in East Kalimantan, the Punan

Tubu. Formerly a hunter gatherer nomadic group and are growingly sedentarized. Some communities have been resettled by the government in city resettlements, but even the more remote communities, settled near the Kayan Mentarang National Park, have started to adopt a more permanent settlement pattern. Both types of communities are recipient of the same government supports and transfers.

The game is framed around a government program called “Gerdema” to which the government provides cash transfers directly to each village, giving them the right to freely decide how to use the money. We aim to explore whether the arrival of cash to the remote communities, heavily relying on sharing and cooperation, is received in a different way than the arrival of cash to the resettled communities.

We hypothesize that norms of sharing will vary according to trust. Specifically, we expect that people with more generalized (versus personalized) trust will cooperate more in this framed field experiment than people with less generalized trust.

## **LITERATURE REVIEW**

Social norms are shared understanding of how individual members should behave in community under given circumstances. Members within the community reward or punish people for their behavior in following or breaking such social norms (Coleman 1990). Social norms on sharing and cooperation regulate life in small-scale societies, such as those in remote indigenous community of our study. According to previous research in similar settings, beyond tit-for-tat kind cooperation, such societies display norms of strong reciprocity, as people are willing to endure personal costs to increase success/benefit of the group/others (Henrich 2006; Nolin 2012; Gurven, Hill, and Kaplan 2002; Fehr, et.al. 2002).

As such societies are nowadays facing rapid change; a central question is whether such social norms will persist as small scale societies are integrated into national economic and social systems. In this context, some researchers debate the effect of government policies and the market economy on well-established norms of cooperation. On the one side of the debate, some researchers have found that government policies crowd-out group spirit to cooperate (Cardenas and Stranlund 2000). Integration into the market destroys traditional forms of sharing and cooperation, thus affecting people’s safety nets (Bardhan 2000; Putsche 2000; Bury 2004; Hyakumura and Inoue 2006; Kramer, Urquhart et al. 2009). Government policy or integration into the market economy may create income inequality, which in turns undermines traditional community rules and customs, generates conflicts, makes exchanges difficult, and results in shifting towards work time previously devoted to social interactions (Bardhan 2000; Putsche 2000; Bury 2004; Hyakumura and Inoue 2006; Kramer, Urquhart et al. 2009; Koizumi 2012).

On the other side of the debate, other researchers have argued that, although government policies and markets might undermine traditional social interactions, they might also bring new forms of insurance (i.e., credit, insurance, public service, warranty, and the likes) that buffer environmental and economic shocks, and in doing so protect people’s well-being

(Bebbington 1997; Ashley 2000; Uphoff and Wijayaratra 2000). Although socioeconomic changes introduced by government policies or market-related actors might reduce traditional forms of cooperation, such changes might also bring other forms of insurance, by introducing other forms of social capital, for example from personalized/particularized-trust, to generalized-trust that facilitates market transactions (Fafchamps 2011).

The topic is particularly interesting when considering the trending government rural development policies which give cash to people living in rural areas. Examples of such programs include conditional cash transfer programs (e.g., Kenya M-Pesa, Mexico Progresa, etc.) but also policies of payment for environmental services (e.g., REDD, etc.).

In this work, we hypothesize that

*H1: individuals with higher level of exposure to the national system is less cooperative in the game; whereas individuals with lower level of exposure to the national system would be more cooperative, even after having their jackpot. Rationale:* Individual more integrated to the modern societies and national system have been exposed to economic behaviour oriented to income maximization, and will play the game consistent to this.

*H2: Individuals who do not trust their fellow neighbours will cooperate less than those who trust their fellow neighbors; in the same sense, individuals who do not trust the government will cooperate less than those who do trust the government in the game. Rationale:* Trust is believed to have the ability to form cooperation (Berg, et.al. 1995).

## **METHODS**

The study is based on fieldwork conducted among the Punan Tubu between March 2012 and July 2013 then also in March 2014. It is part of a bigger study on cross-cultural analysis of the returns of Local Ecological Knowledge in three indigenous societies. Though for the purpose of this study, I will be using data collected through a framed field experiment game played in March 2014, however the integration of this data collection with a larger study allows systematic observations on cooperation and norms of prosocial behaviour in the communities, and the dynamics with the integration to the rural development.

The game is played by framing it as a government program, with the initial endowment as cash transfer from the government to the group. The game was played in East Kalimantan Indonesia with an indigenous group, the Punan Tubu of the Tubu River. The game together with additional survey questionnaire was collected in 5 villages and 2 resettlements in the city Malinau. As a result, the effective sample size of the study is 212 individual.

## **PRELIMINARY RESULTS**

We are currently at the early process of analyzing data, however our preliminary result suggests that adults less exposed to the national system (e.g., fluency in the national language, visits to the city center, etc.) are not as cooperative as those more exposed. We also find that adults from the resettlement are more cooperative than their fellows from the

upstream villages that are more remote. This is consistent to the results of Henrich, et.al. (2004) with 15 small scale societies. However the relation are less straight forward when we consider difference in individual experience in receiving benefits by the government (e.g., housing by the government, government salary, etc.). We have yet to understand these relations in our study. Furthermore, in context of trust, we find that adults that does not trust fellow villagers, cooperates less in the game.

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