Abstract: Cash transfers are widely used in developed countries as a means of providing income support to the less well-off. In developing countries the absence of reliable income data makes targeting of such transfers very difficult. Nevertheless some developing countries have chosen to distribute cash transfers as a way of compensating the poor for various adverse events. This paper studies the 2005 Indonesian BLT (Bantuan Langsung Tunai, Direct Cash Assistance) program. BLT was implemented contemporaneously with a reduction in fuel subsidies which resulted in an immediate 186% increase in the price of kerosene. Poor households received payments for six months that amounted to about 10% of their average monthly expenditure. Although the program likely reduced poverty, the targeting problems led to significant social unrest. We find that the percentage of poor households in a village that missed out on receiving the payment is significantly and positively associated with an increase in village crime. There is also evidence of declines in other measures of social capital in the village and an associated decline in confidence in village administration.

Biography: Assoc. Prof. Lisa Cameron is an economist in the Department of Economics at the University of Melbourne, where she has worked since receiving her PhD from Princeton University in 1996. She is primarily a development economist. Her research focuses on Indonesia but she has also worked on a number of other developing countries and has a small number of papers using Australian data. She also works in the fields of experimental economics, labour economics and health economics. While primarily aimed at academics, her research also seeks to address issues of importance to policy-makers and the world outside academia. She has worked as a consultant for the World Bank, the Asian Development Bank, the ILO, UNICEF and AusAID. She is also currently the Director of the Asian Economics Centre.