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Does Public Welfare Crowd Out Informal Safety Nets? Ethnographic Evidence from Rural Latin America

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Summary. — The researchers compare ethnographic data from two neighboring countries—Suriname and French Guiana—to investigate whether public welfare systems displace informal risk-sharing arrangements. The results suggest that the informal safety nets of poor rural households are deficient when shocks are extreme, irreversible, cumulative, and co-variate. Public welfare can reduce poverty by strengthening informal insurance systems, distributing cash, enabling new risk management strategies, and promoting human capital development. It remains a challenge for policy makers to implement welfare systems that cover society members with the lowest levels of human and social capital, and that minimize adverse consequences of economic change.

Key words — South America, Suriname, French Guiana, vulnerability, safety nets, welfare

1. INTRODUCTION

(a) *Poverty, shocks, and insurance*

This paper addresses the question: Do state welfare systems crowd out informal strategies that poor households use to mitigate shocks to income? More than a billion people worldwide are living in extreme poverty, with close to half of the world's population earning less than US$2 a day (World Bank, 2003). Their ability to escape poverty is impaired by vulnerability to shocks; unexpected events that trigger a decline in well-being, such as extreme weather, agricultural pests, illness, and death (Morduch, 1995, 1999).

By causing unpredictable and uncontrollable fluctuations in household earnings and consumption, adverse shocks reinforce a sense of ill-being and powerlessness. Misfortune can pull poor families into a downward spiral

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toward destitute conditions. In addition, shocks reduce one's potential to plan for the future, for example, by forcing families to take children out of school. As the bulk of projected population growth will be among the world's poor, a core challenge to development is to improve the resilience of poor households to shocks (Heitzmann, Canagarajah, & Siegel, 2002; World Bank, 2001a).

Poor families throughout the world have developed ways to cope with subsistence risk (Alderman & Paxson, 1992; Dercon, 2002; Townsend, 1995). Faced with temporary income stress due to a drought or illness, for example, rural households share with neighbors, sell assets, and diversify income-generating activities. But, informal coping strategies are often insufficient and costly (Morduch, 1999; Townsend, 1995). Moreover, quick fixes that address the symptoms of deeper problems may not build resilience to future shocks.

Public transfers could help poor households patch the gaps in informal safety nets, but may be wasted if they simply replace informal systems. Economic studies predict varying degrees of crowding out in a variety of rural and urban contexts (Cox & Jimenez, 1992, 1998; Dercon & Krishnan, 2002, 2004; Ligon, Thomas, & Worrall, 2002; Morduch, 1999). The logic is that if the state helps out unlucky family members (e.g., the disabled, the unemployed, single mothers), people have less incentive to take part in family-based insurance systems (Attanasio & Ríos-Rull, 2000; Di Tella & MacCulloch, 2002). If access to welfare fosters dependence and disrupts social cohesion, it may hurt rather than help poor families (Dercon & Krishnan, 2002; Ligon *et al.*, 2002; Murray, 1984).

Other researchers refute claims of crowding out. They find instead that more generous welfare payments benefit social cohesion and intrafamily transfers by increasing the total insurance available to people (Edin & Lein, 1997; Orloff, O'Connor, & Shaver, 1999; Stack, 1974). We test the validity of these arguments by comparing informal risk-sharing among the members of one ethnic group who live both in a country with a poorly developed welfare system (Suriname) and in an adjacent country with a strong welfare system (French Guiana). We analyze the following questions:

—When does informal insurance fail and when is the need for public assistance greatest? (Section 3).

—Will the implementation of public welfare crowd out informal safety nets? (Section 4).

We define as safety nets all informal strategies and formal programs aimed at mitigating the effects of events that cause a decrease in income and/or increase in expenses, such as a lost harvest, disease, unemployment, childbirth, and growing old. Safety nets can be targeted and temporary, such as unemployment benefits, as well as universal and permanent, such as savings on a bank account.

(b) *Approach and paper structure*

Sociologists have begun to study the interaction between public and private insurance systems in the United States and Europe (Edin & Lein, 1997; Orloff *et al.*, 1999). Their results may not however apply to low-income countries where daily challenges to household survival and the resources available to confront these obstacles are different. Research in Africa suggests that the transfer of Western-style welfare systems to low-income countries is problematic because these systems are premised on advanced levels of industrialization and urbanization, and ignore relevant social and cultural factors (Hampson, 1990; Kasente, 1997).

Economists have analyzed household data from low-income countries to quantitatively estimate the degree to which state transfers will substitute informal risk sharing. Their models predict sizable reductions in intrafamily transfers following the implementation of public assistance schemes (Cox & Jimenez, 1992, 1998; Dercon & Krishnan, 2004; Ligon *et al.*, 2002). We use ethnography to test the conclusions from these econometric models in a place where we find people with and without access to state transfers. The paper examines informal insurance arrangements among poor rural people who either are (in French Guiana) or are not (in Suriname) entitled to allocations from an actual welfare program. We present the experiences of different parties affected by risk-sharing, including the giver and the receiver, the extended family, and the surrounding community. Our work complements macrolevel crosscultural comparisons of welfare systems (Elliott, Mayadas, & Watts, 1990; Orloff *et al.*, 1999) by exposing how cultural norms and social processes shape access to, and use of, state and intrafamily support systems.

The narrative nature of the data leads us to combine and organize the results and discussion in two sections. After describing the research site and methods (Section 2), we discuss in Section 3 how poor rural household and communities in the study area traditionally mitigate—and often fail to mitigate—subsistence risks. We present recorded life experiences that illustrate gaps in informal strategies to deal with natural (illness, death, handicap) and human made (inflation) risk. We find that informal insurance fails when shocks are cumulative, co-variant, irreversible, unforeseen, and extremely costly.

In Section 4, we compare the public welfare systems of Suriname and French Guiana, and evaluate their impact on informal coping and insurance systems. Field observations and interviews suggest that state transfers can assist poor households in building resilience against shocks by (i) providing more to share (i.e., enlarging the pie); (ii) reducing the chances of dropping-out of risk-sharing networks; (iii) increasing the number and variety of available survival strategies; and (iv) improving the overall standard of living in recipient communities. Not for everyone, however. Interpersonal differences in human (e.g., education, language skills) and social (e.g., connections to village authorities) capital generate unequal access not only to informal insurance systems, but also to public welfare systems that are, in theory, indiscriminant. We conclude that it remains a challenge to policy makers to target public social benefits at the groups that need it most. Parallel findings from the United States and Europe suggest that our findings have validity beyond rural Latin America.

2. RESEARCH SITE AND METHODS

(a) *Suriname and French Guiana*

Suriname and French Guiana are located on the Northern tip of South America (see Figure 1). They compare in their densely forested interiors and rich natural resource availability (see Table 1). Both countries have low population numbers and densities and host a multitude of cultures and languages. Almost all people live in the coastal regions, primarily in the capital cities of Paramaribo (Suriname) and Cayenne (French Guiana). The forested interior houses several Amerindian and Maroon ethnic groups that, in both countries, are met with many prejudices and few resources from the urban centers.

While sharing geographic, ecological, and cultural characteristics, Suriname and French Guiana differ in terms of economic development, governance, and public services. Suriname is a low-income country that has experienced political and economic instability since it became independent of the Netherlands in 1975. As an overseas department of France, French Guiana is part of the European Union. In theory, its inhabitants are entitled to the same standard of public services as metropolitan French. In practice, many people in the isolated interior do not receive adequate education, health care, or opportunities for advancement. It is illustrative that child mortality is three times higher in French Guiana (13%) than in mainland France (4.5%; INSEE, 2002, p. 35).

While lagging behind in a European context, the standard of living and levels of public assistance in French Guiana are higher than in surrounding countries. The per capita National Product of French Guiana is eight times higher than that of Suriname. In 2002, low-skilled workers in Suriname earned around US$100 per month; 10 times less than their colleagues across the border (see Table 1). Economic differences are reflected in welfare payments (see Table 1). The French government pays a household with three children about US$250 per month in child benefits, and more as children age (CAF, 2003). The same household is eligible for less than half a US dollar in Suriname. France allocates approximately US$680 in monthly welfare benefits to a single mother without regular income and with at least one child under the age of three under her care (CAF, 2003). The same person would receive about US$15 per month in Suriname. To keep perspective, the cost of living in Cayenne (French Guiana) is several times higher than in Paramaribo (Suriname). Yet differences in living expenses are small in forest villages, where most households construct their own houses, plant a large share of their food, and buy other necessities (i.e., clothes, utensils) at the Suriname side of the border.

(b) *Data collection process*

Field research was conducted among forest peoples of African descent called Maroons. Approximately 80,400 Maroons live in Suriname and about 37,200 Maroons live in French Guiana (Price & Price, 2003). They form six culturally distinct groups that operate largely independently from the nation states in

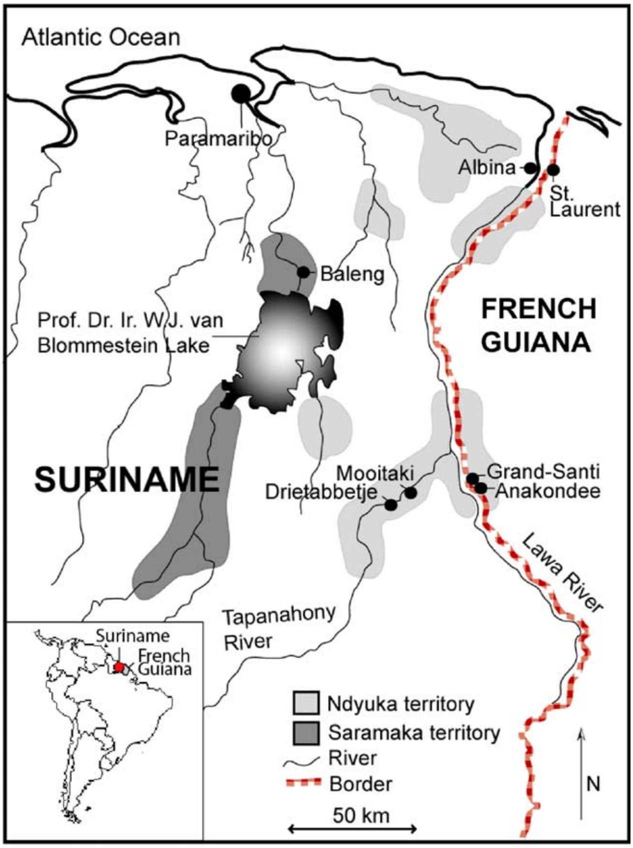

Figure 1. *Map of Suriname and French Guiana with the main villages where research was conducted.*

political, legal, religious, and socio-cultural matters. Ethnographic data were collected in villages pertaining to two of these groups, the Ndyuka and the Saramaka, both numbering an estimated 50,500 members (Price & Price, 2003). The five main research villages (Baleng, Mooitaki, Drietabbetje, Anakondee, Grand Santi; see Figure 1) combined house a total of approximately 500 households.

Ndyuka and Saramaka Maroons who now live in French Guiana originate from Suriname. Throughout their history, Suriname Maroons have worked, lived, and planted grounds on French Guiana soils (Bilby, 1990). They were tolerated and largely ignored as long as their numbers and imprint on society were small. This changed in the 1980s, when political and economic instability in Suriname destroyed means of subsistence, assets and savings, cultural relicts, health care, and educational opportunities in the Suriname interior. Thousands of Suriname Maroons crossed the border as war refugees, labor migrants, and families in search of a better life. In response, French authorities launched policies aimed at sending back undocumented migrants and assimilating the others. Enforcement of this policy has been weak for many bureaucratic, cultural, and political reasons (Orru, 2001). Suriname Maroons aspiring to acquire French jobs, health care, welfare, electricity and running water, and other services continue to cross the border as the economic gap between Suriname and French Guiana widens.

Field research has been ongoing during 1996–2003. [1] The sensitive nature of information about the social and economic organization of people's lives requires a level of trust on the part of villagers and a reputation for what Maroons call "living well" on the part of the researchers. Many months were spent learning the culturally correct way to wash clothes and dishes, to speak, to give greetings, to cook, to

Table 1. *Country-level development indicators for Suriname and French Guiana*[a]

	Suriname	French Guiana
General		
Land area in km^2	163,820[b]	83,534[c]
Percent forest	80	90
National language	Dutch	French
Demographics		
Population	441,356[b]	157,213[c]
Population density, inhabitants per km^2	2.7[b]	1.9[c]
Estimated number of Maroons	80,400[d]	37,200[d]
Economic indicators		
GNP per capita	US$1,672	US$12,864
% Unemployed (ILO definition)	10[e]	26[c]
Monthly minimum wage	~US$100[f]	US$1,144[c]
Welfare payments[j]		
Monthly child benefits for a family with three children	US$0.33[g]	US$250–305[h]
Public elderly pensions per month	US$36[g]	US$235[i]
Welfare, one single person	US$11[g]	US$402[h]

[a] Exchange rates used are those for January 2003: 1 US$ = 2,750 Suriname guilders = 0.99 €.
[b] ABS (2002).
[c] INSEE (2002).
[d] Price and Price (2003).
[e] ABS (1997).
[f] Does not exist by law; rates are based on personal observations of wages for low and unskilled work in Suriname.
[g] Suriname Department of Social Affairs, Research Unit. Public information pamphlet, 2003.
[h] CAF (2003).
[i] Actualités Sociales Hebdomadaires 22/01/2003. URL: http://www.ash.tm.fr/front/home.php.
[j] Because welfare payments depend upon household-specific circumstances, the quoted rates are approximations.

live while menstruating, to farm, and to perform other daily activities.

Learning to live well also meant entering into an unwritten social contract with neighbors and other villagers. It meant learning the rules for shared work, and learning how and with whom to share the fruits of labor. Our analysis draws on qualitative and survey interviews, participant observation, and our experience as members of this social contract. We will discuss when and how reciprocity and other risk-sharing mechanisms effectively averted shocks, and when they were deficient. All person names mentioned in this article are pseudonyms.

3. INFORMAL RISK-SHARING ARRANGEMENTS

(a) *Subsistence activities*

Kinship and gender relations shape daily life in Maroon forest villages. Women make most decisions about management of the household and agriculture. They spend their days caring for children, maintaining their households, and growing and processing food for daily sustenance. Despite their apparent independence, women depend on labor, products, and cash money that men provide. Men clear the forest for agriculture, hunt, carve canoes, and supply their wives with manufactured goods such as oil and salt, preserved fish and meat, kitchen tools, and fabrics. To earn cash income, men leave the forest communities for prolonged periods of time to work in the city, in transport, in extractive industries at the coast or in small-scale gold mining. Most men return every few months to be with their families, to bring home money and city supplies and, in the dry season, to prepare subsistence plots for their wives.

Due to the informal and irregular nature of Maroon jobs, household incomes tend to be low, unpredictable, and intermittent. A small-scale gold miner might find 30 g of gold (~US$270) in one month but despite hard work, not earn anything in the following month. Women may harvest peanuts to sell one week and have nothing to sell in subsequent weeks. The sporadic returns of men make women unable to count on a certain amount of cash money at the end of the month. It is in this uncertain economic climate that household shocks occur.

(b) *Household shocks and informal safety nets*

Shocks can be classified as either idiosyncratic incidences that happen to a household or individual, or co-variant events that affect the entire village or region, though few shocks fall neatly in only one of these categories (Dercon, 2002). These events cause the loss of jobs, labor productivity, health, and lives. Observed co-variant shocks include macroeconomic developments such as structural unemployment, political instability, and monetary devaluation. Common idiosyncratic shocks in Maroon communities are adult illness (malaria, diabetes, anemia and increasingly, HIV infection), childhood illness (fever, diarrhea, dermatological conditions, and malnutrition), and crop loss due to wildlife, pests, and climatic events. The average adult in our sample lost 2.8 working days per fortnight due to illness ($N = 343$, $SD = 4.2$). The average child had been ill for 1.2 days in the two weeks prior to the interview ($N = 262$, $SD = 2.7$). Individual-level shocks can also be triggered by changes in one's social network, as in the case of death, divorce, or migration. Because men cut the planting grounds for their wives, losing a husband decreases a woman's ability to grow food for her family.

Maroons rely on immediate kin, the extended family, and the larger community to mitigate subsistence risk. Pre-emptive insurance strategies are rare as inflation makes saving money unwise and cultural norms limit hoarding assets. Still, in anticipation of bad times people plant on different plots, keep stocks of prepared food (e.g., baked cassava flour), and take part in rotating cash systems, locally called *kas moni*. Such precautionary measures are more common among women than among men.

Usually, Maroon households confront shocks only after they occur. Most common is borrowing and lending in reciprocal relationships. A successful hunting expedition provides a piece of meat to every family in the village. If you cannot go to your land, a sister will give you leafy greens from her field. When a child cannot be taken care of in his or her own home, another family will adopt the child as their own. Sharing is expected of people who are living well. "It is more important for us all to eat today than to know that I can eat tomorrow," taught one Saramaka woman.

Reciprocity involves goods, land, and labor, and can occur between individuals or involve the entire village. Women keep an eye on each other's children and household when one goes into menstrual seclusion or falls ill. Labor sharing is also common in producing food, house-building, and other labor-intensive activities. Lending a hand allows poorer people in the community to obtain food without depending on charity. For example, women who cannot obtain suitable agricultural land may work on the land of others in exchange for produce. In times of scarcity, household incomes are further supplemented by informally selling food, goods, and services. Individuals also change their social networks to increase their resilience to shocks. For example, a woman may separate from a current husband to find one who is better equipped to support her. Buying on credit was common among men but few women took out loans because, they said, you do not know whether you will be able to pay them back.

Traditional insurance and coping mechanisms effectively cover recurrent, cost-producing events such as childbirth, menstrual seclusion, small subsistence crises, brief sickness, time-sensitive subsistence activities, and common death. In addition, they distribute the cost of expensive events for which responsibility is shared, such as funerals. Maroon funerals are expensive events because the immediate family of the deceased has to pay for the funeral rituals and coffin, provide the village with food and drinks for several days, and pay for transport of funeral necessities and family members between the city, the village, and the burial site. These costs can add up to the equivalent of about US$2,000. Village and family contributions in food, labor, and materials, allow the responsible family members to cope with these expenses.

(c) *When do traditional insurance and coping systems fail?*

Empirical evidence suggests that informal safety nets often fail to smooth income and consumption variability (Morduch, 1999;

Townsend, 1995). Our ethnographic data show that informal risk-sharing arrangements do not adequately protect the household when

—a series of misfortunes accumulate;
—costs are unforeseen and high;
—an event is irreversible or lasting;
—events co-vary, that is, affect a larger region;
—an individual or family has low levels of human and social capital.

The story of Masaya illustrates how a series of relatively benign shocks severely jeopardizes a woman's basic subsistence needs by not allowing for recovery. Masaya, a middle-aged mother of five, is the second of two wives and lives in her husband's village. She works mostly at subsistence agriculture and relies on her husband for additional economic needs. When her husband decided to take a third wife, Masaya took advantage of the situation to ask him for money to buy a bulk supply of sugar to sell in small packets for profit. To purchase the sugar Masaya drew on her social network; she sent money with a neighbor who more frequently traveled to the capital city and agreed to purchase the sugar for her. This arrangement worked well and Masaya had soon accumulated a net profit double her initial investment. She entered a *kas moni* system with six neighbors. Each neighbor contributed the equivalent of about US$4 monthly. Every month, the lump sum rotated to one of the members, who would use it to make a larger purchase. At her turn to receive the lump sum, Masaya used the money to purchase additional sugar.

Good fortune ended when Masaya's husband contracted malaria and was unable to work for some weeks. Transportation costs increased at the same time, and Masaya had to use her profits to buy rice and other necessities that her husband normally provided. Lack of disposable income forced her to drop out of her *kas moni* circle. Her sugar-supply quickly ran out, and her profits did not cover the purchase of additional stock. In addition her neighbor moved, ending Masaya's transportation source. To get by, Masaya reduced the family intake of meat and vegetables, turning to rice with water instead. Serious weight loss has reduced her resistance to disease and ability to work. The combination of all of these factors; sickness, unemployment, inflation, and a change in her social network, resulted in the disintegration of Masaya's small business and increased physical, economic and social vulnerability for the family.

Informal networks also fail when shocks are extremely costly. Another woman, Gracia, related how her informal networks failed when her husband Kodyo was murdered by robbers. The funeral was expensive because extra rites were required to deal with this unusual death, and police investigation in town prolonged the duration of the ceremony. In addition, Maroon tradition dictated that the deceased, who had been killed in the city, was to be buried on tribal lands. Buying a coffin in the city and transporting the corpse and family members to the interior added an extra estimated US$1,000 to the funeral fee. Even though all villagers contributed, the financial burden was enormous for a family whose breadwinner had just died. In addition to having to find ways to pay immediate bills, Gracia had to cope with a long-term loss of economic security. Heritage arrangements were such that all possessions went to Kodyo's female kin rather than to his nuclear family. With her husband, Gracia also lost his income, his store, his savings, and his possessions. No longer able to cover the expenses of boarding school, she feared her two children would be forced to drop out of school.

Well-designed to cover incidental costs, such as the repair of a leaking boat, informal risk-sharing arrangements fail to take care of lasting adverse conditions, such as physical disability. Consider Leina, a mother of three, who had a seizure that left her partially paralyzed as a child. Leina eventually regained most of her mobility but remains weak and unable to perform many of the subsistence activities required of Maroon women living in the interior. Leina's mother and sisters-in-law help her with food and services, but she remains among the poorest in the community and is completely dependent on assistance from others. Leina's ability to reciprocate is also compromised by her disability. Due to the physically demanding nature of Maroon subsistence activities, bodily handicaps limit the ability of individuals to provide for themselves and take part in labor and food sharing networks.

Fourth, informal insurance is deficient when misfortune affects all households in a larger region, such as warfare or infrastructural changes. One example is Suriname's long-term monetary devaluation, which caused consumer prices to increase by 102% during 1998–99 without compensatory changes in wages (Heemskerk, 2001). Rising costs of living reduce the ability of Maroon individuals to provide balanced meals to their families, to participate in public life, to pursue money-making schemes, and to invest in a better future. In the summer of 2002, many Maroon mothers worried that the rise in school fees would force them to take their children out of school.

Finally, we found that the ability of a household to self-insure is limited by the human and social capital of its members. Human capital includes the ability to read and write, speak the national language, calculate, use a computer, and other personal skills. By allowing access to a greater and more diverse set of income-generating options, increased human capital reduces economic vulnerability. We use social capital as "connections among individuals—social networks and the norms of reciprocity and trustworthiness that arise from them" (Putnam, 2000, p. 19). Centrality in social networks increases the chances that others will take care of you when misfortune occurs. Individuals can gain social capital as they get children, marry or get divorced, and migrate. For example, in times of economic or social stress, a woman who lives in her husband's village may return to the village of her matrilineage where she will find more social support.

In line with what economists have concluded, we find that informal safety nets break down when most needed. In addition, we find that these informal networks fail to protect adequately people who need them most; the old, the poorest, and the physically disabled. When intrafamily risk-sharing fails people turn to last-resort choices that draw the family further into destitution. Desperate responses include pulling back out of insurance networks; reducing the quality and quantity of nutritional intake; and taking children out of school. In the next sections we explore how state transfers might help prevent or compensate for these severe cases.

4. WHAT HAPPENS WHEN PUBLIC WELFARE COMES IN?

(a) *Social welfare systems in Suriname and French Guiana*

In theory, forest people in both countries have access to the same public services as urban populations. As distance to the city increases, however, the quantity and quality of governmental assistance reduce. Schools and clinics in the interior are sparse, understaffed, and underfunded. Maroons receive free medical care, but in villages without a clinic travel to and waiting times for the doctor can take an entire day.

In Suriname, public welfare payments are irregular and not paid to many people in the forest who are uninformed about their entitlements and bureaucratic procedures. Many Maroons refer to welfare payments as *koluku ma moni* (lucky man's money). If welfare provisions arrive where they should, their value is negligible. "You cannot do anything with it," says Yolanda, "if you have six children you will receive 90,000 guilders [~US$40 in 2001]" over a period of several years. In fact, allocations are so low that many Maroons do not even make the effort to collect them.

Just across the border, French Guiana features the generous French welfare system. At the roots of this system is a progressive, pronatalist family policy aimed at ensuring a certain horizontal distribution of income among households (Gautier, 2000). Welfare helps cover costs associated with pregnancy, handicaps, childbirth or adoption, single parenthood, being a stay-at-home parent, unemployment, study, housing, and other day-to-day expenses (Gautier, 2000). Family allowances (*allocations familiales*) are most commonly allocated with almost 19,000 recipient households in 1999, or 41% of the total number of households (INSEE, 2002). These cash transfers increase with each additional child and are usually paid to the mother. Payments are generous. In 1997, the average French Guiana household received US$4,247 (€4,792) in aggregated annual welfare payments, which constituted approximately 15% of average annual household income in this French overseas department (INSEE, 2002).

French Guiana forest peoples in possession of a *cart d'identité* (citizenship) or *cart de séjours* (residency) technically enjoy the same rights and privileges as other French persons, including cash money from French salaries and social assistance. This is the case among the Aluku Maroons, the only Maroons who are as a group considered to be French. In the late 1960s, the Aluku were targeted by an active political campaign of assimilation of the interior and "francisation" of its inhabitants (Bilby, 1990; Hurault, 1999). The French administrative system was superimposed upon the traditional system of governance; formal names and ages were given to individuals for the sake of registration; and virtually the entire

Aluku population became eligible for a variety of social subsidies (Bilby, 1990).

The situation is different for Maroons who came later to French Guiana. Several Ndyuka were born on the French banks of the river and have been working and living in French Guiana for all their lives. Yet without formal registration they remain (illegal) aliens and excluded from welfare. In 2002–2003, only 37% of surveyed Ndyuka household on the French banks of the Lawa River ($N = 97$) received some type of state transfer such as child benefits, unemployment benefits, or elderly pensions. Some of these households received their payments from Suriname, amounting to just a few US dollars per year.

More than three-quarters of female heads of Ndyuka households in French Guiana in our survey sample (78.4%; $N = 97$) did not receive any public aid, for two main reasons: First, only documented citizens and legal residents receive the full welfare package. Many Maroons do not have legal status because they lack documents to prove where they were born, to whom they are married, and where they have worked over the past 10 years. Second, Ndyukas on the public payroll are most likely to be young, educated, and living in the administrative center of Grand Santi. Few Ndyuka in the smaller family settlements along the Lawa River speak French or understand the French bureaucracy. Physically and culturally isolated from the coastal government, they do not understand or enter the public welfare system.

The account of Leina (age 32), who lives in a small French Guyana settlement, illustrates the confusion of many Ndyuka living on French soil. As narrated above, Leina's physical handicap leaves her economically dependent on others. Born in Suriname, Leina moved with her family to French Guyana at the age of 15. Upon arrival the family applied for French residency. Because Leina's papers were lost, only her mother and brother received French papers. Each year the family tries to get Leina papers, but according to Leina's mother, "she has no luck." Even though Leina's mother has French residency she is not eligible for family benefits because she has no young children. Instead she struggles to support Leina and her three children by selling *kwakka*, a dried cassava product. Sometimes an aunt or a cousin gives Leina some of the welfare benefits they receive.

Leina has considered allowing relatives to adopt her children officially and split the welfare benefits with them. But, she worries that the relatives may not share fairly. Moreover, this action would leave her officially childless and hence ineligible for family allowances in the case that residency papers would come through. Instead, Leina and her mother will patiently wait for Leina's luck.

(b) *Do welfare provisions replace informal insurance systems?*

Introduction of the French welfare system cannot be seen separate from the integration of Maroon villages into the French national economy. The consequent increase in cash flows has brought a feverish urge to consume *bakaa-gudu* (white people's goods and assets). Today, fads of fashion and consumer goods absorb a significant share of time and disposable income in French Guiana Maroon villages. Another share of French money is going toward alcohol and drugs, something rarely seen in Suriname forest villages in the absence of a funeral or other cultural event.

Increased availability of money has changed the terms of economic exchange, most profoundly in the administrative center of Grand Santi. Though Ndyuka covet French schools, clinics, money, and comforts such as electricity and running water, they also lament that labor and produce increasingly carry price-tags. Hunters still give game with close kin, but now also sell some of their catch and, thanks to the arrival of freezers, store surplus meat for future consumption. In rare cases, men reason that family allowances enable their wives to hire labor and hence free them from cutting a field or otherwise taking care of their families. Ndyuka sentiments about these changes mirror those recorded by Bilby (1990) among the French Aluku Maroons, who have realized that

> ...the invitation to share in [Western] wonders... was not without its price... One of the most common stock phrases heard on the lips of Aluku today—"tide ala sana na moni, ba!" (today, everything is money)—is part ironic approbation, part lament, signaling a wistful nostalgia for the days, not so long ago, when sharing between close kin, rather than selling, buying, and hoarding, was the norm.

Even though the acquisition of goods and services increasingly requires cash payment, the ethnographic data we collected among welfare recipients suggest that access to state transfers does not replace informal insurance systems. Food, labor, and religious ceremonies continue to be shared among kin and village members. This is visible at the time of funerals when villagers and kin share the expenses according to their wealth and relation to the deceased. They help with labor, food for the guests, rum to appease the ancestors, embroidered breechclothes to accompany the deceased to the grave, money to pay the grave diggers and coffin carriers, and relicts for burial rituals such as alcohol, specific plants, and animal parts.

Regular cash income and the emergence of foodmarkets have discouraged some individuals from practicing subsistence agriculture. For example, Dona, living in a small family camp, lamented that forest pigs had eaten her crops two years in a row. The following year she simply did not see the point in laboring for hours in the burning sun without reward. She is, however, an exception. Virtually all women in the greater Grand Santi area, including full-time public employees, continue to maintain subsistence plots. Employed women often plant smaller areas and work them less frequently than women who depend on their fields for daily nutrition, but they plant nonetheless.

Welfare critics fear that generous unemployment wages, single parent allocations, and child benefits will promote unemployment, teen pregnancy, and child bearing. Can we expect an increase in childbirth as each additional child is subsidized by the state, as Hurault (1999) predicts? Our quantitative survey data suggest that the average Maroon women with French papers ($N = 21$) had, on average, slightly more living children than the average Maroon women without French papers ($N = 336$). This difference was not significant (4.6 vs. 3.9, $t = 1.07$, n.s.) and may not reflect a real difference given the small sample of women with French residency or citizenship. It is also possible that a difference exists due to better medical care and lower child and infant mortality in French Guiana.

One visible change is that women with French residency or citizenship are becoming economically less dependent on men and more dependent on the state. Women use family allocations to buy city products, purchase motorized transport, and hire labor to clear their land. One French Ndyuka women did not want to live with a man because, she said, men are always asking for money. Such comments are unheard of in Suriname Maroon villages but also do not reflect the livelihood options of the large number of Ndyuka women living in French Guiana without papers.

Forest peoples do see the family allocations as a way of earning money (Orru, 2001). But, to perceive childbirth as a deliberate strategy of Maroon women to earn money simplifies the complex reality of social and economic life along the Suriname–French Guiana border. It also ignores the fact that Maroon culture values offspring as one's greatest source of wealth; it is not uncommon for women on either side of the border to have six or seven children. It is possible that, ultimately, women's improved access to cash money and education will have the opposite effect, consistent with worldwide data showing a negative correlation between women's social and economic empowerment and birth rates (World Bank, 2001b).

Di Tella and MacCulloch (2002) predict that when the state takes over the family's traditional caretaker role, the family can no longer punish defectors on risk-sharing contracts. Their models warn that individuals may be worse off under aggregate insurance schemes "when the crowding out induced by the policy more than offsets the benefits of the insurance that the public policy provides" (see also Attanasio & Ríos-Rull, 2000, p. 25). This argument is based upon the assumption that isolated economic interests dictate behavior. Economic interests, however, exist in broader context of cultural norms, social ties, and political liaisons. These interfering factors explain why sharing may continue when it would be economically more beneficial to hoard.

In Maroon communities, individuals who default on social contracts with family and neighbors face serious socio-cultural penalties. They lose status and access to goods and services, regardless of their wealth. Moreover, even with access to state transfers, life holds many uncertainties and risks that cannot be adequately dealt with without support of the larger community. For example, community members will take better care of the funeral rites for a deceased person with a reputation of generosity and living well, than of those for someone who was known as lazy or greedy. These rites, in turn, are important for one's relationship with the gods in the afterlife.

Finally, we agree with Morduch (1999) that "leakage [of state funding] does not imply pure wastage." Some crowding out is desirable because it reduces the pressure on poor households to cover the costs of old age, unemployment, disability, or other misfortunes that other members in the wider sharing network experience. Public assistance in caring for elderly parents, for example, allows young families to invest in human capital development and money-making schemes. Ultimately, some degree of crowding out may be an inescapable cost of insuring the most vulnerable people who are poorly covered by informal sharing schemes, such as elderly without children.

(c) *Can public welfare strengthen traditional safety nets?*

We find that access to regular welfare payments strengthens the ability of individuals and households to self-insure, in four major ways: First, access to public payments improves one's position in exchange networks. Reciprocity works better when there is more to share, and when all members in the network are able to take turns in giving. Regular and guaranteed access to cash money decrease the chances of being cut-off from sharing networks. America's poor tell similar stories; those who fail to reciprocate jeopardize their place and status in informal insurance systems (Edin & Lein, 1997; Nelson & Smith, 1999; Stack, 1974).

Second, public transfers enter informal sharing circles to benefit the larger community. Welfare recipients in both countries share their allocations with less-privileged family members. Elderly pensions trickle down to children without cash income, and child allocations help support elderly parents. In addition, Ndyuka receiving French public salaries and transfers pay nonrecipients for informal services of various kinds. This trend has encouraged some Ndyuka to specialize as commercial hunters, carvers, cooks, carpenters, and so forth. The negative side of these developments is that the poorest of the poor, those without access to welfare, are at the mercy of the generosity of, and jobs offered by, richer community members.

Third, the receipt of regular income in a stable currency increases the number and variety of survival strategies available to poor families. It allows families to save for future investment or bad times, either through a bank account or community rotating cash systems, such as *kas moni*. Earning a regular income has made French Guiana Maroons creditworthy with formal institutions and eligible for enrollment in private funeral insurance plans, though the latter was uncommon. Life and funeral insurance decrease the chances that the death of a breadwinner pulls a family into destitution, as in the narrative of Gracia. Again, this conclusion is not confined to Latin America. Research in poor rural America also points at a positive relation between public assistance and the breadth of the informal safety net (Nelson & Smith, 1999; Weber, Duncan, & Whitener, 2002).

Fourth, well-funded, accessible clinics and educational facilities improve the overall quality of life. Good health allows one to help others and work for surplus money or products to exchange. Human capital development encourages entrepreneurship, increases salaries, and helps plan for the years to come. Healthier households with better opportunities for advancement, in turn, are less vulnerable to subsistence risk.

These four trends combined enable investment in a more resilient future. For example, we witnessed Maroon women in French Guiana using power-driven canoes, a rare sight in Suriname. Owning motorized transport not only allowed these women to travel independently of men, but also provided an opportunity to make money by transporting goods and people. We expect that by providing opportunities for advancement, initial access to state transfers and services will eventually make Maroon households more independent from the government.

(d) *Two-way interactions between formal and informal safety nets*

Public welfare systems and informal insurance systems are mutually supportive in the study area. Receipt of public transfers not only enhances the capacity to self-insure, but a more central position in social exchange networks also facilitates access to public welfare. That is, socially well-connected individuals are most likely to navigate successfully the state bureaucracy and receive welfare allocations.

Examples from the field are ample and we will list just a few. In French Guiana, Maroons who are legally entitled to public aid often do not apply out of fear of expulsion. Others lose or are denied benefits because they fill out the forms incorrectly or are "out of luck." In Suriname, villagers said that one must be lucky to receive welfare payments. Welfare officials in this country have previously taken advantage of the limited reading and accounting skills of elderly by pocketing part of their pension payments. Even though state transfers in this country are so low and irregular that they do not provide a reliable safety net, public payments are for some people the only source of cash income.

In this context, one's luck increases with increased levels of human and social capital. Obtaining French papers is more likely when one has ties to people who understand the application procedure, who can lend money to pay for a lawyer, and who have the political power to decide about the approval of applications. As compared to the more cosmopolitan men, women have a more difficult time navigating the French administrative system. Illiterate French Maroon women relied on their children, sometimes as young as six years old, to help them fill out the annual application forms. This makes women dependent upon men in the slow process of naturalization. Again, we find parallels in assessments of welfare reform in the rural United States. Here, the neediest "Multiple-Barrier Families"—those characterized by low skill levels, drug dependence, mental health problems, and family members with disabilities—are least likely to receive adequate public assistance (Weber *et al.*, 2002).

Tales of luck express a perceived inability to influence seemingly arbitrary state decisions. This sense of powerlessness is greatest among the most marginal groups in society, including women. The French welfare office lets the couple decide which one of the partners receives the child benefits. Because women are less likely than men to be literate and speak French, men often collect the child benefits in their name. Mothers may receive only part or none of that money to spend on their children. One woman said that she did not want to ask her husband for the allocations because it created tension between them, and she depended on him economically.

Women are likely to take more control over state transfers as they become familiar with the bureaucracy and achieve higher educational levels. Some French Ndyuka families that have had access to welfare benefits for some time do fit the patterns described for the Aluku (Bilby, 1990; Hurault, 1999; Orru, 2001). Here we find women who are voluntarily single, who own and operate motor boats, and who pay men to construct their houses and cut their fields. At the moment, however, these women still form a minority in Ndyuka settlements at the French side of the border. Without adequate administrative assistance, the French welfare system often does not reach the people who need it most: mothers, elderly, the sick, the least educated, and those with small families. It is thanks to informal safety nets that welfare payments indirectly provide some level of support to these marginal groups in French society.

5. CONCLUSIONS

Improving people's capacity to insure against and recover from shocks is an important step toward poverty alleviation. Social policy can help this process. But, the implementation of a public welfare system in a relatively isolated indigenous society can have the opposite effect. On the one hand, public assistance benefits the larger community as regular state transfers help extended families to strengthen internal safety nets. It allows breadwinners to find better-paying jobs and send their children to better schools. Rising levels of human capital, better health, and increased access to money enable community members to invest in a better future. They can create and take advantage of new opportunities, such as microentrepreneurship and adult education. These developments strengthen the resilience of poor households and communities to shocks—a first step out of poverty.

On the down side, public transfers increase economic inequality between recipients and those who are excluded from public aid. In rural French Guiana, this latter group of people faces disenfranchisement by both the money economy and the public safety net. Jealousy penetrates the community as some people, unlike their neighbors, are unable to build large houses, order clothes from mail-order catalogues, and eat canned beef. There are early signs of dependency as some men, on the assumption that the state will provide for their wife and children, are defecting on family responsibilities. Finally, integration into the national market economy is coinciding with increased substance abuse and drinking sprees. We now return to the questions presented in the beginning of this paper.

(a) *When is the need for public assistance greatest?*

Maroon households are poorly equipped to deal with adverse events that are sudden and extreme (an unexpected and "occult" death), irreversible (the loss of a breadwinner), repetitive (a series of lost harvests), and co-variant (inflation). Met with such shocks, people turn to desperate actions to reduce household expenses, such as eating less and taking children out of school. Last-resort strategies draw poor households into more destitute conditions by threatening the cognitive and physical development of Maroon children, causing malnutrition and ill-health, and disallowing planning for the future. These effects are most severe for people with the lowest levels of human and social capital.

Unexpectedly, we found that access to public services similarly improves with advanced personal language skills, literary abilities, and familiarity with Western-style bureaucracy (i.e., human capital), as well as with centrality in community networks (i.e., social capital). A welfare system that is available to those with most social and human capital defeats its own purpose, namely providing a safety net for the most marginal groups in society. Implementing a welfare system in previously deprived places only makes sense if local people receive help navigating this system. It remains a challenge to policy-makers to prevent the most disadvantaged groups in society—those with least education, health, professional training, economic resources, and political ties—from falling through the maze of the public safety net (see also Ligon, 2002).

(b) *Will public welfare crowd out informal safety nets?*

State transfers substitute for some traditional forms of sharing but do not replace informal risk-sharing arrangements. More important than the quantitative difference is a qualitative change in household strategies aimed at building resilience against shocks. We find that the receipt of higher welfare benefits allows for building stronger informal insurance networks, the dispersal of cash money into the larger community, the establishment of new—informal and formal—risk management strategies, and human capital development. Knowing that a certain sum will be deposited in one's bank account by the end of each month allows people to save, educate children, and plan for a better future. It also facilitates taking out credit and joining insurance systems that require regular cash transfers. We expect that better economic and educational opportunities will, in the long run, make families less dependent on state assistance. Access to higher and stable incomes, rather than welfare payments per se, is likely to have a similar effect.

Informal reciprocity networks are the social glue of poor communities and help their members cope with a great number and variety of shocks. Moreover, where they do work, these systems generate feelings of pride and empowerment. It is our contention that public aid aimed at poverty reduction will be most effective if it mends gaps in traditional safety nets. Admittedly, this is easier said than implemented. Nevertheless, current policy provides some positive examples. For example, the French state insures child health against harvest crises by providing school lunches. Assistance in the costs of school fees, books, and uniforms reduces the chance that students will drop out of school as prices rise.

Finally, the transition of relatively autarchic indigenous societies to capitalist market economies is seldom smooth. Although public welfare may not crowd out informal safety nets, it introduces other trends, behaviors, and attitudes (i.e., drugs and alcohol use, welfare dependency) that may be detrimental to the strong social ties that have for long characterized the Maroon community. Ethnographic studies can help reduce adverse effects by offering informed speculation on how social policy will affect the everyday options, decisions, and behavior of heterogeneous families.

NOTES

1. Heemskerk has lived and conducted research in several Suriname Ndyuka villages along the Tapanahony River since 1996, and interviewed and observed life among Ndyuka Maroons in French Guiana since 2001. Norton lived and recorded ethnographic data in the Saramakan village of Baleng during 1997–99, and has since returned for extended follow-up research in 2001 and 2002. In 2003 she conducted two weeks of survey and ethnographic research in a French Guiana Ndyuka village. De Dehn recorded ethnographic data in a French Guiana Ndyuka village over the course of six months in 2002–2003.

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