Rise and Fall of New Technology: Quasi-experimental Evidence from a Developing Country

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Abstract

This paper investigates a new technology's long-term processes of adoption, standardization, and decline. Specifically, we examine the decision to invest in floating net aquaculture, introduced as a social safeguard program for poor Indonesian households that were involuntarily resettled because of a dam/reservoir construction project. We find the program helped transform and sustain the livelihood of resettlers by facilitating the adoption of this new technology. We also find behavioral irreversibility in technology adoption, resulting in overfishing in the reservoir. Considering the increasing importance of hydropower and renewable energy sources, this innovative resettlement program provides critical policy insights.