Just Give Money to the Poor: The Development Revolution from Global South

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Gin Lane, William Hogarth's 1751 print, shows a boy and a dog sharing a bone in front of a pawnshop in a London slum, a child drinking gin, and another falling over the railing as his drunken mother sprawls, half-naked, on the steps leading to the shop. Hogarth is said to have based the woman on Judith Dufour, who, according to court records, killed her daughter, sold the child's clothes, and bought gin with the money.

The notion that the poor are unable to take good care of their children, and that neglect during childhood consigns the next generation to poverty, underlies many social policy debates. Policy makers who believe that the cause of social ills is a lack of money or educational opportunity attempt to fill the gap. Others think such efforts are doomed. Edward Banfield, the political scientist, attributes poverty to "an outlook and style of life which is radically present-oriented and which therefore attaches no value to work, sacrifice, self-improvement, or service to family, friends or community," an outlook that compels the poor to squander money that comes their way and guarantees a life of "squalor and misery."

Debates over these ideas rely frequently on assumptions or anecdotes—but rarely real data. Beginning in the 1990s, however, the poor in five countries—Brazil, China, India, Mexico, and South Africa—have benefited from programs that give them cash. *Just Give Money to the Poor* presents the evidence emerging from these programs that the poor make good use of the cash. Early success with cash transfer has spawned similar initiatives in other countries—the authors estimate that nearly four dozen countries in Africa, Asia, and Latin America now give money to over 110 million families. Current discussions focus on the value of imposing conditions on the recipients—to work on construction projects, visit health clinics, and ensure that their children meet school attendance requirements. Conditions increase administrative costs, but the support they generate from voters may justify the added expense. "Taxpayers," the book points out, "instinctively resist simply handing out money."

Despite extensive research, the authors explain, there is no evidence that cash transfers make recipients lazy. Poor people "are good economists" and know how to use "additional money wisely." They spend it on clothing, food, and shelter. They send their children to school, obtain essential healthcare, and invest money in productive assets. They "climb out of the poverty trap" when they are offered a ladder. "Cash transfers are a critical investment," the authors conclude, in the "elimination of poverty."

KARUNESH TULI (July / August 2010)