Around 110 million families in 45 developing or newly industrialized countries now receive some form of direct cash transfer. This novelty is the subject of a recent book by three UK-based development researchers with the provocative title “Just Give Money to the Poor”. Hanlon, Barrientos and Hulme suggest that the current success of cash transfers, which was initiated in the 1990s, constitutes a veritable policy revolution originating in the South. From their point of view, cash transfers represent a rights-based approach to development and embody the assumption that social protection and redistribution are preconditions for growth. By claiming this relationship, the authors position their subject at the center of a long-standing conflict over development paradigms. However, while they do make strong claims with regard to development and global power relations, their main objective is to explore the concrete potential of cash transfers (2). Hence, the book embarks on a comprehensive summary of empirical evidence of their impacts. Special attention is given to two aspects of program design, namely targeting and conditionality. This focus mirrors closely the central concerns of the vast recent literature on cash transfers.

The boom of cash transfers started at a time when the negative social implications of structural adjustment policies were widely criticized, even at such institutions as the World Bank. Cash transfers are representative of the search for new social policy approaches in the post-Washington Consensus era that overcome the perceived shortcomings of more “traditional” strategies. They are not related to contributions, and transforming the lives of the poorest usually is an explicit purpose. In this context, it is often deemed necessary to closely monitor if people react to the transfers in the desired manner and if the imposition of conditions is required in order to produce expected impacts.

This evaluation of the empirical evidence is likely to be widely received: Barrientos and Hulme, who are both based at the University of Manchester, are among the influential writers about recent social policy in developing countries, and Barrientos has served as an advisor to the World Bank, the ILO and other international institutions. Before this background, the analyses and arguments of the book merit particular attention.

The “cash transfer paradigm” that the authors propose is based on four common principles, which are that programs are rights-based, non-contributory, widespread and long-term, and part of a more comprehensive development strategy (21). Following this definition, the book looks at four types of programs that have become more frequent since the late 1990s: workfare programs; unconditional cash transfers, such as social pensions; conditional cash transfers; and the rare performance bonuses that reward concrete behaviour changes. The first six countries that introduced the-
ese programs on a major scale were Mexico, Brazil, South Africa, India, Indonesia and China (27).

For the authors, cash transfers constitute a grand success story, and the title of the book is certainly to be understood as a political battle cry. To begin with, cash transfers are reported to have a positive effect on the nutrition and school attendance of children. On a cautionary note, the authors stress that cash transfers can only have such an impact if social services are also improved (62). Beyond this, cash transfers have been shown to reduce income inequalities, although methodologically it is very difficult to disentangle their impact from other effects (57). Strengths are also identified by studies that point to transfers as the starting point for an upward economic spiral: Receivers can consume more and thus contribute to job creation and growth. Moreover, they can make small investments or have the possibility to search for work. Hence, cash transfers promote the market integration of the target groups, which is seen as a prerequisite for development (71-78).

All this evidence of the positive impacts allegedly provides proof of a larger claim: “The biggest problem for those below the poverty line is a basic lack of cash” (2).

In connection with this, the authors also make some strong moral claims with regard to the general behaviour of low-income groups. Supposedly, “the poor are different” (74) from middle-income groups: According to a study from South Africa, a cash transfer promotes job seeking and does not induce inactivity. Also, all the evidence allegedly shows that the target groups know very well how to make the best use of transfers (2, 73). Hence, the authors reject the idea of “co-responsibilities” on part of the recipients, which have been most common in Latin America, as paternalistic: “In fact, there is almost no evidence that conditions make any major difference” (131). At the same time, Hanlon et al. acknowledge that there are some important contextual arguments in favour of conditions, such as the necessity of creating broad political support for transfers (128).

Summarizing these and other program design considerations, the authors establish five requirements for the success of cash transfer programs: They must be “fair, assured, practical, large enough to affect household income, and popular” (177).

The empirical evidence on the potential of cash transfers, as it is presented in the main sections of the book, is for the most part compelling. However, the data remain incomplete, as for example most of the evidence with regard to nutrition, schooling and income inequality is derived from a few cash transfer programs in Latin America and South Africa. The overall appraisal unfortunately elides rather than assesses the apparent lack of evidence from other programs and possible differences between program types.

Another weakness of the evaluation of the “state of the art” is the treatment of the effect of cash transfers on gender inequalities. Often, empowerment of women is an explicit objective of the respective programs, but the actual result is highly controversial. At the center of the discussion has been Mexico’s Oportunidades program, which requires that women with eligible children comply with some “co-responsibilities”, such as participation in educational talks. Not only does the
program presume that low-income women usually stay at home, as co-responsibilities have to be carried out during working hours, but the duties also constitute a heavy workload (59). Molyneux (2008) has been the most vocal critic of the program. She argues that it is familial, paternalistic and does not really empower women, since it does not change their position within the family (59-60). However, Hanlon et al. think that Adato et al. (2008) and others who point to the advantages for women, such as learning and networking, have more convincing arguments (59-61). Unfortunately, the volume does not carefully assess the arguments of both sides, and the concept of empowerment remains underexplored. Hence, the authors do no convincingly demonstrate their claim that cash transfers are indeed empowering.

Beyond some limitations regarding the treatment of the empirical evidence, the text does not fully answer one of the most important questions that lies at the heart of the evaluation of any policy instrument: Why is this instrument superior to other strategies? The authors explain why microcredit is not an alternative (79-81), but other, more traditional development strategies are not systematically compared. At the same time, there are hints at suitable alternatives within the book itself: For example, a pure improvement of social services induces higher rates of school attendance, even without transfers (62-63). Such omissions may be the result of the fact that the book sticks very closely to the recent debate, which tended to highlight the design and impact of cash transfer programs.

Nevertheless, the authors try to go beyond a purely technical focus and situate cash transfers within major historical shifts. They claim that the transfers constitute a paradigm change in thinking about the poor that is as fundamental as the turn to social policy in late 19th century Europe (15-21). This alternative comes at a time when the complex programs of the aid industry that often impose conditions have supposedly failed: “The rights-based approach reflects awareness that donors can no longer impose harsh conditions on what they see as the undeserving poor” (24). These bold claims raise major questions, which are not fully answered. First of all, what is the character of cash transfers? Apparently, not all cash transfer programs represent the rights-based approach to the same extent: The authors mention themselves that there is a “tension” (125) between conditionality and a rights perspective. In connection with this, one also wonders if the paradigm change is as fundamental as the authors claim and to what extent we face a new development approach. The book shows that South Africa and India have had cash transfer programs for many decades. Furthermore, cash transfers often constitute a rather small budget item (38-47, 152-153), at least in comparison with other social policy expenditures. Finally, the historical localization of cash transfers as a major power shift between developing and developed countries remains fragile. Global historical entanglements that concern social policy and development strategies and differentiation processes are played down as the North and the South, donors and receivers, are depicted as rather homogenous blocks that confront each other.

The historical claims on global shifts remain debatable, and might in part only be fully verifiable in retrospect. At the same time, together with the urgency of the authors’ policy recommendations, they render this book also
engaging for readers who are concerned with global inequalities and development in general, not only for those interested in an evaluation of the literature on cash transfers. The language and structure of the book suggest that it was written with a particular target audience in mind: development economists, policy makers and an interested public. Many social scientists will find central analyses of the book superficial. Still, it certainly provides some provocative food for thought regarding the current juncture in the fields of social and development policy.

Cited References:

Michelle Adato et al., The Impact of PROGRESA on Women’s Status and Household Relations, Washington: IFPRI, 2008.