

Taking Note - The Editorial Page Editor's Blog

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What If We Just Gave the Poor Money?

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Can we reduce poverty simply by giving the poor money, with no strings attached? A new study from Innovations for Poverty Action, a non-profit research organization, found that cash transfers of \$300 or \$1,100 to 500 poor Kenyan families helped reduce hunger, improve living conditions and increase investment in livestock and small businesses.

The study was conducted by Johannes Haushofer and Jeremy Shapiro in 2011, 2012 and the early part of this year. Its relatively short duration means that there is a lot it cannot tell us. For instance, what happens when families become used to getting handouts? Or when the money is cut off? Still, it adds to the growing body of knowledge on cash transfers.

The use of cash transfers as an anti-poverty tool is not new. Transfer programs have been used by governments around the world, most notably in Brazil and Mexico, to improve the lives of many millions of people. These programs typically provide cash to the poor if the recipients meet certain conditions, like having their children immunized against diseases or enrolled in school. In the latest study, however, researchers provided cash without conditions.

They found that families ate 20 percent more food, increased the livestock they owned by 51 percent and were measurably happier and less stressed. The transfers did not lead to higher spending on alcohol and tobacco.

On the other hand, the study found “little to no impact” on education and health. That should not be surprising. Even if the families were suddenly able to afford medicines or textbooks for their children, their ability to access pharmacies, doctors and schools probably did not change since they were living in relatively poor villages.

Cash transfers can and should play an important role in the anti-poverty strategies of developing countries like Kenya. They're probably more useful in eliminating hunger than expensive and wasteful agricultural subsidies that generally only help rich farmers and middlemen. But the study indicates that cash transfer programs are not a cure-all, either. Governments will still need to deliver effective and reliable public services and infrastructure in areas such as health, sanitation, education and transportation.

Directions for this week:

1. Highlight Claim, Grounds, Backing
2. Identify the warrant that the author uses.
3. SOAPStone
4. APA citation
5. Abstract
6. One-Paragraph response. Do you agree or disagree. Why?
7. Highlight your own warrant in your response.