**Geographies of Development II: Cash transfers and the reinvention of development *for the poor***

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**Abstract**

Since the mid-1990s, governments and multilateral agencies attempting to address poverty in the global South have warmed to a previously unthinkable approach, giving money directly to the poor. The results of cash transfer programmes have been impressive: the depth of poverty has been reduced, more children are being educated and vaccinated, and the poor are more likely to get jobs and start enterprises. Advocates of social democracy are hopeful that this heralds the arrival of comprehensive social protection. Experiments in welfare in the global South do not, however, inevitably signal an epochal shift to a post neoliberal era. They form part of a heterodox approach which combines an enduring emphasis on liberalised economic growth with bolder biopolitical interventions for the poor.

**Keywords:** cash transfers, welfare, social democracy, post neoliberalism, governmentality

**Development’s epiphany**

In 1995, when the Mexican GDP contracted by 6%, the newly elected government and World Bank advisors doubted that existing poverty alleviation measures were going to be enough for many vulnerable people to endure the crisis. Subsidies for tortillas and other staples were not reaching many of the rural poor, beneficiaries were not being identified consistently, distribution was subject to clientalism, and the administrative costs were high (Levy, 2006; Molyneux, 2008). Besides, researchers were concerned that providing food addresses only one of poverty’s many dimensions (Levy, 2006). So they tried something
else. They established a programme to give money to the poor. The programme, initially known as Progresa and later Oportunidades, included a ‘scholarship’ for children who attended school and obliged beneficiaries to visit clinics for health lectures and checkups. In less than a decade, it was benefiting a quarter of the Mexican population. It resulted in improved school attendance and completion, a reduction in malnutrition-related stunting, healthier children, and falling extreme poverty. Best of all, 94% of the budget reached the poor because operating costs were minimal.

Former World Bank president James Wolfensohn argues that unlike the many successful development projects that are small and short lived, cash transfer programmes are able to benefit large populations over a sustained period of time (Foreword in Levy, 2006). Early innovations in Mexico, Brazil, Honduras and Bangladesh inspired cash transfer programmes in 45 countries in the global South, reaching 110 million families (Hanlon et al., 2010) and have even reformulated social policy in parts of the global North (Peck and Theodore, 2010). Some commentators have described the uptake of cash transfer programmes as a revolution (Barrientos and Hulme, 2009; Houtzager, 2008; The Economist, 2012a).

As the literature reviewed in this report demonstrates, cash transfers have emerged as states have attempted to find effective ways of doing development for the poor. In contrast with the sink-or-swim message of market fundamentalism, states are assuming ‘pastoral’ relationships with populations within their territories using distributive biopolitical mechanisms (Huxley, 2007: 197) (also see Foucault, 2008; Hannah, 2012; Li, 2009; Ong, 2006). Support for these innovations comes not only from World Bank-aligned policy, which sees cash transfers as a means to re-orientate the poor to take responsibility for their own development, but also from those who see the potential for establishing distributive mechanisms to ameliorate the effects of globalisation and economic marginalisation. Critics, by contrast, argue that redistribution is limited by enduring commitment to liberalised economic growth, which will continue to produce uneven development.

**Reproducing ‘surplus’ populations**

A number of authors have related poverty to a ‘crisis of social reproduction’ (Bakker and Gill, 2003b: 28; Bezuidenhout and Fakier, 2006: 462; Hunter, 2011: 1104) (also see Bakker and Silvey, 2008; Katz, 2004; Roberts, 2008). People reproduce themselves through combinations of their own production, such as growing food or building shelter; the unpaid labour in households, particularly by women; income from jobs and enterprises; and collective consumption through social wages (Hart, 2002) such as social insurance, income support and services. However, economic development has produced a double bind in which large populations of people have been need to survive through wage labour, yet post-Fordist or,
indeed, never-Fordist labour markets cannot offer many prospective or actual workers the means to escape poverty.

A minority of working people in many parts of the world are waged or salaried employees, and many of those who are ‘surplus’ to the requirements of the labour market are self-employed in the informal sector (Denning, 2010; ILO, 2010). The limited welfare systems that did emerge in the global South during the 20th century cannot accommodate great numbers of those who are not in unionised employment who have to manage risk within their families and social networks, with very little help from the state (Chari, 2010; Ferguson, 2009; Soares, 2012). In terms of market fundamentalism, states ‘evacuated [their] responsibility for social reproduction’ (Bakker and Gill, 2003a: 11) and the ‘extended power of capital’ was at odds with ‘progressive forms of social reproduction’ (Bakker and Gill, 2003b: 18). Furthermore, a waged or salaried job is no longer a certain route to inter-generational upward mobility. Employment-based benefits were generally founded upon protected domestic markets which allowed costs to be borne by consumers (Seekings, 2008b). Trade liberalisation and the mobility of production have weakened the ability of workers to secure decent conditions from investors and consumers. An upwardly mobile and secure proletariat is less the norm than a growing ‘precariat’ which has uncertain and exploitative employment conditions (Standing, 2011) (also see Barchiesi, 2011).

In response, states and multilateral agencies have undergone a variety of ‘realignment[s]’ that stress the need for non-market interventions (Leiva, 2008: xvii). This has been described by some as a Polanyian counter-movement, in other words, a reaction to the dislocating effects of market expansion (Craig and Porter, 2006; Sandbrook, 2011; Watts, 2009). A host of other neologisms attempt to capture the various responses to the crises of unemployment and social protection since the 1990s: the Third Way, the post-Washington consensus, postneoliberalism, the new deal, and neostructuralism. They are not synonyms, to be sure, but all are movements that question the adequacy of market fundamentalism. Neoliberalism has lost at least some of its ideological hegemony because of the exacerbation of poverty in the wake of liberalisation, the financial crisis following 2008 (Peck et al., 2009) and the fading power of the U.S. (Agnew, 2009). Keynesian social spending is no longer taboo (Smith, 2011) and there is solid commitment to un-neoliberal principles such as ‘universal access to urban services’ (Parnell and Robinson, 2012: 608) (also see Collier, 2012).

Erstwhile advocates of the tough love of the market in the 1980s such as the World Bank have, since the 1990s, recognised the need for interventionist poverty reduction (Craig and Porter, 2006; Roy, 2010; Ruckert, 2009; Taylor, 2009). Structural Adjustment Programmes morphed into Poverty Reduction
Strategy Papers, drafted, supposedly, by recipient countries themselves rather than imposed, and World Bank lending for social development increased as a proportion of loans (Vetterlein, 2012: 50). Donors have come to accept that regular social transfers are more appropriate than emergency aid for populations whose vulnerability is not transient (Ellis et al., 2009). The most prominent collective commitment to tackling poverty has been the undertaking, in 2000, by all UN member states to meet the Millennium Development Goals by 2015 (Giovannini, 2008; Roy, 2008).

Moderate Third Way governments, as led by Fernando Cardoso in Brazil, Patricio Aylwin and Frei Ruiz-Tagle in Chile, and Thabo Mbeki in South Africa, attempted to marry the objectives of social growth and social justice (Taylor, 2006). In the 2000s, popular frustration with the effects of economic liberalisation fuelled the success of parties further to the left (Cameron, 2009; Goldfrank, 2009; Grugel and Riggirozzi, 2012). Some states have been described as social democracies (Sandbrook et al., 2007), or inspired by social democracy (Vellinga, 2007). The more radical, including Venezuela and Bolivia, count themselves as experiments in 21st century socialism (Gibbs, 2006; Meltzer, 2009).

Yet, for many commentators, there is no ‘sharp rupture’ (Leiva, 2008: xxxi) from neoliberalism to postneoliberalism (Bebbington and Humphreys Bebbington, 2011; Hart, 2009) and some prefer to classify shifts since the 1990s as ‘inclusive neoliberalism’ (Craig and Porter, 2006: 63; Hickey, 2010) or ‘roll-out neoliberalism’ (Peck et al., 2009: 106). Neoliberal globalisation has ‘relative ecological dominance’ (Jessop, 2010: 33) as a result of the path established by neoliberal reforms (Taylor, 2009). Although parties in power might be less expressly neoliberal, there are nevertheless on-going processes of neoliberalization (Brenner et al., 2010). New left governments continue to rely on many of the macroeconomic frameworks established under more explicitly market oriented regimes (Macdonald and Ruckert, 2009; Webber, 2009). The primary difference between neoliberalism and postneoliberalism is ‘in government attitudes to the poor and discourses of citizenship rather than economic management as such’ (Grugel and Riggirozzi, 2012: 6) (also see Brand and Sekler, 2009). The result is a heterodox mix in which the state attempts to harness existing socio-economic platforms to incorporate marginalised groups (Luna and Filgueira, 2009). However, breezy win win glide over a ‘heterodox paradox’ (2008: xxvii) in which attempts to address the needs of the poor are limited by the needs of capital.

**Throw money at the problem**

Cash-based social policy measures take a variety of forms. The most popular are those that target the most vulnerable parts of the life cycle: grants for children and pensioners transform those who are normally dependents into breadwinners. Income protection for working age adults is a more difficult sell. A
vociferous campaign for a universal basic income grant in South Africa has failed despite chronic levels of unemployment (Seekings, 2008a). Argentina is relatively unusual for having introduced a cash transfer for the unemployed in the wake of its 2001 collapse (Grugel and Riggirozzi, 2012). Ethiopia and India, rather, give cash to unemployed individuals through public works programmes (Hanlon et al., 2010; Li, 2009). In directing welfare, states use various kinds of means testing or geographic targeting that ‘delimit ‘the poor’’ as a homogenized target group (Williams et al., 2012: 995). Policy debates revolve around inclusion errors and exclusion errors: in their efforts to avoid paying those considered not poor enough, means tests run the risk of excluding those who are in fact struggling to survive.

Cash transfers have required the evolution of bureaucratic capacity. Some countries have dramatically improved birth registration (Lund, 2012). However, since more than a third of births worldwide are not registered, many states are contracting information corporations to develop biometric registration systems in order to stabilise information on the populations they govern (Szreter and Breckenridge, 2012). A new biometric identity scheme launched in India aims to register 200 million people by the end of 2012 to enable the extension of social security (The Economist, 2012b). Although these technologies might appear to be coercive, they represent the possibility of reducing patronage-based distribution and achieving much higher levels of coverage than would otherwise be possible (Breckenridge, 2005).

Although advocates of cash transfers generally stress that they are not a panacea for all social ills, they do attribute a number of advances to cash transfers. They have helped to reduce income inequality (ILO, 2011; Soares et al., 2010), the depth of poverty has fallen (Woolard and Leibbrandt, 2010) and some households have been able to escape poverty (Lloyd-Sherlock et al., 2012). Cash transfers have improved household consumption (Soares et al., 2010) with associated improvements in nutrition and expenditure on children (CASE, 2008; Hanlon et al., 2010). Cash transfers may result in lower rates of child labour (Soares et al., 2010). School attendance has improved and dropout has decreased. Health and nutrition measures have improved. Cash transfers help households during times of crisis (ILO, 2010).

Many schemes aim to reduce gender inequalities by, for example, mitigating tendencies to prioritise boys’ education (Molyneux, 2008). Gender empowerment is also engineered in some cases by making benefit payments for children or families through women, with the rationale that women are better stewards of the money than men, and that this may improve the power of women in households (ILO, 2011). Programmes may also oblige women to participate in broader development activities to draw them into civic life.
Cash transfer schemes aspire to go beyond handouts and to facilitate income-generating productivity, through both entrepreneurialism and employment. Economists argue that poverty creates risk aversion, and a regular income provides safer conditions to take the risks needed to start businesses (Levy, 2006). It may provide micro-capital or leverage for micro-finance to establish enterprises (Hanlon et al., 2010). Enterprises are more viable because local demand increases from households that now have more cash to spend. Cash transfers to elderly women frees up working age mothers to look for work (Posel et al., 2006). In various ways, cash transfers aim to engender long-term autonomy as well as help meet short-term consumption needs.

This becomes even more explicit when cash transfers entail *conditions*. Many (although not all) schemes are classified as *conditional* cash transfers because they require beneficiaries to fulfil specified conditions in order to continue receiving grants. These might include immunisation, health checkups, requiring children to stop working, requiring children to attend school, and requiring adults in the benefiting household to participate in development projects. Those who would otherwise be concerned about dependency on handouts might be appeased by the fact that recipients have to ‘earn’ their grant by engaging in behaviour that helps break cycles of poverty (Fiszbein and Schady, 2009; Levy, 2006). The result of improved education, health and civic responsibility will be improved human capacity and, therefore, populations that are able to advance themselves over the long term. Conditional cash transfers are, then, a form of governmentality which enable governments and international financial institutions to try to ‘shape the conduct of diverse actors without shattering their formally autonomous character’ (Miller and Rose 2008: 39) (also see Hossain, 2010; Li, 2007). Modest cash transfers give households the freedom of consumers to meet some of their needs, but place expectations on them that they will find exit routes from poverty by making good health, education and civic choices to become more effective entrepreneurs (Hickey, 2010).

This all makes good sense within the increasingly influential frame of behavioural economics, which infuses psychology into neoclassical economics in order to understand and manipulate the consumption choices of individuals. Thaler and Sunstein encourage authorities to ‘nudge’ consumers to make better choices, and call this model ‘libertarian paternalism’ (2008: 5), but this is a crude tool at best. Children might attend school because of conditions imposed, but they perform below par (Soares, 2012). Conditions may undermine rather than advance gender empowerment as they affirm ‘more “traditional” divisions of labour and responsibility’ such as motherhood (Molyneux, 2008: 38) and force women to jump through hoops to access their benefits.
Notwithstanding the concerns of some World Bank insiders that making the poor less poor does not transform societies (Woolcock, 2012), the election of Jim Yong Kim to the presidency confirmed the Bank’s commitment to distributional interventions to tackle poverty. However, social protection, as the Bank conceives it, is not at odds with a liberal, if not neoliberal, path. Proponents of free markets have always been reconciled to the need to intervene in the case of market failure (Esping-Andersen, 1999). In managing market failure, these policies do not aim to decommodify, or reduce people’s dependence on the market (Esping-Andersen, 1990; Taylor, 2009). Grant payments are, by design, too modest to address poor households’ needs fully. In a cover story announcing the welfare revolution in Asia, *The Economist* insisted that Asian governments had learned from the mistakes of other welfare experiments and ‘have little desire to replace traditions of hard work and thrift with a flabby welfare dependency’ (2012a: 9).

**An un-Fordist compact?**

While advocates of liberalised economic growth cautiously embrace limited social protection, those more of a more Keynesian orientation hope to install a global social contract which help governments meet basic human rights and achieve social justice (ILO, 2008). The ILO has launched Social Security for All (ILO, 2011), a campaign which proposes a global social protection floor. Cash transfers would form part of a package of cash and service based mechanisms to put in place a ‘virtuous circle of development that provides an exit route from poverty’ (ILO, 2011: 12). Most of the world’s poor are mainly located what are now middle income countries (Sumner, 2012) with increasing financial resources to devote to poverty reduction. However, the ILO argues, even relatively poor countries can afford to make progressive improvements to the coverage and quality of social protection over time through their own revenue and with the support of international donors (ILO, 2008).

There is now a vocal lobby which argues that social protection can become redistributive if it is made to reach progressively more people with more money and services (Adésínà, 2007; Barrientos and Hulme, 2009; Devereux and Sabates-Wheeler, 2004; Hanlon et al., 2010; Mkandawire, 2004; Vellinga, 2007). This lobby rejects the need for conditions, which it argues are redundant anyway. School attendances have been shown to improve as a result of cash, regardless of whether or not conditions are attached (Hanlon et al., 2010; Lund et al., 2009). Some are also in favour of universal grants, and against means testing, which has long been criticised by social democrats for stigmatising the poor (Adésínà, 2007). The possibility of ‘social democracy for the tropics’ (Leftwich, 2005: 597) appears, for some, to be on the cards.
Yet contemporary projects for social democracy need to contend with very different circumstances to those of the 20th century in which the bounded national state was regarded as the appropriate geographical frame for mechanisms of distributional justice (Fraser, 2008). Trade liberalisation obviates the possibility of passing on the costs of good conditions of employment to investors and consumers. Recent expansions of social protection on the back of resource exporting, as in Brazil (Grugel and Riggirozzi, 2012), are less likely to continue now that global demand for resources cools off. Tax regimes that encourage entrepreneurialism work against progressive (i.e. redistributive) taxation. Financial liberalisation allows for capital flight and the escape of what should be national wealth from the fiscus (Fine et al., 2011). Mass unemployment means more people living in poverty and proportionally fewer tax payers, and therefore that welfare will be spread thinly over the large ‘residuum’. Cheerful predictions that economic growth will largely vanquish poverty in middle income countries by 2025 (Kharas and Rogerson, 2012) seem, unrealistically, to expect recent growth rates to continue. Recent gains in social protection were impressive because they started from a low base and further gains may well be constrained by sustainability concerns.

Although the contemporary milieu has given renewed priority to the problem of under-consumption, there is little interest in curbing over-consumption or instituting punitive redistribution. States regard successful accumulation by middle classes and elites as part of the good story of the economic growth which they try to enable (Chatterjee, 2008). Thus, ‘significant poverty reduction can go hand in hand with little or no overall distributional change’ (Palma, 2011: 124). The Bolsa Familia in Brazil is able to reach a quarter of the population but costs only 0.5% of the national budget. Some economists believe that social spending should take the form of cash transfers rather than services so that support can be demand driven rather than supply driven (Kharas and Rogerson, 2012). The appearance of the form of welfare thus does not necessarily translate into redistribution, and may simply be the conversion of collective consumption to individual consumption.

The poor do have political influence, to be sure. Parties that intend to gain or retain power need to confront poverty in visible ways. They are also keen to use distribution systems to ward off ‘extremism’ (Li, 2009) and ‘contain dissent’ (Hart, 2006: 991). Yet the power of the poor to leverage more redistributive arrangements is limited if they do not organise independently and instead hand responsibility for improvements to the state (Boito, 2010). If new developments in social policy do constitute a revolution then it might best be described with Gramsci’s notion of a ‘passive revolution’ (Morton, 2013), which entails top down responses to bottom up demands so that existing elites can manage the inclusion of marginalised groups rather than lose control as they would in a conventional
revolution. This does not negate the possibility of significant gains for the poor but the pace and extent are dictated from above.

The biopolitical systems that are being deployed within the frame of development have taken an innovative path over the last two decades. The new appetite for distributional mechanisms represent important openings to bring territories and populations into a regularised and life-sustaining relationship with it (Ferguson, 2007; 2009; 2012; Li, 2009). Yet there is no easy return to the welfare state’s ‘ascending road of social betterment’ (Titmuss, 1958: 34) after the detour of neoliberalism. The heterodox moment in which development now operates expands the repertoire of governmental responses to the crises of social reproduction, and opens out the terrain of ‘biopolitical struggle’ (Chari, 2010). Yet social reproduction is not simply a problem of consumption, it is also related to production. Since historical investments in welfare reproduced labour power required in the labour market, contemporary investments in welfare will be constrained by the global excess of labour.

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