

### One Billion in Cash for One Billion Hungry<sup>1</sup>

An Appeal to Transfer One Billion Dollars in Cash each Day  
to All the Hungry People in the World for One Generation

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Between 25 and 30 thousand people die every day from hunger and related causes (lack of clean water, nutrient deficiencies etc.). One billion people live in extreme poverty, hungry, not knowing whether they will survive another day: they are the people who fall below the “one dollar a day threshold”.

The first of the “*Millennium Development Goals*” – the goals set for all of us in the United Nations system to achieve through working with governments - is to cut by half the number of people living in hunger and extreme poverty by 2015. Given the way things are going, with the economic and financial crisis (which has dramatic repercussions on the South, reducing the flow of remittances from migrants, undermining the most vulnerable economies, and cutting investment inflows) and with the 2008 food price crisis (which has triggered food riots in 40 countries and ushered in a long-term rise in food prices), this goal will never be attained.



What is proposed here is that the monetary income of the billion poorest people on the planet should be doubled. These funds should be distributed directly to them in the form of cash, being transferred to the beneficiaries with a predictable frequency (monthly, quarterly or annually), and sustained over the long term (perhaps 30 years), with priority given to women and to single-parent families.

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There are simple ways of doing this: it is essentially an issue of political will and good organization.

In the most basic situations, what are needed are a table and a chair, a portable computer, a list of names and a wad of bank notes. This type of distribution appeals to national institutions and NGOs who have acquired experience in such programmes, and a number of governments have also tested them (in Southern Africa, Latin America, Bangladesh, India, Indonesia etc.).

In other cases – and these are increasing rapidly – mobile phones make it possible to provide small amounts of money to beneficiaries even in the most remote areas, allowing them to pick up their allocations on market days.

The multiple benefits of these programmes have been studied. Cash transfers allow those who are trapped by hunger (because their weakness prevents them from working to be able to earn money to buy food) to escape and to begin to lead a normal life. They boost local economies and markets, setting in motion important multiplier effects (growth, social cohesion, conflict reduction, human capital development, greater resilience to shocks at both household and national levels, strengthening labour markets, risk management and stimulating investment). They create a good foundation for the effective implementation of other development assistance programmes.

Such an initiative would guarantee that additional financial assistance would impact directly on the target population.

This is an appeal for the scenario described above to be considered and debated in FAO meetings and then taken up by the G8, the OECD, the G20 and the General Assembly of the United Nations.

### **The Arguments against the Proposal**

The first counter-argument is that *“It is too expensive....”*. From a macro-economic perspective it is feasible even if the costs are significant. The difficulty relates to the political economy - how to get taxpayers to meet the costs, and how to get national budgets approved for such purposes.

Let us look at the issue of costs and benefits.

The sum of the financial, social, political, moral and even environmental costs of continuing business as usual is very much greater than the cost of the proposed intervention – food crises, hunger riots, conflict, refugees, instability and socio-political problems, national and international responses to emergencies, epidemics, long-term rises in public health costs, chaotic waves of migration, unplanned urban development, crime, slum upgrading, loss of human capital to disease, premature death and inadequate education, considerable losses in work productivity, degradation of the environment given the pressure on natural resources when these offer the last chance for survival – deforestation and degradation of soils and water.

And what about the human right to food which is so often denied, and what about the right to life which is flouted and forgotten every day? What does one death every second due to hunger mean to us? What does this cost? How can we put a price on it?

The second counter-argument relates to the *“perverse effects of aid”*.

On the economic front, we can point to possible reductions in the competitiveness of the productive sectors and hence of export capacities, and to a reduced incentive for local populations (including those engaged in agriculture) to work. We could also list the dangers of institutional fraud and of corruption (preventing the funds from arriving at the intended beneficiaries); the creation of dependence amongst beneficiaries; the risk of supporting bad governments; and the possibility of stigmatizing poverty.

We can respond in three ways to these concerns. First, that the criticism of economic ineffectiveness can be applied to all the conventional forms of aid used over the past 50 years including food aid. It cannot be applied to the issue of funding massive cash transfers, where the experience gained in recent years strongly suggests that they have particularly positive economic impacts at both micro and macro levels. There is no evidence that they reduce the incentive to work but, on the contrary, stimulate initiative, investment and the search for employment, leading in turn to improved productivity.

Secondly, experience shows that when a central registry of names of beneficiaries is developed and kept up to date this allows for any shortfalls in payment to be reported, thereby limiting the opportunities for fraud and corruption that thrive in less transparent forms of aid.

Thirdly, what is meant by “*dependence*” is debatable. We would argue that a cash transfer sanctioned by law provides a firm and predictable guarantee of support, which reinforces the autonomy and decision-making capacity of the individuals who participate.

Yet another argument is often advanced against our proposal, that “*social security systems are prone to failure*”. The cash transfer systems to which we refer have become technically simpler, less costly, less risky and more feasible than ever before. Their main problem is the massive shortage in the level of funds allocated for such programmes.

What we need is a complete break with the past, a fundamental shift in the way in which we think about development, and a jump in the scale through which we address issues of such importance to humanity. Where do we see this new realism, this “realpolitik”? Does it lie in maintaining the *status quo* or in a decision to transfer 365 billion dollars per year to the poorest families on earth? This would not be a panacea but simply an intelligent investment in human potential that provides a decent base for hope and serves as a trampoline that will increase the effectiveness and sustainability of other forms of cooperation.

LET US NOT HAVE TO ADMIT “WE KNEW WHAT TO DO BUT WE DID NOTHING”.

LET US PUT AN END NOW TO OUR FAILURE TO TAKE ACTION TO HELP A BILLION PEOPLE IN DANGER!