

The city of Rio de Janeiro is infamous for the fact that one can look out from a precarious shack on a hill in a miserable favela and see practically into the window of a luxury high-rise condominium. Parts of Brazil look like southern California. Parts of it look like Haiti. Many countries display great wealth side by side with great poverty. But until recently, Brazil was the most unequal country in the world.

Today, however, Brazil's level of economic inequality is dropping at a faster rate than that of almost any other country. Between 2003 and 2009, the income of poor Brazilians has grown [seven times as much](#) as the income of rich Brazilians. Poverty has fallen during that time from 22 percent of the population to 7 percent.

Contrast this with the United States, where from 1980 to 2005, more than four-fifths of the increase in Americans' income went to the top 1 percent of earners. (see [this great series in Slate](#) by Timothy Noah on American inequality) Productivity among low and middle-income American workers increased, but their incomes did not. If current trends continue, the United States may soon be more unequal than Brazil.

A single social program is transforming how countries all over the world help their poor.

Several factors contribute to Brazil's astounding feat. But a major part of Brazil's achievement is due to a single social program that is now transforming how countries all over the world help their poor.

The program, called Bolsa Familia (Family Grant) in Brazil, goes by different names in different places. In Mexico, where it first began on a national scale and has been equally successful at reducing poverty, it is Oportunidades. The generic term for the program is conditional cash transfers. The idea is to give regular payments to poor families, in the form of cash or electronic transfers into their bank accounts, if they meet certain requirements. The requirements vary, but many countries employ those used by Mexico: families must keep their children in school and go for regular medical checkups, and mom must attend workshops on subjects like nutrition or disease prevention. The payments almost always go to women, as they are the most likely to spend the money on their families. The elegant idea behind conditional cash transfers is to combat poverty today while breaking the cycle of poverty for tomorrow.

Most of [our Fixes columns](#) so far have been about successful-but-small ideas. They face a common challenge: how to make them work on a bigger scale. This one is different. Brazil is employing a version of an idea now in use in some 40 countries around the globe, one already successful on a staggeringly enormous scale. This is likely the most important government anti-poverty program the world has ever seen. It is worth looking at how it works, and why it has been able to help so many people.

In Mexico, Oportunidades today covers 5.8 million families, about 30 percent of the population. An Oportunidades family with a child in primary school and a child in middle school that meets all its responsibilities can get a total of about \$123 a month in grants. Students can also get money for school supplies, and children who finish high school in a timely fashion get a one-time payment of \$330.

A family living in extreme poverty in Brazil doubles its income when it gets the basic benefit.

Bolsa Familia, which has similar requirements, is even bigger. Brazil's conditional cash transfer programs were begun before the government of President Luiz Inacio Lula da Silva, but he consolidated various programs and expanded it. It now covers about 50 million Brazilians, about a quarter of the country. It pays a monthly stipend of about \$13 to poor families for each child 15 or younger who is attending school, up to three children. Families can get additional payments of \$19 a month for each child of 16 or 17 still in school, up to two children. Families that live in extreme poverty get a basic benefit of about \$40, with no conditions.

Do these sums seem heartbreakingly small? They are. But a family living in extreme poverty in Brazil doubles its income when it gets the basic benefit. It has long been clear that Bolsa Familia has reduced poverty in Brazil. But research has only recently revealed its role in enabling Brazil to reduce economic inequality.

The World Bank and the Inter-American Development Bank are working with individual governments to spread these programs around the globe, providing technical help and loans. Conditional cash transfer programs are now found in 14 countries in Latin America and some 26 other countries, according to the World Bank. (One of the programs was in New York City — a small, privately-financed pilot program called Opportunity NYC. [A preliminary evaluation](#) showed mixed success, but it is too soon to draw conclusions.) Each program is tailored to local conditions. Some in Latin America, for example, emphasize nutrition. One in Tanzania is experimenting with conditioning payments on an entire community's behavior.

The program fights poverty in two ways. One is straightforward: it gives money to the poor. This works. And no, the money tends not to be stolen or diverted to the better-off. Brazil and Mexico have been very successful at including only the poor. In both countries it has reduced poverty, especially extreme poverty, and has begun to close the inequality gap.

The idea's other purpose — to give children more education and better health — is longer term and harder to measure. But measured it is — Oportunidades is probably the most-studied social program on the planet. The program has an evaluation unit and publishes all data. There have also been hundreds of studies by independent academics. The research indicates that conditional cash transfer programs in Mexico and Brazil do keep people healthier, and keep kids in school.

In Mexico today, malnutrition, anemia and stunting have dropped, as have incidences of childhood and adult illnesses. Maternal and infant deaths have been reduced. Contraceptive use in rural areas has risen and teen pregnancy has declined. But the most dramatic effects are visible in education. Children in Oportunidades repeat fewer grades and stay in school longer. Child labor has dropped. In rural areas, the percentage of children entering middle school has risen 42 percent. High school inscription in rural areas has risen by a whopping 85 percent. The strongest effects on education are found in families where the mothers have the lowest schooling levels. Indigenous Mexicans have particularly benefited, staying in school longer.

Bolsa Familia is having a similar impact in Brazil. [One recent study](#) found that it increases school attendance and advancement — particularly in the northeast, the region of Brazil where school attendance is lowest, and particularly for older girls, who are at greatest risk of dropping out. The study also found that Bolsa has improved child weight, vaccination rates and use of pre-natal care.

When I traveled in Mexico in 2008 to [report on Oportunidades](#), I met family after family with a distinct before and after story. Parents whose work consisted of using a machete to cut grass had children who, thanks to Oportunidades, had finished high school and were now studying accounting or nursing. Some families had older children who were malnourished as youngsters, but younger children who had always been healthy because Oportunidades had arrived in time to help them eat better. In the city of Venustiano Carranza, in Mexico's Puebla state, I met Hortensia Alvarez Montes, a 54-year-old widow whose only income came from taking in laundry. Her education stopped in sixth grade, as did that of her first three children. But then came Oportunidades, which kept her two youngest children in school. They were both finishing high school when I visited her. One of them told me she planned to attend college.

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Outside of Brazil and Mexico, conditional cash transfer programs are newer and smaller. Nevertheless, there is [ample research](#) showing that they, too, increase consumption, lower poverty, and increase school enrollment and use of health services.

If conditional cash transfer programs are to work properly, many more schools and health clinics are needed. But governments can't always keep up with the demand — and sometimes they can only keep up by drastically reducing quality. If this is a problem for medium-income countries like Brazil and Mexico, imagine the challenge in Honduras or Tanzania.

For skeptics who believe that social programs never work in poor countries and that most of what's spent on them gets stolen, conditional cash transfer programs offer a convincing rebuttal. Here are programs that help the people who most need help, and do so with very little waste, corruption or political interference. Even tiny, one-village programs that succeed this well are cause for celebration. To do this on the scale that Mexico and Brazil have achieved is astounding.

On Saturday, I'll respond to reader comments. I'll also explain why this idea is so remarkably successful — and what we can learn from it.