

## **Poverty in America**

In 1964, President Lyndon Johnson launched the "War on Poverty"<sup>i</sup> and for nearly five decades trillions of dollars have been spent in low-income urban communities through the well-intended social service programs of both public and private institutions. Some programs have had a positive impact; many however have had a devastating negative impact on an increasing number of low income families, often consigning them to remain mired in the cycle of generational poverty<sup>ii</sup> and government dependence. This has resulted in a consistent rise in poverty rates over the past twenty-five years, and an exponential increase in the costs to address social issues stemming from generational poverty<sup>iii</sup>.

## **The Charity Assumption**

Many of the social programs in question are ineffective because they operate from a deficit or "charity" assumption<sup>iv</sup>; which in effect treats people as if they cannot do for themselves. In other words the charity assumption (which is the belief that people in poverty cannot do for themselves) has an influence on the development of many social service programs that most often results in programs that provide support and resources without requiring (from the recipients) a demonstration of personal investment or the personal commitment to move their own lives forward. While there is a place for charity (particularly when people truly cannot do for themselves) when the charity assumption tacitly or explicitly dominates the thinking of those who fund, develop, and staff social service programs, it has the unintended consequence acting as a disincentive to the development of personal capacity and the sense of personal responsibility required for achievement. When people are not able or required to invest in some way, they lose a sense of their inherent dignity and faith in their own ability to improve their life circumstances; and this loss contributes to the development of the "entitlement mentality" that plagues many of the people mired in poverty and depending on government or other institutional forms of support for their basic needs.

## **The Solution – Economic Development**

On its face, poverty obviously has consequences and impacts that require social service programs to address. And historically we have understandably categorized any program that addresses poverty as a social service program, influence primarily by the charity assumption. But to generate solutions to poverty we have to begin seeing it as an economic issue and the programs to address it, need to be seen as economic development not social service.

Economic development and the programs that support it (e.g. business incubators, macro/micro-lending, vocational training) operate with an "asset" assumption which expects (and requires) that people are willing and able to do for themselves, if given the resources and opportunities to do so. In economic development, resources are viewed as investments that require a demonstration of personal investment, personal commitment and the ability to deliver a return on investment (ROI). Often, it is a person's demonstration of personal investment, personal commitment and ability that serves as collateral for the investment.

To change the lives of those mired in generational poverty, programming to address poverty has to move more towards economic development and operate with that asset assumption. By providing programs and services that assume that people are capable and personally invested in their own success and by providing training to make up for gaps in capacity, we can then activate and nurture the inherent ability that people have to liberate themselves from the cycle of generational poverty and make accessible to these individuals and families real opportunities for economic self-sufficiency<sup>v</sup>.

AnswerPoverty.org works to advance public policy, education reform and the practice of social service work towards solutions to poverty that are rooted in the asset assumption of economic development. We work in collaboration with public and private sector organizations to initiate and incubate initiatives in areas of public policy, education, community development, vocational training, employment and entrepreneurship. Our work is informed by practitioners, policy makers, funders, community residents, business leaders, educators and other subject matter experts in areas impacting urban poverty, economic development and community transformation.

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<sup>i</sup> Economic Opportunity Act of 1964 was central to Johnson's Great Society campaign and it's War on Poverty.

<sup>ii</sup> The cycle of poverty has been defined as a phenomenon where poor families become trapped in poverty for at least three generations,

<sup>iii</sup> Federal Budget spending on Welfare: 1985: 90 Billion / 2010: 502 Billion

<sup>iv</sup> The belief that people cannot do for themselves therefore the program/service has to do for them

<sup>v</sup> Not requiring any aid, support, or institutional interaction in order to meet basic needs for survival

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