

Enduring Beliefs about Poverty:  
Individualism in Anti-Poverty Policymaking, Then and Now

Kristen Foland-Majkut  
for the Poverty Stoplight of Fundación Paraguaya

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## I. Introduction:

Individualism is a recognized social contract which prioritizes the individual over the collective and as Henri Santos et. al argue, is on the rise throughout most of the world.<sup>1</sup> The idea of individualism made popular by Western society emerged out of institutions like capitalism, the state, the nuclear family, and religion all of which served to create the individual as “an abstract legal subject with rights...responsible for his or her actions.”<sup>2</sup> Whereas a collective social contract would encourage a view of the self as “overlapping with close others' ' and relativizing one’s place in the world through relationships, an individual contract promotes an autonomous, self-directed conception.<sup>3</sup> The ideology has been associated more so with Western cultural and social practices and thus studied within these contexts. However, increasing opportunities for international cooperation and thus social, cultural, and economic conformity to Western ideology may be able to explain why individualism is becoming more popular, and if not popular than reluctantly adopted by other countries and international organizations.

This paper is interested in the ways that individualism has been used in the context of poverty studies and anti-poverty policymaking. This social contract has long had a discursive influence in the study of poverty and when applied has generally been used to explain why some people thrive and others do not. Rather than a collective or structural take on the causes of poverty which would explain it in terms of institutional practices, norms, and values; individualism has often targeted certain behaviors of individuals (or “types” of individuals) as definitive causes. The self-autonomous image of the individual created a dynamic in which one is to be praised for their success and punished for their failures. Historical cases in which the latter approach guided policy often defined one’s responsibilities in society within the limits of their age, gender, marital status, and especially income. In fact, the conception of poverty as an individual’s lack of resources (such as income) almost entirely guided how governments and international organizations approached poverty up until the 1990s.

One particular example of this were international microfinance programs funded by the World Bank beginning in the 1980s. After the global economic crisis of the 1970s, the United

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<sup>1</sup> Henri C. Santos, Michael E.W. Varnum, and Igor Grossmann, "Global increases in individualism," *Psychological science* 28.9 (2017): 1228.

<sup>2</sup> Roger Friedland and Robert Alford, “Bringing society back in: Symbols, practices, and institutional contradictions,” in *The New Institutionalism in Organizational Analysis*, edited by Walter W. Powell and Paul J. DiMaggio (Chicago: University of Chicago Press, 1991): 240.

<sup>3</sup> Santos et. al., “Global Increases,” 1128.

States became invested in global poverty reduction strategies. As Heloise Weber argues, American political agendas were deeply embedded in new forms of global governance directed by the World Bank and partly the International Monetary Fund (IMF) which enforced norms through conditional borrowing.<sup>4</sup> One of these non-governmental organizations (NGOs) was Fundación Paraguaya (FP). Established in 1985 by Martin Burt, FP sought to alleviate poverty through its micro-finance programs which offered small loans and training in order to increase family income and create more jobs.<sup>5</sup> This initial approach was new to development circles and FP was one of many micro-finance NGOs operating in Latin America in the 1980s and 1990s.<sup>6</sup> Though a novel idea for the time, the complexity of poverty was still dismissed and undermined by the past conception of individualism which was securely tied to neoliberalism and finance. Many of these programs, as Heloise Weber argues, were completely ineffective because they operated on the assumption that poverty was an economic issue.<sup>7</sup> Looking back after over two decades, Burt confirms Weber’s argument and believes that poverty reduction from a purely economic point of view could not work because of the complexity and multi-dimensional nature of poverty.<sup>8</sup>

Poverty Stoplight was thus created by Fundación Paraguaya as a tool for measuring this multidimensionality. It operates on the idea that each individual and their family experience poverty in a different way; whether it be related to income, employment, health, education, self-esteem, or participation in community.<sup>9</sup> This program seems to emerge out of a growing academic consensus that poverty is just as much a social phenomenon as an economic one. Social historian Michael Katz notes that in the 20th century United States, government officials tended to disregard poverty research from fields of history, anthropology, sociology, and

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<sup>4</sup> Heloise Weber, "The global political economy of microfinance and poverty reduction," *Microfinance: Perils and prospects* (2006): 40-41.

<sup>5</sup> Martin Burt, "The "Poverty Stoplight" approach to eliminating multidimensional poverty: Business, civil society, and government working together in Paraguay (innovations case narrative: Fundación Paraguaya)," *Innovations: Technology, Governance, Globalization* 8.1-2 (2013): 50.

<sup>6</sup> Vetterlein, "Economic growth, poverty reduction, and the role of social policies: The evolution of the World Bank's social development approach," *Global Governance: A Review of Multilateralism and International Organizations* 13, no. 4 (2007): 522.

<sup>7</sup> Weber, "The Global Political Economy," 48.

<sup>8</sup> Burt, "The "Poverty Stoplight" Approach," 62.

<sup>9</sup> "What is Poverty Stoplight?" [povertystoplight.org](http://povertystoplight.org), Fundación Paraguaya, accessed 26 September 2020, <https://www.povertystoplight.org/en/what-it-is>.

psychology because of the conception that poverty was a quantifiable entity.<sup>10</sup> Economists and financial advisors guided anti-poverty programs in the United States which then transcended borders by influencing international development programs. It has only been in the last decade or so that a qualitative understanding of poverty has been applied to global strategies, one of these forms being again the Poverty Stoplight.

In this paper I utilize relevant case studies to situate the Poverty Stoplight within an appropriate historical context. I analyze the New Poor Law of 1834 (NPL) and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) as cases where individualism was especially influential. This paper works off the assumption that there is an “historic individualism” which guided anti-poverty policy in a narrow economic direction and “contemporary individualism” which is more multi-dimensional in its approach. The key ideological similarity between all three cases is the belief that an individual can and should take personal responsibility for moving out of poverty. The goal of this paper is to show that the problematic policies and ideas generated by historic individualism are actually resolved by the approaches used by Poverty Stoplight and other organizations, despite the fact that there is the same overall goal.

I argue that while individualism has an important role in the historical narrative of poverty reduction, the implications created by the Poverty Stoplight’s use of the ideology are inherently different. Firstly, whereas individualism has traditionally been used further the distance that exists between a government or organization’s relationship with the poor, Poverty Stoplight attempts to bridge it. Secondly, policymakers have attempted to use individualism to push financial or neoliberal solutions to poverty, severely limiting the scope of aid and ineffectually handling projects. The Poverty Stoplight operates on a multi-dimensional view of poverty in order to create personalized and sustainable solutions for families. Though it could be argued that a primarily collective or structural approach would be more prudent in the contemporary context, the Poverty Stoplight is able to manipulate individualism in a way that conforms to Western norms and values while also expanding the scope of the ideology and resolving some of its obvious flaws. Whereas individualism in the past has cast poor people as agents of poverty, the Poverty Stoplight sees them as agents within poverty.

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<sup>10</sup> Michael Katz, *The Undeserving Poor: The undeserving poor: From the war on poverty to the war on welfare*, 122.

## II. Methodology:

This report seeks to trace a brief evolution of individualism in poverty alleviation strategies and the different forms they may take. It is most concerned with the implications created by ideas and how beliefs may shape policies in a given historical context and how those beliefs evolve over time to affect anti-poverty policies today. I analyze both the New Poor Law of 1834 which has been studied considerably by historians of poverty, gender, and family relations as well as the 1996 Personal Responsibility and Work Opportunity Reconciliation Act which has been an object of criticism among scholars since its enactment. I focus on these acts specifically because of the ways in which policymakers moralized into law normative gender roles and the importance of labour. Both intersected at the family level— in that policymakers assumed a “traditional” two parent household encouraged stability and work ethic. This gendered trend is made apparent still today by the Poverty Stoplights focus on the family as a measurement of the individual. Therefore a key element of this paper will be to explore gender and family dynamics in each case.

Another dynamic explored in this paper is economic liberalism. Michael Katz argued in his work, *The Undeserving Poor*, that the United States has historically been limited in their attempts to solve poverty by the boundaries of the free market.<sup>11</sup> Conceiving of poverty as solely an economic issue forged in the minds of policymakers that poverty could be solved through offering or taking away access to economic resources. This line of thinking was key in the 1980s as the World Bank became increasingly involved in issues of “social development,” which as Antje Vetterlein puts it, “was perceived to be a consequence of economic development”.<sup>12</sup> Even though international organizations and powerful, developed countries were able to recognize poverty as a sort of social phenomenon, there was still a deeply ingrained belief that increasing funding or revamping funding strategies could eliminate want and need.

At the center of both dynamics is the concept of personal agency. Santos et al. refer to studies which argue that individualism arises out of socio-economic development. As regions became more industrialized people no longer needed to rely on one another for survival.<sup>13</sup> In each case, the goal was or is to create a self-autonomous community in which government intervention is no longer needed. If the social contract in question requires a person to be

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<sup>11</sup> Katz, *The undeserving poor*; 3.

<sup>12</sup> Vetterlein, “The Role of Social Policies,” 519.

<sup>13</sup> Santos et. al., “Global Increases,” 2.

singularly responsible for themselves, and perhaps those close to them, it also assumes that the person will make “responsible” choices in line with succeeding in life. Therefore, when the idea of “personal responsibility” is introduced into policy it automatically requires the understanding of the individual as agent in their own life. I am able to safely say that the cases presented in this paper are individualist in nature because they all explicitly refer to the need of poor people to assume some form of personal responsibility.

### **III. Limitations**

The methodology for this paper is comparative in nature—analyzing similar dynamics of different cases to find out what ideas have changed, which have not, and whether such changes have had any clear implications on policies. Naturally there are some queries to address and some limitations to attest to before jumping in.

The first being the relatively brief historical narrative created here. In the interest of brevity I am not able to include so many other valuable cases which could help create a more clear evolution of individualism.<sup>14</sup> I stick to Western and especially U.S.-centric ideas firstly for the availability of scholarship on the region and topic and secondly for the influence of Western ideas in global poverty reduction governance. A more complete and nuanced research project on the influence of Western beliefs about the individual in international poverty alleviation in developing countries would certainly be enlightening and allow scholars to trace the evolution of individualism more completely.

Another limitation comes with the comparison of case studies where the policy enforcers are a national government and the other is a non-governmental organization (NGO). Governments and NGOs have key differences in the ways they operate, their complexity, and their incentives. As NGO's tend to focus their work on one key issue, they are more likely to have specialized knowledge in that field and access to resources which could help foster effective plans. Governments on the other hand either cannot or choose not to devote their time, money, and resources to issues that are not considered high priority. Further, in both historical examples, the English and U.S. governments felt an obligation to reform government aid to the

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<sup>14</sup> Cases of individualistic approaches vary across Western countries since the 19th century including France, Germany, Switzerland, and Italy. Other prudent cases from the United States and England include the scientific charity movement, eugenics, and the social welfare programs enacted after the Great Depression.

poor because of the concern by taxpayers that their money was used to encourage socially deviant lifestyles.<sup>15</sup> Certainly the differences between a government and an NGO have an affect on the way ideas are implemented into policy and that cannot be disregarded here. I recognize that the existence of NGOs dedicated to anti-poverty research is very much associated with national governments’ own attempts to solve poverty within their borders.<sup>16</sup> The existence of both state and international poverty dilemmas are intimately tied. Therefore I assume in my analyses that cases of individualism exist not as isolated examples but rather form an interconnected story. Despite the obvious flaws in an individualistic society, the concept has been normalized and passed across time and space, influencing politics, economics, social contracts, cultures, and so on. In order to distinguish where the Poverty Spotlight fits today, we must look at other cases and other times.

#### **IV. The New Poor Law of 1834**

The Poor Law Amendment Act of 1834, or the New Poor Law (NPL) as it is more colloquially known, was passed as a solution to what the English Parliament saw as an increasing poverty issue. There was a perception that not only was the country’s population growing at too large a rate, but that the protagonists of this rapid growth were the indigent pauper class.<sup>17</sup> Political economist Thomas Malthus argued in 1798 that the rate of human reproduction would soon overtake the rate of crop growth which would inevitably lead to vast “unhappiness” and that the government should reform its existing poor laws to keep everything in check.<sup>18</sup> However, throughout the 18th century, the national government was actually subsidizing working class wages in order to encourage men and women to reproduce and supply the country

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<sup>15</sup> Mark Blaug, "The myth of the old poor law and the making of the new." *Journal of Economic History* (1963): 151.

<sup>16</sup> One could potentially make the argument that financial organizations like the World Bank (which has historically been led by American presidents) so ambitiously fund anti-poverty programs in an effort to diverge financial responsibility from national governments to various NGOs which would do the same work. This is educated speculation but may be worth further research.

<sup>17</sup> “Pauper” is a term used to refer to any poor unworthy poor person. They were usually described as being chronically poor, lazy, and addicted to drinking. Paupers were identified separate from “worthy” poor people who simply fell on hard times.

Anxieties about population growth at the turn of the century can be attributed to a number of authors including Thomas Malthus, Jospeh Townsend, Frederic Eden, David Davies, and others.

<sup>18</sup> Thomas Robert Malthus, Donald Winch, and Patricia James. *Malthus: 'An Essay on the Principle of Population'*. (Cambridge University Press, 1992):22.

with a strong workforce.<sup>19</sup> It was only until Malthus suggested that such subsidies encouraged the reproduction of a certain, undesirable class of people that government parties began to worry.

The reason for such worry being that under the Old Poor Law, the government practiced little discrimination over who could receive aid and who could not. Historian Anna Clark argued that the Old Poor Law system was actually geared toward preserving and encouraging a normative family structure. Through administering supplemental aid to working men they were a.) allowing their wives more time with their children and b.) allowing men the financial ability to raise more children.<sup>20</sup> The issue as seen by Malthusians was the notion that the government should discourage citizens from working as hard as possible. Indiscriminate aid distribution was seen as government funded incentive for able-bodied men to forego work and raise children with the same pathologies as them. Thus, with growing numbers of the working class came growing anxiety. By 1832 the English government had created a Royal Commission into the Operation of the Poor Laws.

The commission consisted of nine Central Board Members who facilitated the study and execution of the Old Poor Law throughout various regions of England and Wales.<sup>21</sup> The results of their extensive survey were summed up in the 1834 New Poor Law which suggested that the main causes of poverty and its continued existence came as a result of those individuals who gained the system for personal benefit without genuine need. Such activities were generally referred to as “vagrancy” and included any “rogues, vagabonds, and sturdy beggars,” as well as “all common labourers, able in body, loitering and refusing to work for such reasonable wages as is commonly given.”<sup>22</sup> Commissioner Nassau Senior, former Oxford professor wrote about “the abuses in the South” of England and noted that “no attention is paid to either the character of the applicant or the causes of his distress. In fact, he is considered entitled to it without pleading any distress.”<sup>23</sup> An element of the report included surveying opinions of local citizens on issues of poverty. In the North, commissioners found that citizens were more supportive of individual

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<sup>19</sup> Blaug, “The myth of the old poor law,” 152-153 and Anna Clark, “The New Poor Law and the breadwinner wage: contrasting assumptions,” *Journal of Social History* (2000): 265.

<sup>20</sup> Clark, “the breadwinner wage,” 262.

<sup>21</sup> Nassau William Senior, Poor Law Commissioners’ Report of 1834. Copy of the Report made in 1834 by the Commissioners for Inquiring into the Administration and Practical Operation of the Poor Laws. Presented to both Houses of Parliament by Command of His Majesty (London: Printed for H.M. Stationery Off. by Darling and Son, 1905). [Online] available from <https://oll.libertyfund.org/titles/1461>; accessed 9/22/2020.

<sup>22</sup> William, Poor Law Commissioners’ Report of 1834, [oll.libertyfund.org](https://oll.libertyfund.org).

<sup>23</sup> William, Poor Law Commissioners’ Report of 1834, [oll.libertyfund.org](https://oll.libertyfund.org).



responsibility than state sponsored aid. Concerning the rise of illegitimate births, respondents also suggested that more responsibility be put on the parents rather than the parish.<sup>24</sup> In general, the commissioners report reflected a shared sentiment among the upper class at least, that poor people should take more responsibility for their actions.

This case is of particular interest in the context of this paper first for the notion that policymakers (such as the Commissioners here and the English parliament who passed the bill) believed that parishes should start evaluating individual parishioners seeking relief. Rather than offering aid to anyone who asked; parishes were becoming increasingly expected to identify genuinely needy people versus simple able-bodied vagrants looking for the easy way out. The two most morally depraved types of people were conceived as those able-bodied men who refused to work and sexually deviant women who purposely bore illegitimate children to receive relief. Both social categories were deviations from men and women's expected contributions to society and therefore justified the New Poor Law's attempt to restrict aid to them. The idea that relief should be made on a case-by-case basis and to an even greater extent that *some* cases were more virtuous than others speaks to a shift towards individualist ideology in anti-poverty policymaking in early 19th century England.

The second dynamic of interest in this case is the relationship created between normative family structure (gender roles) and economic liberalism. The New Poor Law acted similarly to the Old Poor Law in that policymakers assumed this new system could encourage moral behavior amongst both women and men. The main difference between the two was the perceived deviance of women in this new system, the paternalism embedded within it, and the expectations associated with economic shift from agriculture to industry. At the center of the two dynamics was the normative roles and responsibilities expected of men and women as well as the consequences for deviancy from these roles.

This case has been analyzed by many feminist scholars and historians of gender and family relations. In “Engendering Relief,” Marjorie Levine Clark explores the gendered language used in the New Poor Law and even more so the ways that women portrayed themselves in order to receive aid. She points out that the actual legislation was written entirely in the male pronoun, assuming that all poor people were men, despite the fact the women almost always made less money.<sup>25</sup> In reality, women were not conceived of as poor unless they were connected to a male

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<sup>24</sup> Thomas Nutt, "Illegitimacy, paternal financial responsibility, and the 1834 Poor Law Commission Report: the myth of the old poor law and the making of the new." *The Economic History Review* 63, no. 2 (2010): 351.

<sup>25</sup> Marjorie Levine-Clark, "Engendering relief: women, ablebodiedness, and the new poor law in early Victorian England." *Journal of Women's History* 11, no. 4 (2000): 110.

counterpart. This is made obvious by the fact that “able-bodiedness” was a trait that could only be imagined in relation to the male body. In medical journals of the time, doctors and scientist characterized the female body as weak, with its sole purpose for mothering.<sup>26</sup> Any form of work unrelated to her duties as a wife and mother would threaten the fragile complex of the female form meaning that “women were always potentially on the verge of becoming disabled.”<sup>27</sup> Whether English policymakers consciously used the New Poor Law to instill a standardized family structure is debatable. What is more believable is that breadwinner status was so culturally ingrained into English life that when it came time to write the new law, policymakers could only conceived poverty in relation to labour and therefore in relation to men.

Another gendered aspect that has stirred much literature on the case is the infamous “Bastardy Clause.” A morally charged section, the Bastardy clause proposed that the support of illegitimate children and their mothers by the state, and the right of mothers to accuse men of paternity were some of the greatest “evils” produced by the Old Poor Law.<sup>28</sup> The Clause thus advocated for complete abolition of any government mandated support for such women as well as any financial responsibility from the supposed father.<sup>29</sup> Lisa Forman Cody argues that this clause especially widened the social gap between the enfranchised and disenfranchised as it both demonized single-motherhood and afforded men more leniency in cases of paternity. Though policymakers were well-aware that women could not make enough money alone to support a child, the Bastardy Clause operated on the assumption that women actively *chose* to have children out of wedlock. Policymakers assumed that the New Poor Law would thus deter women from deciding to have illegitimate children.<sup>30</sup> In the anxious minds of the upper and middle class, sexually deviant women were bearing illegitimate children to turn a profit on state funded relief and innocent, rich men. Lord Althorp wrote in 1834: “Let the woman be deprived of the advantage which she possesses as present—let the disadvantage be placed on her side...and you will effect a great, and a most desirable improvement in the morals and the happiness of the

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<sup>26</sup> Levine-Clark, “Engendering relief,” 111-112.

<sup>27</sup> Levine-Clark, “Engendering relief,” 112.

<sup>28</sup> William, Poor Law Commissioners’ Report of 1834, [oll.libertyfund.org](http://oll.libertyfund.org).

<sup>29</sup> Lisa Forman Cody, “The politics of illegitimacy in an age of reform: Women, reproduction, and political economy in England’s new Poor Law of 1834.” *Journal of Women’s History* 11 no. 4 (2000): 132-133.

<sup>30</sup> Such arguments are portrayed in the works referenced here by Lisa Forman Cody and Thomas Nutt primarily.

poor.”<sup>31</sup> Such beliefs reflected individualism as it supposed that any given person should expect repercussions for poor decisions and the government should not be responsible such outcomes.

Thomas Nutt analyzes the Bastardy Clauses in a Malthusian framework by positing that concerns about population drove the desire to police poor women.<sup>32</sup> Components of morality still influenced this analysis in arguments that afforded more social and moral responsibility to motherhood than fatherhood. Malthus recognized that in an ideal scenario both parents assumed responsibility for their children but in cases of illegitimacy it was much easier to figure out the child’s mother rather than the father.<sup>33</sup> This speaks again to the medical culture of the 19th century that could only conceive of women’s bodies as sites for mothering and nothing else. By arguing that it was simply more natural to associate children with their mothers—Malthus suggested that the root of population control needed to be “bastard bearing” women, who were almost always lower class.

The New Poor Law passed only by a small majority in English parliament with many policymakers going on record in opposition to it. Some found the laws contradictory in that they did not view women as a viable workforce (which went against the view that the country needed as many workers as it could it). Others found it morally repugnant to outright deny single mothers of relief. Either way, the Poor Law Amendment Act was reversed only 10 years later and replaced by another set of laws which provided more leniency to women. By most measures, scholars would probably call the New Poor Law unsuccessful in its goals.

Though it was overturned, the case of the Poor Law Amendment Act of 1834 highlights the interconnectedness between economic liberalism and gender. By writing the law in the language of the male breadwinner and relegating women to dependents or social deviants, policymakers effectively widened the gap between the haves and the have-nots. The New Poor Law served not only to stigmatize poverty but also to relieve the government’s traditional responsibility of caring for the poor under the guise of personal responsibility. Encouraged by economic liberalism, the English poor law used individualism to justify social exclusion, sexism, and reduced government expenditure on social issues.

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<sup>31</sup> Cody, “The politics of illegitimacy,” 134.

<sup>32</sup> This implication is clear from Nutt’s reference to and framework around Thomas Malthus who famously stirred up questions about the population growth of England. See: Nutt, “Illegitimacy, paternal financial responsibility, and the 1834 Poor Law Commission Report: the myth of the old poor law and the making of the new,” 335-361.

<sup>33</sup> Nutt, “Illegitimacy, paternal financial responsibility, and the 1834 Poor Law Commission Report,” 355.

## V. Personal Responsibility and Work Opportunity Reconciliation Act of 1996

In 1996, U.S. President Bill Clinton introduced the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) as the reform to “end welfare as we know it”.<sup>34</sup> Similar to the New Poor Law, the PRWORA emphasized self-sufficiency, work ethic, and preservation of the normative family structure. In striving for this, Parvin Huda argues, the “PRWORA stigmatiz[ed] dependence and ascrib[ed] moral fault to one particular group: poor single mothers.”<sup>35</sup> This piece of legislation received considerable backlash from scholars who viewed it as a thinly veiled attempt at policing women rather than poverty and attempting to valorize the “traditional” family structure while condemning the non-traditional structure.<sup>36</sup>

The PRWORA was established on the premise that the former federal program designed to assist poor families, Aid to Families with Dependent Children (AFDC), was flawed in its systemic generosity.<sup>37</sup> Policymakers believed that poor families were becoming too dependent on federal relief which thus created a “culture of poverty” amongst the lower classes.<sup>38</sup> The idea that there was a “culture of poverty” emerged out of the conservative political arena in the early 1980s which, as Marieke de Goede, Matthew Hunt and Heather Bullock argue, gained even more traction throughout the 1990s.<sup>39</sup> In 1984, politician Newt Gingrich argued that the welfare system under the AFDC was “bringing the American welfare system to its knees” and was to blame for moral decay.<sup>40</sup> Even before the 1980s, the U.S. government famously launched its

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<sup>34</sup> Parvin R. Huda, “Singled out: a critique of the representation of single motherhood in welfare discourse.” *Wm. & Mary J. Women & L.* 7 (2000): 341.

<sup>35</sup> Huda, “Singled out,” 342.

<sup>36</sup> For furthering readings of such arguments see: Parvin R. Huda, “Singled out: a critique of the representation of single motherhood in welfare discourse.” *Wm. & Mary J. Women & L.* 7 (2000): 341-381; Brendon O’Connor, “The protagonists and ideas behind the Personal Responsibility and Work Opportunity Reconciliation Act of 1996: the enactment of a conservative welfare system,” *Social Justice* 28, no. 4 (86 (2001): 4-32.

<sup>37</sup> The AFDC was created in 1935 before being replaced by the Temporary Assistance for Needy Families portion of the PRWORA. It began initially under the Social Security Act (SSA) of FDR’s New Deal.

<sup>38</sup> Initial idea found within Katz, *The undeserving poor*, 1990. References to the “culture of poverty” began with Oscar Lewis in the late 1950s who coined the term. It became polarized by Daniel Moynihan’s controversial 1965 report on poverty in which he describes the urban black family as “tangled” in the pathology of poverty. It has since become a popular term among American conservative politicians who tend to view poor people as incapable of escaping poverty.

<sup>39</sup> See: Marieke deGoede, “Ideology in the US welfare debate: Neo-liberal representations of poverty.” *Discourse & Society* 7.3 (1996): 317-357; Matthew O. Hunt, and Heather E. Bullock. “Ideologies and beliefs about poverty.” *The Oxford handbook of the social science of poverty* (2016): 93-116.

<sup>40</sup> O’Connor, “The protagonists and ideas behind the Personal Responsibility and Work Opportunity Reconciliation Act,” 8.

“War on Poverty” which characterized poverty as a looming threat to national stability.<sup>41</sup> Gingrich, in reference to Lyndon B. Johnson’s “Great Society” of the 1960s, a set of domestic social welfare programs which attempted to eliminate poverty, called it “a 30 year experiment in destroying America.”<sup>42</sup> The PRWORA was legislative confirmation of conservative ideas which were growing in the American political imagination. American partisan politics indeed played a great role in the formation of the bill but were ultimately just a disguise for moral anxieties surrounding poverty. Similar to the New Poor Law, the PRWORA was a shift from its preceding program and was marked by policymakers’ attempts to re-emphasize the perceived relationship between a normative family and economic success. It used the guise of personal responsibility of the poor to justify cutting program funding and demonizing single-mothers of illegitimate children.

Not only did the act attempt to reduce the actual amount of aid an individual or family could receive, it also gave more discretion to state governments in dispersion of this aid so long as it followed certain guidelines. For instance, states were allowed to deny benefits to unwed teenage mothers, choose to transfer administrative duties to private organizations, or set “welfare caps” if families had more children.<sup>43</sup> Brendon O’Connor’s analysis of the legislation shows that the PRWORA severely restricted welfare in many forms not limited to cutting food stamps, preventing new legal immigrants from participating, tightening rules for families with disabled children, and suggesting that parents return to work immediately following the birth of children. The one program which the national government proactively funded was abstinence education in every American school priced at \$50 million per year.<sup>44</sup> The lines between what was worth funding and what was not were made increasingly clear.

The family dynamic of this legislation cannot be understated. In fact, the first two lines of the first section explicitly state: “(1) Marriage is the foundation of a successful society. (2) Marriage is an essential institution of a successful society which promotes the interests of

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<sup>41</sup> Katz, *The undeserving poor*; 79-94.

<sup>42</sup> Newt Gingrich quoted in O’Connor, “The protagonists and ideas behind the Personal Responsibility and Work Opportunity Reconciliation Act,” 8.

<sup>43</sup> O’Connor, “The protagonists and ideas behind the Personal Responsibility and Work Opportunity Reconciliation Act,” 14.

<sup>44</sup> O’Connor, “The protagonists and ideas behind the Personal Responsibility and Work Opportunity Reconciliation Act,” 14.

children.”<sup>45</sup> Further down, the findings repeatedly present the births of illegitimate children to single and/or teenage mothers as the biggest contributor to poverty.<sup>46</sup> Charles Murray wrote in 1993 that “illegitimacy is the single most important social problem of our time—more important than crime, drugs, poverty, illiteracy, welfare, or homelessness because it drives everything else.”<sup>47</sup> Even in 1996 many policymakers opposed how the bill restricted access to mostly women and children. Representative Sam Gibbons stated, “this is a cruel piece of legislation. It punished the children...because of the errors of the parent...it would deprive them of basic necessities, of food, of housing, of education, of love.”<sup>48</sup> Supporters of the bill argued the opposite. Illegitimacy was seen in a similar light to the New Poor Law as policymakers believed it undermined the “deserving family form” and encouraged deviant behavior that would cause harm to the child.<sup>49</sup> Women whose children were subsidized by the government, they believed, would be subjected to a deviant pathology which glamorized dependency and discouraged work.

Again, the PRWORA mirrored the NPL in its conception of labour as a means of escaping poverty. Though the former emphasized more overtly the connection between family life and poverty, it was still influenced by the belief that labour was key to self-sustenance in society. Another element of the bill were work requirements set by state and national governments for recipients of Temporary Assistance to Needy Families (TANF). The requirements varied from case-to-case but for the most part set strict conditions which households needed to meet in order receive assistance. The logic was that work programs would allow heads of households to integrate steadily into the workforce and provide a solid base for them once their temporary assistance ended.<sup>50</sup> While ideal in theory, the general consensus is/was that the PROWRA was more interested in justifying lower budget allocations per year for the federal government than actually guaranteeing that poor people found work. Even in the late

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<sup>45</sup> Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, § 101, 110 Stat. 2109.

<sup>46</sup> This can be gathered by the overwhelming mention of teenage pregnancy to begin with as the Act is an anti-poverty bill. If teenage pregnancy was not conceived as a poverty-related issue then it would not be heavily investigated, analyzed, and mentioned as it is.

<sup>47</sup> Huda, “Singled out,” 347.

<sup>48</sup> O’Connor, “The protagonists and ideas behind the Personal Responsibility and Work Opportunity Reconciliation Act,” 9.

<sup>49</sup> Huda, “Singled out,” 349.

<sup>50</sup> Mitchell B. Chamlin and Joel E. Denney. “An impact assessment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996,” *Journal of Crime and Justice* 42, no. 4 (2019): 383-384, 388-389.

1990s, non-supporters of the act saw an issue with the national governments perverse economic incentives awarded to states in order to to further restrict the already stringent new rules.<sup>51</sup>

When Mitchell Chamlin and Joel Denney investigated whether the act set out what it claimed (to “end welfare as we know it”), they found it technically successful. Between 1996 and 2016, the authors found that the amount of recipients of welfare *did* decline around 80%.<sup>52</sup> However, the authors note that this was likely due to the strict cuts enacted by the bill—not because poor people conformed to family norms or engaged more in the work force.<sup>53</sup> Through quantitative analysis, they found that educational and job requirements “had no discernible impact” on their labour time series.<sup>54</sup> They also found that the 3% decrease in teenage pregnancy was likely due to an unrelated social force considering the fact that the proportion of both unmarried women and single-parent households did not change. Therefore, in the terms and goals set out within the bill, the PRWORA was actually unsuccessful.

Again, like the New Poor Law, the Personal Responsibility and Work Opportunity Reconciliation Act conflated economic success with traditional, conservative family values. It was believed that the national law could incentivize individuals and their families to be more socially responsible by making it either impossible or extremely difficult for young, poor, single mothers to receive government assistance. Their ability to pass down poverty like a disease caused anxiety for mostly conservative politicians who characterized illegitimacy as the single greatest threat to national stability. Ethics of personal responsibility vindicated politicians in their decision to eliminate, abolish, and severely limit the assistance available to all types of poor people but especially single mothers. This act shows how the personal responsibility required of individualist societies guided policymakers to pass a bill which cut off links between the government and the people, assumed the worst of poor people, and assumed that they were incapable of making good future choices unless forced with homelessness. It is a type of individualism that is traditionally associated with demonizing the poor and faulting them for poverty without understanding of systemic issues.

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<sup>51</sup> O’Connor, “The protagonists and ideas behind the Personal Responsibility and Work Opportunity Reconciliation Act,” 12.

<sup>52</sup> In the last year of the AFDC, the number of recipients was over 13 million. In 2016, the amount of recipients for TANF (the predecessor to AFDC) was over 2.5 million. Found in Mitchell B. Chamlin and Joel E. Denney. “An impact assessment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996,” *Journal of Crime and Justice* 42, no. 4 (2019): 390.

<sup>53</sup> Chamlin and Denney. “An impact assessment,” 390.

<sup>54</sup> Chamlin and Denney. “An impact assessment,” 390.

## VI. The Poverty Stoplight and Fundación Paraguaya

While the United States was in the middle of an ideological shift in the late 1980s and 1990s, the World Bank was seeking new ways to address issues like poverty. The social development projects of the 1980s were defined by microfinance lending programs, especially in developing countries in Latin America. As Vetterlein argues, social development *was* economic development. It was believed that through microcredit lending, local communities could empower the impoverished and help them rise out of poverty. However, over the course of the early 2000s, founder of Fundación Paraguaya Martin Burt was able to connect with scholars across the world who helped him establish a more solid ideological ground from which to start analyzing poverty and coming up with solutions. “Until [2011],” Burt recalls, “our antipoverty initiative had been limited to helping reduce or alleviate poverty by increasing family incomes. But if being “not poor” was never defined, how would we ever know if we had been successful?”<sup>55</sup>

Martin Burt and Katharina Hammler identify two different kinds of microfinance institutions (MFIs) in their article—those being minimalist MFIs and integrated MFIs. Based on Vetterlein and Weber’s articles, the form of MFI utilized by NGOs in the 1980s and 1990s were “minimalist” in nature because they were characterized by the idea that access to capital was the single factor holding poor people back. This was the same with Fundación Paraguaya until 2011 when they developed the Poverty Stoplight tool. “The reason behind Fundación Paraguaya’s effort to go beyond financial inclusion,” was, as the authors state, due in part because “many of its microfinance clients remained under the poverty line despite constant access to credit for many years.”<sup>56</sup> FP realized that income was not the only measure of deprivation and that in order to make poverty elimination a realistic goal, the organization had to take an integrated, multi-dimensional approach.

Subsequently, Burt established the Poverty Stoplight—a measurement tool which uses technology to guide poor individuals and families through various poverty indicators and perform a self-assessment. It was created with the belief that poverty is a multi-dimensional

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<sup>55</sup> Burt, “The “Poverty Stoplight” Approach,” 58.

<sup>56</sup> Martin Burt and Katharina Hammler. “The Poverty Stoplight: Does Personalized Coaching in Microfinance Help Clients Overcome Poverty?.” *Unpublished internal document. Asunción, Paraguay: Fundación Paraguaya* (2014): 3.



social phenomenon that had to be measured by more than just income. Thus the Poverty Stoplight is comprised of various “indicators” which represent fields of deprivation that typically work alongside economic poverty. These indicators include health, education, income, housing, participation, and interior motivation as dimensions of poverty.

The other foundational belief was that institutions were only so effective in convincing people to change. As seen with the New Poor Law and the PRWORA, both institutions (governments) automatically assumed that national law could convince people to change purely through economic incentives (or disincentives). This is because institutions, as Martin Burt puts it, “however far-sighted or well funded, do not have the sufficient insight into the poverty-related problems of individual families or sufficient resources to permanently eliminate poverty on their behalf...an individual must adopt certain behaviors and attitudes in order to overcome poverty in all its dimensions...”<sup>57</sup> Fundación Paraguay’s ultimate goal with the PS is to encourage individuals and families to become self-sufficient by giving them tailored strategies that fit their needs and giving them guidance along the way. Joseph Grenny, as Burt paraphrases, suggested that the fundamental questions which drive motivation to change are: Is it worth it? Can I do it? Not only is the Poverty Stoplight built on the belief that poverty is multi-dimensional but that complete elimination of poverty must be engineered and driven by the poor themselves.

In this way, the Poverty Stoplight shares some key similarities with the former historical case studies. All three cases suggest that the method for best reaching people is through the stressing the importance of the family as a unit plus the notion that individuals must play a role in moving out of poverty. However, both the NPL and PRWORA manipulated both in ways that served to demean or stigmatize poverty rather than uplift the impoverished. Policymakers of yore suggested that one became impoverished through their own or their parents bad choices which, by logical default, assumed that they would likely be incapable of making good further decisions. The need for policy thus came in to supplement individual failings and provide guidance. What both the NPL and PRWORA did was set strict conditions for relief which excluded various groups of people and stigmatized being poor. This is where the Poverty Stoplight diverges completely. While individual responsibility is stressed, it is not done so in a fatalistic way suggesting that poverty is pathological. It is meant in a way that assumes with proper help, guidance, and inclusion poor people can utilize the resources at their disposal to navigate poverty. Whereas individualistic policy has been historically used to demonize poverty and widen the social gap that separated the poor from the upper and middle classes—the Poverty

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<sup>57</sup> Burt, “The “Poverty Stoplight” Approach,” 59.

Stoplight serves to connect people: person to person, communities with other communities, and most importantly members of FP and the PS with the poor agents.

The Poverty Stoplight is not the only private organization working on the same beliefs. In the United States, the Family Independence Initiative (FII) is a non-profit organization based in California with offices in various major cities which attempts to further “the exchange of financial and social capital in low-income communities across the nation.”<sup>58</sup> The FII believes that the national welfare program has only made poverty endurable, not escapable and that the biggest hindrance is the overwhelming focus on individuals instead of families. “We have seen that the barriers to economic and social mobility for low income families,” they write, “are not found within the families themselves, but instead are a set of assumptions that characterize low-income people as either lazy or helpless victims who need professional intervention.”<sup>59</sup> What this approach signifies is a growing recognition that the views which shaped policies like PRWORA are becoming increasingly outdated. It also speaks to the limitation set out earlier in this paper—that being the inherent differences in policymaking between a private organization and a national government. Still the ideas transcend and overlap. The same belief in individual responsibility that shaped the NPL or PRWORA also inform the FII and Poverty Stoplight’s belief in personal agency.

Since 2011, Poverty Stoplight has expanded its reach and now has hubs in 18 different countries. In a policy report on “Mapping Pathways out of Poverty,” the authors stated that microfinance programs have historically not incurred any significant success, leading them to assume an increase in microlending would actually increase levels of poverty. However, in 2013, they found that despite the microfinance programs dispersing more loans than ever, the amount of the poorest clients fell for the third straight year.<sup>60</sup> The authors argue that part of the success drew from understanding the financial objectives of their clients instead of assuming and expecting them to conform. It asserts that poor people have specific “rhythms of their lives, their aspirations, their fears, and their cash flows.”<sup>61</sup> In Burt and Hammler’s article, the authors also found that their study group “achieved statistically higher gains than the comparison group.” Meaning that it is very possible that the guidance offered by the Poverty Stoplight to microcredit

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<sup>58</sup> “About us,” [fii.org](https://www.fii.org), Family Independence Initiative, accessed 28 September 2020, <https://www.fii.org/about/>.

<sup>59</sup> “Approach,” [fii.org](https://www.fii.org), Family Independence Initiative, accessed 28 September 2020, <https://www.fii.org/approach/>.

<sup>60</sup> Reed, L. “Mapping pathways out of poverty” The state of the microcredit. Microcredit Summit Campaign, Washington (2015): 5.

<sup>61</sup> Reed, “Mapping pathways out of poverty,” 6.

clients (who were all women) significantly helped them utilize the the finance to their greatest advantage.<sup>62</sup>

Thus far studies suggest that the Poverty Stoplight is making headway in their effort to empower the poor. By growing their sphere of impact, conducting regular studies, and growing alongside like-minded organizations—the Poverty Stoplight appears to be guiding anti-poverty policy in the right direction.

## **VII. Conclusion:**

In this report I have traced some of the historical trends in anti-poverty policymaking with a focus on individualist ideologies. Individualism suggests that as singular members of society, we are each responsible for our own well-being as well as our immediate loved ones. It contrasts collective or structure social contacts which imagine each person not as an individual but as part of whole, measured in terms of participation and relationships to others. Individualism in poverty policymaking has historically been associated with notions of personal responsibility and accountability. It has been used to explain why one succeeds or fails as well as the likelihood that they will continue to do so. Notions of agency often exist in tandem with personal responsibility as both expect self-autonomy from the agent themselves. However, in historic cases of anti-poverty policymaking, poor people were viewed as agents of poverty but not within it. Meaning policymakers conceived them as personally responsible for becoming impoverished while simultaneously incapable of social mobility. Their ability to make choices could only be understood through their perceived “poor” choices but not through their hypothetical “good” choices.

In all cases discussed here, two dynamics of family and work ethic came into play. In the case of the New Poor Law, policymakers condemned women for their perceived sexual deviance, inability to maintain a normative family structure, and reproduce children with no work ethic. They restricted aid to single mothers as well as to able-bodied men who were perceived as lazy. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 operated in a very similar way. The sanctity of marriage was endowed within the legislation—which suggested that a traditional two parent household was necessary for people wishing to stay out of poverty. By consequence, the bill restricted relief to single mothers, unmarried women, and teenage

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<sup>62</sup> Burt and Hammler, "The Poverty Stoplight," 19.

mothers which policymakers believed would incentivize women to simply not have children out of wedlock. Both the NPL and PRWORA operated under an individualist ideology that assumed poor people were incapable of making proper decisions and that an institution needed to do it for them. It also stigmatized specific groups of people, portrayed poor people as weak and lazy, and increased the social distance between the government and its poor population.

The Poverty Stoplight of Fundación Paraguaya follows similar beliefs in the importance of self-accountability and the family. However, whereas the historical examples were unsuccessful and served only to divide rather than unite, the Poverty Stoplight stresses inclusion and assumes that poor people not only have, but must use their power to move out of poverty. The former two examples showcased how institutions have traditionally used individualist ideology to incentivize poor people to conform to policymakers norms and values. This was based off the assumption that poor people had little agency for social mobility either because they were pathologically poor or the system was too corrupt. The institutional level policies has attempted to substitute the agency that policymakers felt poor people were incapable of exercising. The Poverty Stoplight operates on the exact opposite function. Rather than implementing policies and programs with the expectation that poor people need to change to fit a (sometimes) unattainable mode of living, the Poverty Stoplight is designed to adjust to the specific needs of the poor. Using its multidimensional indicators, performing self-assessments, and creating unique strategies for each family allows the Poverty Stoplight to encourage agency from poor people. Simply put, the Poverty Stoplight and Fundación Paraguaya view poor people are strong, ambitious agents with the ability to move out of poverty with the correct guidance and resources.

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