

# Child Poverty Action Group Post Budget Breakfast. Nelson 2017

## Summary of presentation 'How Poverty Affects Families'.

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The World Health Organisation states that for peoples' well-being, housing should not cost more than 30% of peoples' income. Our client records show that the cost of housing alone is often taking around 60-80% of these families income. On a low income, that does not leave enough to cover the other expenses of life. This fight for survival creates a great deal of stress for the parents which negatively impacts on many areas of the family's life together.

There is often an assumption that people are in poverty because they are making poor choices. And perhaps the answer is to educate people and make them aware of the better choices they should be making. But a lack of knowledge is not the under lying cause of poverty. While information and knowledge is useful, what people really need is more money. Knowledge of how to be better with money will not solve a family's poverty crisis as long as there is insufficient money for that family to cover their needs.

In poverty, children are missing out on the things they need to thrive, not because their parents don't care or aren't knowledgeable, but because they do not have enough money. Recent research suggests that the mental energy required to make do with scarce resources, negatively affects a person's cognitive function. They call it 'scarcity mindset' or mentality.

Rutger Bregman has a very interesting TED talk on this research. To quote the research: 'On average, a person preoccupied with money problems exhibited a drop in cognitive function similar to a 13-point dip in IQ, or the loss of an entire night's sleep.' The stress experienced by the scarcity of money or food causes people to get tunnel vision for the thing that is immediately needed. For example, a meal or the bills that need to be paid. The long term focus goes out the window. Because of a scarcity mindset, stressed, tired, poor or hungry people are more prone to making poor decisions. Anyone living in these conditions would be just as likely to make poor decisions. In other words, it's not the people who are at fault; it is the environment in which they are living. The research suggests that poverty causes poor decision making, not the other way around.

Poverty is not a lack of knowledge. Poverty is not a lack of character. Poverty is a lack of money

*As I'm sure you're aware, this summary is not an academic article, nor is it a full argument. But for further information on the topic, here a couple of names/references that may be useful:*

*Scarcity mindset- Rutger Bregman*

*Mani, A., Mullainathan, S., Shafir, E., & Zhao, J. (2013). Poverty impedes cognitive function. Science, 341, 976–980.*

*Mullainathan, S., & Shafir, E. (2013). Scarcity: Why having too little means so much. New York, NY: Times Books.*

*Shah, A., Mullainathan, S., & Shafir, E. (2012). Some consequences of having too little. Science, 338, 682–685.*