

Newstart is not living up to its name

Toni Hassan
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What do multitasking and the low level of Newstart have in common? New research suggests they both do something to our brain, and in Anti-Poverty Week the new Social Services Minister, Christian Porter, ought to pay attention.

As our new Prime Minister is fond of telling us, our future is increasingly tied up in technology (when has it not?). It inevitably means more multitasking. These days employers email us at night. We shop for shoes at our desks. We arrange business meetings while at the supermarket. Our children flip between devices while doing their homework.

As more and more things fight for our attention our mental bandwidth shrinks. There's only so much attention we can offer. Splitting it more and more ways impairs our ability to do anything well.

Harvard University professor Sendhil Mullainathan [provides the link to the unemployment benefit Newstart](#).

At just \$261.70 per week, it's hopelessly inadequate. Pensioners get \$394.20 per week. Politicians staying in Canberra get \$271 per night.

When you have barely enough (or not even enough) to cover the cost of accommodation you worry. It taxes your mental bandwidth. If an unexpected expense pops up (of the kind that wouldn't worry someone with money) you almost shut down.

Mullainathan says there are a lot of similarities between the time-poor and money-poor. The money-poor are late paying bills, the time-poor are late turning stuff in.

Neither thinks particularly well.

Under intense time pressure, the time-poor are likely to retreat to Angry Birds, as crazy as that seems. Under financial pressure, the money-poor are likely to resort to high interest payday loans. Yes, it will make their predicament worse, but it will solve their immediate problems, the only ones they have the bandwidth to see.

"It makes total sense to be fixated on solving the immediate problem with borrowing," he told the London School of Economics. They have a real fire they need to fight today."

When people suggest other options, they look at them with incredulity. "It's like their house is burning down and they are coming to the well for water, while others are saying: have you thought about the sustainability of this well?"

When sick, the poor are less likely to take their medication. They'll worry about what it will cost them. It isn't that they are inherently less capable of thinking straight than someone

with money, it's that the lack of money triggers worries that degrade their ability to think beyond the fire.

More and more unemployed Australians are staying out of work rather than finding jobs. The Council of Social Service reports that [seven out of 10 Australians on Newstart have been out of work for more than a year, up from six out of 10 just three years ago](#). In part it's due to the weak labour market, but it may also be due to the wearing effects of being unemployed and forever worried about money.

Mullainathan says the one thing you shouldn't do with people whose mental bandwidth is degraded, is tax it some more.

Would you say to the money-poor: I have this really great program for you but you have to pay \$500 upfront, he asks. We don't, but he says we sometimes throw a 50-page booklet at them, or a survey 50-questions long.

Payments have been reduced under the so-called welfare-to-work policies of successive governments but the Abbott government devised its own torture.

It its first budget it demanded that most jobseekers apply for 40 jobs per month. To tax them further it denied them Newstart for the first six months.

It's since backed down in the face of an intransigent Senate. It now wants only 20 jobs per month, and a one-month wait for the dole. But if it really wanted to make the unemployed more fit for work, it would lift Newstart.

Organisations as mainstream as the Business Council of Australia and the Organisation for Economic Co-operation and Development have begged it to do so for some time.

Research commissioned for the government's pension review found one in 10 Australians on Newstart were [unable get a substantial meal each day](#), one in eight were unable to buy prescribed medicines, and one in 20 were unable to heat their homes. The results were far worse than for pensioners, many of whom were not that badly off.

Malcolm Turnbull and Christian Porter have it in their power to ease up on the unemployed, to allow them to live and search for work with some dignity, and without financial threats gnawing away at their every decision. They have the ability to give them bandwidth, to enable Newstart to live up to its name.

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