

How Poverty Makes Workers Less Productive

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As Washington debates sending checks to Americans and increasing the minimum wage, [a new study](#) offers evidence for how such policies could help eliminate poverty. Obviously, giving more money to people without much money helps them with money problems. But the study adds to a growing body of research that says that money really does help workers earn more money.

Sendhil Mullainathan is a behavioral economist at the University of Chicago Booth School of Business, and he outlined early evidence for this theory in [Scarcity: Why Having Too Little Means So Much](#), co-authored with Princeton psychologist Eldar Shafir. Poverty, they find, is like a parasite, consuming mental energy that could be put to more beneficial use. “Put simply, being poor is like having just pulled an all-nighter,” Mullainathan [once told](#) *NPR*. And that, he says, hurts their ability to escape poverty.

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