

Ep #264: Debunking the idea of a “Scarcity Mindset”

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With Your Host

Simone Grace Seol

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Hey, there. I'm Simone Seol, *I Am Your Korean Mom* that you didn't even know you needed. I whisper encouragement and slap down the unnecessary bullshit that keeps you frozen and disenchanting. Let's do this.

Hello, my friends, let's talk about debunking what is known as the “scarcity mindset.” This has been on my mind a little bit. I started thinking about this more recently, because I would just be having so many conversations, I would be hearing people have so many conversations about people and their financial circumstances, and people thinking they need to “fix” their scarcity mindset.

I hear them talk about their financial circumstances and all the scenarios in which they experience this so-called scarcity mindset. I'd be listening, and I'd be like, “Wait a minute, this isn't a scarcity mindset you have, you don't feel this way because of your mindset. This is a scarce objective circumstance that you are reacting to in a completely normal and healthy way.”

It just got me thinking so much more about how much of what we call a “scarcity mindset” is actually complete gaslighting, in a reality that actually includes a ton of scarcity and unequally distributed resources in it. Those who are most likely to think that they have a scarcity mindset problem, are the ones who are on the wrong end of the capitalist landscape. Right?

And so, when so many people say, “Oh, I have this scarcity mindset. I have to fix my scarcity mindset,” what I'm thinking is, “No, you're living in a scarce reality.” Now, my personal opinion about this is not all I have to go by, by the way. I'm about to tell you about a study that I learned about that blew my mind.

Okay, I encourage you all to go and read this article. I'm going to add a link to it in the show notes. The article is called “The Cognitive Burden of Poverty.” It's featured on a website called *The Behavioral Scientist*. I'm about to read y'all some excerpts that are going to, again, blow your mind, and invalidate the idea of a scarcity mindset for you, or at least give you a lot more of a nuanced take on this.

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In this article, the article that I mentioned, they're actually quoting and describing a different scholarly article in an academic journal, a research paper, that was published in *The Journal of Science*, which is a very prestigious journal.

I'm going to read you the excerpt. The article suggests, “poverty, and the ever-present concerns that come with it, places an undue burden on an individual’s limited mental resources. Compared with those who are free from poverty, this burden leaves those in poverty with fewer cognitive resources with which to make choices and take action.”

The authors say, “the poor are less capable not because of inherent traits, but because the very context of poverty imposes load and impedes cognitive capacity.”

Now, what's important to note here, is that according to these experts, their explanation of poverty is not limited. Their definition of poverty is not limited to the traditional populations definitions that are defined by a certain income level or ability to access basic human needs. But they define poverty more “broadly as a gap between one's needs, and the resources available to fulfill them.”

So, just stop and think about that for a minute. Poverty is a gap between one's needs and the resources available to fulfill them. That's why, let's say, you live in a rural traditional village in some part of Asia; total random example but these actually exist.

A rural traditional village that adheres to a much more older, ancient way of life, where there is a robust familial and community infrastructure to take care of a lot of people's needs. There's sustainable farming and sustainable ways of feeding people and taking care of people.

So, someone in a village like this could theoretically be less poor than someone, let's say, who lives in the United States and on paper, because of the way they live, their yearly income could be like 20, 30, 50 times that of

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the villager. But that person in the U.S., depending on where they live, depending on their situation, they could have zero community to lean on.

They could be living in a dangerous neighborhood, have zero health care, be working three jobs just to be able to pay rent, and they can't afford health care. Someone living that kind of life in the U.S. could experience a higher gap between their needs and the resources available to meet them. So, in a way, that person could be poorer than, let's say, that villager who only earns, let's say, \$2,000 a year, according to objective measures.

I'm sorry, my child is screaming in a different room. If you can hear him, I'm sorry. There's nothing I can do about it.

That could also mean that you could have the same socio-economic status in a certain community, and depending on the time of year, depending on time of life, where you are, where there could be a greater gap between your needs and your ability to meet these needs.

So, let me tell you about what these researchers did. They did these two tests. One with the suburban New Jersey mall goers, and the second test they did with sugarcane farmers in India. The test participants, they were asked to think through some hypothetical scenarios that involve personal finance.

The researchers made them think about some easy scenarios involving personal finance and some difficult scenarios. And then, after that, they weren't given IQ tests. Not like, I don't know exactly, IQ tests, but basically tests of cognitive ability and cognitive function.

After being presented with these hypothetical scenarios about personal finances, like problem solving challenges around money, they took these tests of cognitive function. There were two kinds of cognitive function tests. One was an easier version, and one was a harder version.

It turned out that both the richer and the poor participants had pretty much the same scores on the easier cognitive test. The richer performed

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significantly better on the harder tests, and the poorer performed significantly worse.

From this first test, they acknowledged, they established rather, that your personal finances affect your cognitive function. Now, to prove the second hypothesis of the study they went to India, and they did a study on sugarcane farmers in India.

What I learned is that the sugarcane farmers are paid for their crop once a year. So, they get paid once a year, and they have spending consistently throughout the year. Because it's hard to average out your spending to make sure that it's covered by your once a year income, these farmers experienced periods of wealth, post-harvest, and periods of poverty, pre-harvest, as measured by the amount of money they've had to borrow and the kind of items that they'd pawned off in these periods.

They would use these different contexts to determine how the farmer's cognitive function changes. Here's the thing, during the pre-harvest, when they were experiencing poverty, the same farmers performed worse on the cognitive tests than postharvest.

Here is the kicker, a crazy thing, across both the studies in New Jersey and in India, the magnitude of the drop of their IQ, their cognitive function test scores, was akin to losing a full night's sleep. I'm talking about a 13 point drop in IQ for those who felt the pressure of poverty, or in periods of their lives where they were feeling the pressure of poverty.

So, this means those of us who are constantly dealing with the financial burden of poverty, the reality of scarce financial resources that people constantly have to fucking problem solve around, it makes them be able to think, to process information, and make decisions at about the level that we would all be after losing a full night of fucking sleep.

What?! Just think about that for a second. Now, add to that, even if you're materially okay now... Let's say you have had a lifetime or generations of lifetimes of trauma caused by poverty. To me, to call this a “scarcity

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mindset” ... Like, “If you were to just have some different beliefs and think differently, then you would be rich,” that is unforgivable to me. And hey, I used to believe in such a thing as a scarcity mindset, it used to be part of my teaching and coaching.

I don't do that shit anymore, because I realized that was fucked up. Of course, there's such a thing as mindset; how you use your mind, how you think, how you process your emotions, how you make decisions, how you look at the world, how you think about yourself, how you shape your internal dialogue.

All these things that are shaped by the way you use your mind, all of this is obviously important, and I believe in it very strongly, the value of being able to use your mind intentionally and consciously. And, I believe you can absolutely be more skillful around this in a way that will give you more of what you want in life.

Hello, I am a life coach. I train coaches. Everything I ever do is based on this idea that you can use your mind in an intentional way so that you can have a better life. You don't have to live with the default factory setting of your brain, nor do you have to accept and live with the programming that's been done by social expectations.

Whatever the wider culture has programmed us with, that's not all you have to live with. You can think independently. You can learn how to use your brain and nervous system intentionally to create a better reality for yourself. One hundred percent, I'm all in. This is my entire career. This my entire life, right?

At the same time, consider the reality that not everyone has the same cognitive bandwidth. That is what this research is pointing to. Mindset is obviously very, very powerful, and not everyone has equal access to be able to change their mindset to make their lives better.

Some people are using up all of their cognitive and emotional energy to just survive, to avoid horrible things happening to themselves and their loved

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ones. They are left with a lack of the energy that could go towards creative thinking, problem solving, and long term planning.

So, I just want you to know that while mindset is absolutely a thing that's important and worth working with, this whole idea of a scarcity mindset, in a way where it's used to place the bigger burden of mindset on people who have those problems in the first place because of real economic burdens, that is what I call gaslighting.

Even if you're not actually poor... Because a lot of people, the way they use this idea of scarcity mindset is, “Okay, I'm not poor. I actually have plenty of everything I need. But I still experience fear. I still experience constriction around spending and receiving money. So, I feel like I really have a scarcity mindset.” Yeah, that could be true. Hey, I experience that sometimes and I have plenty.

So, my question for you then is, have you always had everything you needed? Have your parents always had everything they needed? Think about generational stuff. Whatever your ancestors experienced, it lives in your DNA for seven generations. Or, is it eight generations? Either seven or eight. That's been proven in studies too; epigenetics.

There's so much gaslighting of ourselves and each other happening. Scarcity is a circumstance that measurably, scientifically, reduces cognitive function. If we wanted more people to have an abundance mindset, if we wanted to heal everybody's scarcity mindset, you know what we should do? We should create a more economically equitable society, and reduce the undue burden of cognitive function on more people so that more people will find it easier to change their mindset.

It's so crazy. So, please think about that next time somebody tells you to just “work on your mindset and get over your scarcity mindset.” If we lived in a society where one section of the population isn't constantly being faced with an undue cognitive load just to stay alive, be able to provide for their families and stay safe, and have their nervous systems in survival mode all the time...

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The study said, remember, it's like losing a full night's sleep. If you told me, when I haven't slept for a night, that I should have a better mindset, I'd probably punch you in the face. I'd be like, “Fuck you, I need sleep. I need to feel like I have all my brain with me.”

How can we shove mindset in the faces of people who are experiencing this? So please, my ask of you, is to spread this news far and wide. Talk about the study. Tell your friends.

If you're like, “Simone, I already knew this. You're late to the party,” you're right. I'm learning all the time, and as soon as I learn something I have to tell people who don't know. So, tell everybody you know, if you didn't already know, that scarcity mindset is like a super gaslighting concept. At best, it's an idea of very limited usefulness in a world where there is staggering economic inequality and vast quantities of poverty.

So, let us all acknowledge what's really happening and work to equalize, not just the economic playing field, but also the cognitive playing field for everyone. We have to step up. We have to do what we can to make sure that more people have more opportunity to change their minds and change their reality.

All right. That's it for me this week. Talk to you next week.

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I got countless emails from folks who downloaded it, saying, “This free resource is worth more than all these courses I paid thousands of dollars for.” So, what are you waiting for? Go grab *The Simone Starter Pack*. The link is in the show notes. I can't wait to see what amazing results you'll get from it.