

# ST.GALLEN SYMPOSIUM

## Global Essay Competition 2024

**Title:** A World Built On Scarcity: Are People Destined To Be Trapped In A Scarcity Mindset?

**Essay:**

### Introduction

In economics, scarcity is when the demand for an item or service exceeds its supply. (CFI Team, 2023). Today, one can easily see how the world is built around the scarcity concept as scarcity applies to almost every aspect of human life. From birth to old age, a person would be using products and availing services priced according to supply and demand. Brands across all industries are locked in constant competition with each other to win customers and customers similarly compete with one another to access goods and services that are perceived as “rare”. Governments create policies and broker agreements anchored on the foundational knowledge that Earth’s resources are finite. Corporations claim that sustainability is their top priority and work on finding ways to provide enough supply to meet the demand they drive. With a world measuring itself on output and monetary metrics, people are subject to brands and institutions highlighting scarcity to drive urgency and increase purchase behavior. People are susceptible to consumerism, the constant need to have more, and to have things first in all aspects of life, negatively influencing well-being and mental health. The idea of thriving with less becomes the exception in the modern world. This essay then examines the impact of scarcity mindset on people’s well-being and mental health and discusses whether individuals are destined to be trapped living with a scarcity mindset, given how the world operates.

### Viewing the world through a lens of lack

“Scarcity creates a mindset that perpetuates scarcity.” (Shafir and Mullainathan, 2013, p.144).

In 2013, Edlar Shafir, a psychologist, and Sendhil Mullainathan, a behavioral economist, published a book titled Scarcity: Why Having Little Means So Much. In this book, the authors examined how scarcity influences our choices and behaviors, thereby affecting our psyches. (Shafir and Mullainathan, 2013). People trapped in a scarcity mindset tend to hyperfixate on what they perceive themselves to be lacking, whether it be tangible items such as food and money, or intangible ones such as love and acceptance. With the mainstream narrative being that the world is built on scarcity, people internalize that competition is inevitable and apply this to various aspects of their lives. People end up competing even for intangible things such as love and friendship, when in essence, these abstract concepts should be abundant in the world. Unhealthy competition then brings about “winners” and “losers”. “Winners” are conditioned to proceed with engaging in the scarcity game due to the rewards received when they win, such as praise and admiration. “Losers”, on the other hand, have to deal with deteriorating self-esteem that comes as early as in childhood. This negatively affects people’s well-being when they are engulfed with negative feelings of not being enough, being left behind, or lacking something in their lives, brought about by a scarcity mindset. Instead of contentment being fed to people, people become cogs in a consumerist wheel.

As people focus on what they lack due to a scarcity mindset, their decision making and impulse control also deteriorates. A 2019 experiment showed how having a scarcity mindset affects neural mechanisms in charge of goal-directed decision making. (Huijsmans et al., 2019). Individuals with a scarcity mindset regarding money, opportunities, or love may engage in risky behavior finding themselves in dangerous situations. They may fall prey to gambling, cheat others to gain something, or tolerate abusive friends or partners. Over time, the fears brought about by a scarcity mindset become self-fulfilling prophecies which lead to daily anxieties, paranoia, and general negative well-being. As individuals group together to form societies, societal well-being becomes challenged when built on this mindset.

### Scarcity in society

In countries such as the Philippines where poverty remains as a top concern, people may end up having a scarcity mindset when it comes to opportunities. The Philippine Competition Commission

even published an article on the “crab mentality” ascribed to Filipinos. “Crab mentality” involves Filipinos bringing down fellow Filipinos who are about to achieve success or who have already achieved success. (Asuncion, 2018). Instead of collaborating and uplifting each other, people with “crab mentality” pull others down as their natural instinct is to compete. Due to their scarcity mindset, these people may think that there is only one opportunity, and they bring people down to ensure they would not be “losers” in the scenario. Envy, conflicts, and self-loathing then likely arise due to unhealthy competition, which does not bode well for society.

In 2019, the Organisation for Economic Cooperation and Development released a study that discussed how students belonging to higher-performing education systems had a greater fear of failure. (Wong, 2019). High-performing education systems challenge their students, and with that, comes stress. While it is true that stress is a natural reaction and that it may lead to benefits, some students experience physical manifestations of severe stress such as nausea and dilapidating anxiety due to the pressure to excel in school examinations. (Poh, 2018). This negatively impacts their well-being. Students may also grow up in communities that foster competition leading to only a handful of students being “winners” in terms of getting top marks. When students are judged primarily on their academic grades and how high they rank compared to others, those who do not fit the standard of success may be overlooked and develop low self-esteem. This is especially prevalent in meritocratic societies that value academics. While the positives of high-performing education systems and meritocracies include the reward for hard work and excellence, when unchecked, students may grow up developing a fear of failure and experimenting, low self-worth, and unhealthy competitiveness.

### **The shift towards abundance?**

To break free on an individual level, people should assess whether the fears that are contributing to their scarcity mindset stem from a real need and identify how this influences their well-being. While scarcity, in terms of resources, is indeed a current fact, people have to make a conscious effort to evaluate whether the perceived scarcity they are focusing on is truly a reality or if it is only being fed to them to drive demand. If the fear exists in contradiction to reality, such as when someone fears spending money despite being financially well-off, they can then identify that they need to work on this concern. It is definitely challenging to shift towards an abundance mindset when one comes from a world built around scarcity. When people experience traumas in life such as living through poverty and abuse, fears can quickly attach to the mind. To have an abundance mindset, individuals must acknowledge that there is no shortage of intangibles such as love, friendship, opportunities, and learning. While a person with a scarcity mindset may wallow in self-pity when an opportunity is missed, an abundant thinker will look ahead knowing there are endless opportunities in the future. Individuals can adopt positive affirmations, take control of their lives, and redefine success on their own terms. This also means being realistic and recognizing that abundance equates to having enough. Instead of being cogs in a consumerist wheel, contentment can be internalized so that people learn to thrive with what they already have.

The main responsibility for executing the shift towards abundance lies in the governments' hands. On a societal level, governments must provide better access to opportunities, whether it be in healthcare, education, or other basic services, so as to prevent citizens from falling into unhealthy competition with each other. In tackling scarcity, governments should craft policies and fund solutions harnessing technology to improve quality of life. Taking the case of water scarcity, a 2019 study revealed that aside from actual water scarcity, policies are the ones that contribute to inequality that influence people's mental health. (Zenko, et al., 2019). This speaks to how much power government policies have in shaping people's lives and mindsets. In the United States, The World Economic Forum reported about the presence of grassroots solutions such as small communities pursuing waste treatment systems and rainwater capture to tackle the problem. (Rees, 2023). If the United States government only puts more attention and funding into these solutions, water scarcity may be solved at a faster rate highlighting the power of governments in breaking free from scarcity.

Governments should also consider managing demand instead of driving it. This would entail redefined metrics in measuring the success of economies and countries. Instead of pushing for Gross Domestic Product as a metric for success, it is time for countries to focus on the well-being of their people. Countries can follow in the footsteps of Bhutan which measures its development based on the Gross National Happiness Index, highlighting the country's priorities in providing basic needs to its citizens, instead of emphasizing material consumption or production. (Thomas & Rinzin, 2023). With a new metric, countries would not have to keep competing in terms of output and the world can be shaped into being more mindful about consumption. With government mandate, corporations and

institutions should follow suit in putting more emphasis on social responsibility and paying attention to the triple bottom line. Governments can incentivize businesses to engage in sustainable sourcing and circularity through tax cuts and penalize them for the negative externalities they bring forth. Instead of prioritizing profit and sales, corporations should look into the social and environmental impact of their operations and be required to cover the costs they incur. To mitigate the waste created or depletion of raw materials extracted by corporations, for example, they must be required to have concrete plans on how to net out their impact before proceeding with operations.

## Conclusion

Though the world is currently built on scarcity, people can take charge of their own lives and break free from the scarcity mindset. To protect mental well-being, people can individually shift towards an abundance mindset by assessing whether or not their fears come from a real need and by focusing on what is within their locus of control. To have healthier societies though, governments bear the greater responsibility of increasing access to basic services, crafting policies, tapping technology to solve scarcity concerns, and redefining the country-level metric for success. In the long run, these solutions would discourage consumerism, manage demand, and allow people, societies, and the world to thrive with less.

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