

If we go over the fiscal cliff, will people spend or save? Childhood environments may hold the key

January 14 2013

In the face of hard times, which strategy gives us the best shot at survival: saving for the future or spending resources on immediate gains? The answer may depend on the economic conditions we faced in childhood, according to new research published in *Psychological Science*, a journal of the Association for Psychological Science.

Drawing on life history theory, Vladas Griskevicius of the University of Minnesota's Carlson School of Management and colleagues hypothesized that the strategy a person takes when times are tight may be determined, at least in part, by features of their childhood environment.

The researchers hypothesized that people who grew up unpredictable, [harsh conditions](#) (e.g., poverty), would take a "fast" strategy, focusing on immediate gains and ignoring long-term consequences. People who grew up in more predictable, comfortable conditions, however, would take a "slow" strategy, delaying immediate gratification in an effort to increase future payoffs.

In two experiments, the researchers primed half of the participants to think about [economic recession](#). All of the participants then completed tasks related to risk-taking and impulsive decision-making.

Participants who grew up in poorer homes responded to recession cues with riskier, more impulsive responses than participants in the [control](#)

[group](#), consistent with a "fast" strategy. They were also faster to approach luxury good temptations. Participants who grew up in wealthier homes, on the other hand, responded to recession cues by showing less risky, less impulsive responses than participants in the control group, consistent with a "slow" strategy. They were also slower to approach the [luxury goods](#).

In a third experiment, Griskevicius and colleagues found evidence that these different life history strategies may manifest as oxidative stress as detected in urine, a physiological indicator of cellular damage that can be accelerated by [environmental stressors](#) (such as those associated with poverty).

"These experiments show that our early childhood environment can program our life history strategy for the rest of our lives," says Griskevicius. "During good times, the tendencies associated with fast versus slow strategies can be dormant, but they emerge under duress."

Importantly, these tendencies can influence our responses in automatic and non-deliberative ways—showing up even at the physiological level.

The trade-offs we make in times of scarcity have important consequences, but the researchers emphasize that neither strategy is inherently good or bad.

"Lots of research assumes that delay of gratification is always a good thing, but the current research suggests that it's sometimes smart to be impulsive," Griskevicius explains. "For people who expect to live in a harsh and unpredictable environment, it's more adaptive to be impulsive and maximize present resources and opportunities."

More information: "When the Economy Falters, Do People Spend or Save? Responses to Resource Scarcity Depend on Childhood

Environments" *Psychological Science*, 2013.

Provided by Association for Psychological Science

Citation: If we go over the fiscal cliff, will people spend or save? Childhood environments may hold the key (2013, January 14) retrieved 11 July 2024 from

<https://medicalxpress.com/news/2013-01-fiscal-cliff-people-childhood-environments.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.