Why Self-Destructive Behaviors Persist:
A Positive Attitude is No Match for Reactive Patterns

A Common Scenario for Self-Sabotage

This time it was going to be different for John. He was ready. His trading rules were etched on the back of his eye lids – burned into his memory. He knew the set-ups he was looking for, backwards and forwards, and he was only going to trade those set-ups. John knew how he was going to execute his trade. He knew how he was going to manage risk once he was in the trade. All he had to do was follow his rules and he was going to win his share of trades. He affirmed that he was a patient and disciplined trader. John saw success and could feel it.

Prepared for battle, John turned on his computer, watched his screens light up, and saw the charts appear. He was ready to trade – to win. What happened after that is still a mystery to John. Somehow, despite his best intentions, he ended up taking a loss on a trade that was questionable at best. It certainly was not an “A” trade based on his trade criterion – which he swore was the only ones he would take. But there he was anyway. Then he took a loss. Everything after that is a blur to John.

All he knows is that he somehow fell into self-destructive behaviors that led him into revenge-trading. Before the trading session ended, John (once again), had a losing day. And he really did not understand what had happened or how to stop it from happening again. He was rattled and was no longer the confident trader he had talked himself into being before he started trading earlier in the day.

This scenario had been going on for way too long. He was so close (but so far away) from the success he wanted. He could smell it, taste it; but somehow he kept falling into a self-destructive spell and instead he kept pulling defeat out of the jaws of victory.

A Closer Examination of Self-Sabotage Through Another Perspective

What appears as a perplexing behavioral performance that is negative can, in fact, have positive intent when we examine how our biology, our DNA, and our mind weave reactive patterns together for survival in the short-term, which is exactly what our emotional brain has evolved to do. This short-term orientation toward survival problems, burned into our DNA, was never designed for the probability kind of thinking required of trading. Rather, it is designed to produce a belief in the certainty of survival in the short-term. It is this built-in bias that traders have to learn to work with and change if they are to tap into the potential that trading can offer.

Self-destructive behavior in a particular domain (like trading) can be an initially positive behavior learned in another domain and time. This is called secondary gain. Avoidance of uncertainty (avoidance of threat) is a mandate for our brain's survival biases. Even attacking the "cause" of the uncertainty and threat is deeply burned into DNA because of its success over countless generations. When the attack or
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avoid motivations of an emotion create success (removal of threat) the behavior is considered a success to the prime directive of survival. And being successful in the short-term for survival, this confluence of emotion, cognition, and behavior becomes burned into neural memory and becomes habituated – just waiting to be triggered in the event of perceived threat.

Here the plot against the maintenance of an effective trading mind thickens. After many reps of avoiding or attacking perceived threats in one domain (saying believing a saber tooth tiger is behind the bush) and wiring that learning into a highly charged circuit in the brain, the trader takes that learning into trading where uncertainty has to be managed by a higher order of thinking.

Without training, the brain is going to reactively perceive the uncertainty of outcomes found in trading as a threat to be avoided or attacked. This is simply the biology of emotion overwhelming the capacity to maintain a probability-based mindset. Not being able to pull the trigger when all conditions are met is a form of learned avoidance. Revenge-trading, in particular, is a form of attack motivation the brain has learned where it is attempting to attack the perceived threat. Meanwhile, the mind of the trader has been hijacked by survival-based emotions. The trader takes a loss (a consequence of threat) and now (in this emotional-hijacking situation) reactivity attacks the threat to get back what has been lost.

And when this reaction is in full impulse, it is highly self-destructive within the context of trading. But when seen from the perspective of the survival-oriented emotional brain, what we call revenge trading is simply the emotional brain doing its best to help us fight for our survival. The emotional brain was developed to deal with circumstances from another time and place. It simply is incapable of understanding that there are no saber-toothed tigers threatening our survival anymore. It cannot “see” the probability of risk/reward from which the trading mind needs to act.

After a trader has been burned a few times by emotional hijackings like these, a new condition arises where the amygdala (the seat of fear-based reactive thinking, or what I call "Orphan" in my work) does not trust the thinking brain to manage the situation and - BOOM -- the learned self-destructive circuits trigger and take over again... and again... and again.

Learning to Deal with the Emotional Brain so the Trader Can Think

Some traders learn to de-sensitize themselves over time and develop a mind that can think dispassionately as they trade. This is rare, but it is the lore of old-school trader trainers. Others continue to engage in self-destructive behaviors while steadfastly holding on to a belief that the answer can be found outside the self. Still others get out of trading because they don’t know how to change and they cannot take further losses. And, finally, others choose to retrain the brain for better performance. In the latter case, the trader has accepted that the brain he/she brought to trading (and the mind that emerges from it) is rarely the brain/mind that can manage the uncertainty and probability for successful trading.

The first step along this path is an appreciation and understanding of how the brain, based on its primitive mandates discussed earlier, is emotional in nature and organizes the psychology of self, based on emotion and the perception of threat and short-term survival.
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Developing our Emotional Intelligence (EQ) becomes far more important than our knowledge-based thinking, our IQ. Knowledge and smartness are easily overwhelmed by emotion when in the heat of the moment – unless you have a well-trained mind. In the methods I teach, emotional regulation (learning how to manage the intensity of an emotion) is essential. Without learning how to regulate emotion, you can never get to the self-limiting beliefs held in your mind.

The Structure of Mind

So, from emotional regulation, knowledge of the mind (what makes you tick) becomes possible. And what you discover is that the mind is far more intricate than you first conceived. If the brain is a community of rival emotional programs that, over time, only a few programs dominate; then the mind is the space where these programs are given voice. The internal struggle you experience while trying to make sound trading decisions while in the heat of the moment is actually the rival programs "duking it out" for control of the mind.

This is what you perceive as your "thoughts". And without a structure that allows you to understand the different players (all those emotional programs given voice in the mind) and their intentions, the trader is essentially blind to the forces that drive his or her perception. And out of that perception comes your trading performances.

But understand, these thoughts that you believe represent “you” are not you. They are simply the voice of the emotional programs, burned into DNA, of the brain you brought into trading and that currently have control over your thinking. The composition of this mind is simply the organization of the self that your brain organized you into, to adapt you to the circumstance of your environment during your formative period.

It is this organization that needs to be changed so that an effective trading mind can be developed. Essentially, you will need to re-organize the historical programs that became dominate before you began to wake up and realize that you can become captain of the forces at play in your mind.

And when you do this, you begin to take responsibility for the mind that you bring to trading. There is no flawed self that you need to hide from others or from yourself. The “self” simply becomes the historical organization of self that you brought to trading. And, of course, it needs to be re-developed. To be released from the comfort zone that the brain has created, but that now has become a prison to your growth as a trader (and as a human being), you courageously embrace your history (simply accepting it as one possible organization of the self) and begin taking responsibility for the organization of the self that you can be. This is where the Trading Mind begins.