

Money and Values

Summary

There's more to money than earning it. Our early money education is often burdened with emotional baggage of fear, envy, shame, and guilt. Here's a video your students can use to explore their attitudes about money and gain a balanced understanding of true wealth. Lead students on a guided expedition through the world of money, values, and wealth. What do your students believe about money?

- ⇒ How answers to the simple question, "what is money?" shape life choices.
- ⇒ How money becomes a substitute for security, love, power, and freedom.
- ⇒ Why money is often confused for what it represents.
- ⇒ Why we sometimes describe money as "the root of all evil."
- ⇒ If money can't buy happiness, can it at least make a down payment?
- ⇒ Do the wealthy create poverty by taking too much of the pie?
- ⇒ What's the difference between being wealthy and having lots of money?
- ⇒ What are the three stages of spending? Which do you enjoy most? How do YOU relate to money?
- ⇒ The problems of status, staying ahead of the Joneses, and "luxury fever."

A lively combination of humor and scholarship propels this video to "force" viewers to turn a spotlight on their often unexamined values. Use in consumer education, career planning, family living, or personal finance classes.

Script Excerpts and Discussion Ideas

The following pages contain excerpts from the script to **Money and Values**. Italic print contains commentary and suggestions for discussion about the video.

Would a million dollars make you feel rich? How about two million? Would that make you wealthy? Is there a difference between rich and wealthy? Studies of state lottery winners find their windfalls buy more problems than happiness. Many feel forced to guard their privacy.

How a million dollars would change you depends on how you relate to money and on how you answer the question, “what is money?”

Have students answer this question in writing, “What would you do if you won one million tax-free dollars?” Keep written answers anonymous. Some teachers report more interesting results by raising the amount to five million dollars. Share the results of the survey and look for common themes. Discuss the answers as a class.

The subject of money is often taboo. You don’t walk up to a casual acquaintance and ask, “how much money do you make?” Why is this the case?

PART I: WHAT IS MONEY?

Money is not a need – it’s a convenience. We could get along without it, as we do in families. But imagine a whole society in which trading would replace cash.

The video shows a family in which cash is used for activities such as cooking and cleaning. Surely, these activities have economic value. Why don’t we exchange cash for these services? Note:

Matching needs and wants is a real problem in a money free society. So, societies learned to exchange portable and convenient symbols (called money) to represent value. This “money” would have a chicken value, a house painting value, or a fixing a toothache value all in one small

package. At first people used local commodities for money. Salt was common among the Romans. In fact our word, “salary” comes from the Latin word for “salt.”

Rice was common in Southeast Asia. Norwegians once used butter. But these were not portable or secure enough, so money became even more abstract in the form of pieces of metal or paper.

We could use string for currency if we all agreed upon it (and could figure out a way to stop counterfeiting). The value of money lies not in what it is made of but in what we believe about it.

Read the above paragraph from the video script for discussion. What would happen if a society lost confidence in its money?

Discuss what our world would be like if we had no currency. One result of this discussion is a realization that money is an amazing invention. We take it so much for granted that we forget how much the idea of money shapes our society.

Using money is a substitute for trading one good or service for another. Tomorrow’s electronic currency will be even more convenient but also more abstract than coins and paper. Cash in the future might be more like bar code stickers that enable drivers to pass quickly through toll booths, or gadgets that pay for gasoline with the wave of a card, or prepaid calling cards. Maybe your finger or eyepoint will be all you need.

The more abstract money is, the more difficult to grasp its true value. Many studies show people will spend more money armed with a credit card than with cash. A credit card seems less like real spending – so we spend more and run up debt

The history of money shows it tends to become more “abstract,” more built on faith and less on physical goods. Speculate on the future of money. Will pieces of metal and paper become a thing of the past as a means of currency?

In one California county, customers at some

McDonald's locations can pay for their food at the drive through using a "fasTrak" transponder — the same windshield gizmo that lets commuters sail through toll booths without tossing in coins. Could "paying for something" in the future be as simple as paying tolls in the "fast lane" today?

PART II: HOW WE SEE MONEY FOR WHAT IT IS NOT

As money becomes more removed from trading or cash, it becomes easier to misuse. Here are five ways people confuse money for what it represents. Perhaps you can find a bit of yourself in one or more of these money styles.

Write the five money views for all to see, and discuss each. Point out that these are not neat categories into which each person can be placed. Each viewer can probably pick one that comes closest to describing his or her own viewpoint.

1. Money as Security

Security seekers use money as a life preserver in a fearful ocean. The larger the life preserver, the safer they feel. Security seekers are often compulsive savers. But they don't save for an emergency, they save for the sake of saving. Parting with money is painful since it measures a loss in security.

Security seekers love sales and bargains. As in, "Look at the great deal on these shoes. I SAVED \$50" Security seekers use bargains and sales to further the illusion they are "saving" money, not spending it.

2. Money as Power

A second answer to "what is money" is that it represents POWER, a way to feel important and in control of people and events.

The "power broker" uses money to clear out obstacles to power. Everyone has a price, money manipulates people.

A power broker does not have to be wealthy – control over a family or department budget is enough.

3. Money as Acceptance

Some people use money as a means to love and acceptance, a way to buy and sell affection. They seek to buy love (or at least avoid rejection) with money. They see the size of the price tag as a measure of love.

But their apparent generosity is not driven by compassion. They fear a “no” will lead to a loss of acceptance.

4. Money as Freedom

Still others see money as freedom. Some feel that lots of money can buy freedom while others feel that being free FROM money and its problems is the answer.

Many see that HAVING money allows the freedom to do what they want, and be free of restrictions. A common attitude is, “I just want enough money so I don’t have to worry about it.”

Others seek to live “a simple life”, something like the modern version of a cabin in the woods. The Greek philosopher Plato set the tone when he wrote, “The greatest wealth is to live content with little.”

Discuss and debate this seeming contradiction in our attitudes toward money. Which is most likely to assist in true freedom — having lots of money or living so that lots of money is not necessary?

*The idea that “the greatest wealth is to live content with little” is carried forward in what is often called “voluntary simplicity” A book supporting this idea is **Your Money or Your Life** by Joe Dominquez and Vicki Robin. (Penguin Books, NY, 1993). The book describes how to live “outwardly simple and inwardly rich.” A more recent book is **The Simple Living Guide** by Janet Luhrs. Luhrs explains, “Simple living is about living deliberately. Simple living is not about austerity, or frugality, or income level. It’s about being fully aware of why you are living your particular*

life, and knowing that life is one you have chosen thoughtfully. Simple living is about designing our lives to coincide with our ideals."

Voluntary simplicity has magazines and websites. To research on the web, type the words "voluntary simplicity" into your favorite search engine (For example, Google.com or Northernlight.com.)

5. Money as Evil

Yet others believe money destroys values and dehumanizes. They sometimes quote the Bible as proclaiming that "money is the root of all evil."

They see money and greed as constant companions. People who are rich, they believe, eat so much of the pie that millions are condemned to poverty. If some people have too little money, it's because others have too much.

Discuss: Are some people poor because others are rich? Do the rich have any moral obligation to assist the poor? How does government act to take money from the wealthy and re-distribute it to the poor? If "being rich" does not "cause" poverty, does it follow that it's "OK" to grab as much money as possible for oneself and ignore the less fortunate? Note: The video cautions, "Even if wealth does not cause poverty, those with money have an obligation to care for those without, just as the healthy have a responsibility to care for the sick."

Each of these five ways contains some truth, yet each, like a coin, has a flip side that illustrates misplaced values.

The Problem With Money as Security

The security seeker often places his trust in money because he or she learned, most likely as a child, that **people** cannot be trusted. They feel safer with money because money makes them less dependent on others. A person is unpredictable, but a dollar is always a dollar. The security seeker might have lots of money, but fear and mistrust interfere with enjoying that wealth.

The Problem With Money as Power

The flip side of using money to gain power is that power brokers view life as made of only winners and losers, and all their energy is directed at ending up on the winning side.

Power brokers often feel inadequate, even though they appear in control on the surface. Treating others as puppets makes them feel powerful by comparison. It might also be a way of striking back at others who manipulated and controlled THEM in the past.

The Problem With Money as Acceptance

Buyers of love and acceptance sometimes feel both unloved and unlovable. They try to buy acceptance by being generous, thereby avoiding rejection. They do not know how to show love in return, so they give money instead.

The Problem With Money as Freedom

Freedom buyers see money as protection against being pushed around. They're not TRYING to buy love, or friends, or play the "nice guy," they want independence.

Many freedom seekers see society as obsessed with material goods and the pursuit of money. Some are political, others are communal and advocate living off the land, while still others are religious and see money in conflict with spirituality. All devote much energy to escaping the burden of money.

The Problem With Money as Evil

The Bible does not say money is the "the root of all evil." The Bible points to "*the love of* money as the root of evil." In other words, it identifies misplaced love as the problem rather than money itself.

The image of an economy as a pie also leads to misunderstanding. When someone eats a pie, that pie is gone. But to spend money is to use it as a basis of exchange. To "spend" money is to circulate it, to spread it

around, not to destroy it.

Even if wealth doesn't cause poverty, those with money have an obligation to care for those without, just as the healthy have a responsibility to care for the sick.

Labeling money as evil is a bit like blaming pounds for being overweight or inches for being too short—it confuses money with what it measures.

Discussion: The video points out five main attitudes toward money: (1) Money as security, (2) money as power, (3) money as a way to seek acceptance, (4) money as freedom and (5) money as evil. Summarize each and explore how you believe each type of person might handle a multi-million dollar lottery windfall.

Discuss the “flip side” of each money style. Which style best describes your own approach to money? Remember, do not expect to fit perfectly in any one category. The styles are tendencies, not separate types of people.

Discuss this paraphrasing of economist John Maynard Keynes: “The moral problem of our time is the love of money, the habitual appeal to the money motive in nine-tenths of the activities of life, the use of money as a measure of success and the approval of the hoarding instinct as the necessary foundation for the family and the future.”

PART III: WHAT IS WEALTH?

How you feel about this (burning currency) will test your understanding of money.

Does burning a twenty dollar bill make the world \$20 poorer, or am I merely burning a small piece of green paper? Burning the bill does give me less money, but surprisingly it does NOT make me less wealthy. And, even stranger, it makes you richer.

It does not make me less wealthy because I am trading my \$20 for your attention, and that of thousands of others who will view this video. I value that added attention far more than twenty dollars. But how are you richer?

The key is that the supply of money determines the general level of prices. When the money supply increases (in other words, there's more money around) prices rise, and when the supply of money decreases, prices fall.

Because I have destroyed this bill, the dollars now in your wallet or at home are worth more. Of course, \$20 won't make a noticeable difference. But, let's say I burned all the bills in the country except those you own. See it now? The bills you own are suddenly worth a LOT more.

My burning currency does not change the world's resources. The key here is that money is not wealth. A nation's store of wealth is not found in its bank vaults. Wealth is measured by resources such as land, air, water, and by the well being of the population. Wealth goes back to an Old English word meaning basically well-being. Having tons of money does not guarantee wealth.

Discuss with viewers the point behind burning a piece of currency. Ask, by way of review, why destroying a piece of currency does not make "the world" poorer. The two key points to understand are that money is a measure of value and that wealth means well-being. Many problems in dealing with money come from confusing it with what it represents.

Discuss how it is possible to be rich and not wealthy.

Evaluate each of these commonly heard sayings about money:

The love of money is the root of all evil.

The best things in life are free.

Money can't buy happiness.

Time is money

Money is like fertilizer: no good unless it is spread.

Three Stages of Money

Money is more complicated than earning and spending. In fact, there are three stages in spending, and your attitude toward money shapes how you handle each.

The first stage is the *possession* of the money, second is the actual *spending*, and the third stage is *owning*

or using the object you bought.

Some find the first stage – getting the money – most satisfying. They enjoy the potential that money gives them, but don't want to let go of that potential by actually spending it. You might call these people tightwads or misers, but their actions are consistent with their values.

Others enjoy the second stage – the actual spending. Spending gives them a rush, but they often lose interest in the purchase once they get it home. They enjoy the hunt more than the prize.

One person might own dozens of pairs of shoes while others can't understand why anyone would want that many. The answer, of course, is it's not the shoes, it's the hunt for shoes that motivates. The shoes are secondary.

Others enjoy the third stage – the object or service money buys. These people take satisfaction in objects for their own sake. Some might condemn them as materialists, but they clearly recognize money as a means and not the end.

One often hears the complaint that 'people are too concerned about things' or they're "materialistic." Discuss the possibility that the real problem is that people are not "materialistic" enough. For example, a materialist would be concerned about a comfortable environment but someone who places money above things might view the environment only as a means to gain money. A "materialist" might enjoy art because of its inherent beauty while someone else will see it only as a status symbol.

Spending habits often have no relation to income level. Those who can least afford to be extravagant may spend the most (thanks to credit) while many a wealthy individual pinches pennies.

*In a best selling book of the late 1990s, researchers Thomas Stanley and William Danko explain that the truly wealthy in the U.S. don't live in Beverly Hills or Park Avenue—they live next door. **The Millionaire Next Door** reveals that many common beliefs about "the wealthy" are little more than stereotypes.*

The book observes that between three and four percent of American households have a net worth over one million dollars. Stanley and Danko also find that the wealthy typically live well below their means and believe that financial independence is more important than displaying high social status.

PART IV: CAN MONEY BUY HAPPINESS?

A survey of over ten thousand people in 70 countries sought to find somewhere on the planet a nation whose people are poor but happy. They did not find such a place.

Surveys over decades reveal that the poorest are indeed the least happy, but as long as respondents have enough money to meet their needs, the actual amount of money does not affect happiness.

In other words, transportation and a roof over our heads do play a role in happiness, but 3000 square feet and 300 horsepower, it seems, don't make us proportionally happier.

Yet, like it or not, we do use money as a symbol for success and worth. To compare ourselves with others seems part of human nature. If you live in a wealthy society, your idea of what you "need" increases along with the general level of luxury.

Read to viewers the findings of the International survey discussed above. Is it true that all one needs to be "happy" is to have basic needs met? Would a society in which every member is guaranteed a decent standard of living be a happy society?

In other words, as soon as what was once "only for the rich" is available to anyone, the rich have to find something "more luxurious." The definition of luxury and needs keeps going up. We'll call it luxury fever.

*This idea of "luxury fever" was first proposed by John Stuart Mill. A fine contemporary explanation can be found in the book **Luxury Fever** by Robert Frank (Free Press, NY, 1999).*

Air conditioning was once a luxury. Movie theaters were among the first air conditioned buildings. People would go to movies on hot days just to escape the heat. Air conditioned homes were first only for the wealthy. Today, central air conditioning is in 80% of single family residences, compared to 50% back in 1976.

Each generation turns its parents' luxuries into its own necessities. Color television was once for the wealthy, today it is standard. Cars themselves were first toys for the rich. Air bags and anti-lock brakes were once only for the most expensive cars, today they are typical. .

About 30% of the world's population lives on a dollar a day. Yet in a society infected with luxury fever, the poor and middle class, although wealthy by worldwide standards, FEEL more deprived than if they lived in a less affluent society.

Discuss: What is the difference between BEEING poor and FEELING poor? Would you like to live in a society in which everyone's needs are taken care of but no one has the possibility of becoming "wealthy"?

Why is the gap between the rich and the poor so hard to close. Couldn't a government solve this problem simply by taxing the rich and giving the money to the poor?

In many schools, proms illustrate luxury fever at work. A rented limo was once the height of luxury. Today, in some schools, it takes a helicopter or special bus to make the same impression.

The side effect of "luxury fever" is to make others feel less adequate – IF they use money to measure success. If lots of people own luxury cars, how can my car stand out?

Discuss high school proms as an example of luxury fever. A prom is a good illustration of a situation in which people spend money not so much for the thing itself as for its status value.

Discuss the idea that the luxuries of the past become the requirements of the present. One need only talk to grandparents about the "old days" before air conditioning,

reliable cars, color TV, microwaves, and computers to realize that our idea of what is needed to be “comfortable” changes over time.

A recent survey found 90% of us think people are “too materialistic.” We’re obsessed with things, driven by consuming. Yet few of us believe that describes ourselves. It’s that other guy who is too materialistic, not me.

Discussion: How can you explain the commonly heard criticism that “people are too materialistic” and the fact that most people believe they are not in this category.

One explanation for a love of money as an end is a life in which extrinsic rewards are taught from birth. An “EXtrinsic reward”; means the reward comes from outside the activity itself. Don’t cry and you’ll get a cuddle, eat your spinach and get dessert, be good and you can stay up late, get five dollars for every “A” on your report card.

An “INtrinsic reward”, on the other hand, means the activity itself is the reward. To write for the joy of creating, to play a sport for the fun of the game, to eat spinach because you enjoy the taste, to study for the joy of learning.

The problem with EXtrinsic rewards is that their use can lead to a life doing what you don’t enjoy. You take a job because it pays well – in other words it has a nice Extrinsic reward.

People driven by Intrinsic rewards consider the job itself as most important. They believe, “do what you love and the money will follow.” People driven by Extrinsic rewards will say, “Well, the salary is good.”

Explore the difference between “extrinsic” and “intrinsic” rewards. What would school be like without the extrinsic reward of grades? How can one discipline children without extrinsic rewards? Discuss the phrase, “do what you love and the money will follow.” Discuss, “would you rather have a very high paying job you found boring or a job you loved that paid only a moderate wage?”

Is there a point at which money ceases to be an effective motivation to perform well in a job?

An unhealthy attachment to money means seeking it as a goal in the hope that it can be traded for happiness. Money is not wealth. It is a convenience for exchanging and measuring what we need to get along.

The signs of a sane attitude toward money include:

1. You neither worship money nor see it as evil.
2. You can own money instead of being owned by it.
3. You understand what money means to YOU.
4. You use money to improve the quality of your life and those around you.
5. You see money as a reward and a store of value instead of an end in itself.

*In their book, **Money Madness**, Herb Goldberg and Robert Lewis suggest other clues that point to an irrational use of money. These clues to money insanity include:*

- ⇒ *You buy things you don't need or don't want because they are on sale.*
- ⇒ *You buy things because they are the "right" things to have or because they might impress others.*
- ⇒ *Every time you make a major purchase, you "know" you are being taken advantage of.*
- ⇒ *You automatically say, "I can't afford it," whether you can or not.*
- ⇒ *The amount you have saved is never quite enough.*
- ⇒ *You feel inferior to others who have more money than you, even when you know they have done nothing of worth to get it.*
- ⇒ *You feel contempt for money and look down on those who have it.*
- ⇒ *You insist on paying more than your share of restaurant checks just to be appreciated or to make sure you do not feel indebted to anyone.*

Bibliography

Luxury Fever: Why Money Fails to Satisfy in an Era of Excess by Robert Frank (The Free Press, NY. 1999).

Frank contends that the super-rich set the pace, making even the “middle class” feel poor and spend more in an effort to keep up.

Your Money or Your Life: Transforming Your Relationship With Money and Achieving Financial Independence by Joe Dominguez and Vicki Robin (Penguin Books, NY. 1992)

A classic book that helped launch the “voluntary simplicity movement.” The books provides a blueprint for trading the “rat race” for a meaningful life. See also *The Simple Living Guide* by Janet Luhrs

Money Madness: The Psychology of Saving, Spending, Loving, and Hating Money by Herb Goldberg, Ph.D. and Robert T. Lewis, Ph. D. (New American Library, NY. 1978).

Two psychologists examine the games we play by using and abusing money. Explore taboo, guilt, fear, and hunger as it relates to personal finances. Don't let the 1978 publication date steer you away from this very readable look at the psychology of money.

Myths of Rich and Poor: Why We're Better Off Than We Think by W. Michael Cox and Richard Alm (Basic Books, NY. 1999).

Popular belief is that since the 1970s the rich have gotten richer, the poor have gotten poorer, and the rest of us have barely held on while many of the best jobs disappear overseas. **Myths of the Rich and Poor** contend that this picture is not just wrong,

it's nearly backwards. Cox and Alm puncture many of the stereotypes that pass for economic truth.

The Secret Life of Money by Valerie Wilson (Allen & Unwin, St Leonards, Australia. 1999).

What do our money habits reveal about us? Are we predisposed to save, spend, tip lavishly, gamble, or hoard? Valerie Wilson looks at money and personality and explores how money is emotional tender as well as legal tender.

The History of Money: From Sandstone to Cyberspace by Jack Weatherford (Crown Publishers, NY. 1997).

Jack Weatherford is an anthropologist, so his story of money is not dry history — it's about the cultural meaning of money. Weatherford contends that the change in the meaning and use of money profoundly changes cultures.

Money: Who Has How Much and Why by Andrew Hacker (Scribner, NY. 1997)

Hacker is a political scientist who digs into commonly heard statistics about money and brings them alive.