

# PRIMARY & SECONDARY SOURCES Reading 1

## GETTING AND SPENDING

*Governments and businesses have finite resources and need to prioritize their spending accordingly. Individuals, too, need to make economic choices, according to financial planner and author Suze Orman. As you read the excerpt below from Orman's best-selling book The Courage to Be Rich, consider the reasons you make certain spending choices and think about what you must do without to make those purchases. Then answer the questions that follow.*



We work hard for our money; forty hours or more a week, and once we're set loose from the workplace, we go shopping. We buy food and clothes and stuff, and then we say we just don't know where the money went. But if we valued money over things . . . then we would know exactly where our money went. We would change our money/thing ratio so that we'd have more money than things. We would take great pleasure in seeing our money and watching it grow. Barring unexpected illness, we would have no debt—and, for that matter, no doubt. We would always know when we could afford something we wanted to buy; and we would also be more likely to be able to buy the things we truly wanted.

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Our consumer culture makes us want things, and easy credit enables us to have them, long before we've paid for them. . . . Entire new arenas of consumer goods keep opening up, enticing and seducing us. . . .

But it is in just this way—premium this and designer that—that our spending inches up, our scale of living inches up, we upgrade a little here and a little there, to the point where those things we once thought of as luxuries have become necessities. With three relatively small indulgences at that store, assuming I never went back to my usual brands, I would have raised my cost of living by almost \$200 a year.

Not long ago I was in a gourmet and gift shop where there were giveaway samples on all the display tables, making the shopping experience feel like a party. On one table they were offering slivers of very pretty fragrant soap. You bought this brightly colored soap not in standard bars but by weight; they'd cut what you wanted from a bar the size of a loaf of bread: \$10 a pound. I did a quick calculation, and figured that if I were to switch from my ordinary soap to this fancy soap, I would be spending \$100 more a year on soap.

Now it could just so happen that soap, vinegar, and jams are items that really matter to me and that the thought of having these exquisite varieties makes me feel so great and pampered that the extra \$200 a year would be worth it to me. If that were the case, well, then I might have decided that I was going to buy them anyway, extravagant or not. But if I valued money over things, I would find that \$200 from somewhere else in my life, not simply tack on to my spending an extra \$200 a year in order to feel good. Because it's not just \$200 today that's at stake. It's also \$200 next year and every year thereafter. Beyond that, it's \$200 that's being used for today's small pleasures at a far greater cost to tomorrow.

At another table, they were offering teeny cups and spoons with various kinds of gourmet vinegars for customers to taste—blueberry tarragon, cabernet sauvignon, cognac, and fig. They were exotic-tasting, it's true, but each bottle of vinegar cost \$14—\$10 more than I usually pay for my perfectly fine vinegar. Another quick calculation, and I realized that if I switched to these fancy vinegars, I would be spending maybe \$50 more a year on vinegar than I do now.

. . . To choose rich is to make every penny count, every dollar count, every financial choice count. To erase the bad habits that make money vaporize into nothingness. To distinguish between necessity and luxury, and to choose your luxuries very, very carefully. . . .

At the next table I tasted some raspberry-mint jam: delicious. But worth \$6 more per jar than I usually spend for jam? I don't think so. . . .

That's how we get rich, . . . by the way we make our choices and the choices we make.

*Orman, Suze. The Courage to Be Rich. New York: Riverhead Books, 1999.*

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**PRIMARY & SECONDARY SOURCES** (continued) **Reading 1**

**ANALYZING THE READING**

1. According to Orman, why do people spend money so freely?  
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2. a. How much more would the author pay for soap each year if she switched from her ordinary brand?  
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- b. How much more would she pay for a jar of jam?  
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- c. What point is she making by citing these comparisons?  
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3. What are "the bad habits that make money vaporize into nothingness" that the author refers to?  
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4. Give an example of a recent economic choice you made. Would Orman consider your choice wise or unwise?  
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5. Why do you think consumers often choose to purchase expensive name-brand items over their less expensive counterparts? Explain your answer.  
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