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The truth as I see it[®]

Idaho Common Sense[®]



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Avoiding Debt

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"We contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle."
—Sir Winston Churchill

Before Christmas, Pamela Yip wrote a column in The Dallas Morning News offering advice on ways to avoid holiday debt, including suggestions from several experts.

She said, "Don't charge up a storm . . . or you'll end up with a financial hangover" for years to come. Also, remember that "debt is expensive," said John Ulzheimer, president of consumer education at SmartCredit.com.

Further, "If you're facing a financial crisis, being the best parent is being the most responsible with your limited resources," added Todd Mark, vice president of education at Consumer Credit Counseling Service of Greater Dallas.

John Alderman, director of Visa Inc.'s financial education programs, also believes that people wait too long to purchase a gift, and then "have to get a gift – any gift, throwing money at (the problem) and spending too much."

So, how can we avoid these difficulties? Alderman recommended we first set up a "roadmap for our spending . . . or else we're doomed to overspend." Next, says Mark, create a "list of everybody you're buying for and put a dollar amount next to every name, and then think what would be relevant (to get them) . . . in that

price range." And, "If you add \$75 (to one gift) . . . you have to take \$75 from somewhere (else)."

Mark's final admonition, "Don't charge more than you can really expect to pay off (quickly)" because "if you cannot pay it off quickly, it usually becomes a permanent addition to your budget."

Though many of us already understand these fundamentals, our elected officials in Washington have a more "progressive" view of economics, "modernized" to meet the needs of our times. Not surprising, they differ from the above.

Vice-President Joe Biden eloquently offered the following financial advice to a group of AARP members, "Yes, we have to go spend money to keep from going bankrupt."

Congress used the same economic wisdom to justify the "bailout." Panic-stricken, the government threw nearly \$1 trillion at anything and everything, convinced it could "fix" a free-market economy with massive spending of borrowed money with no idea on how the money would be spent.

Likewise, most Senators and Representatives blindly followed Nancy Pelosi, passing the healthcare bill so they could then read it and "find out what was in it." She and Congress stole our children's credit cards, spending huge sums of money with no idea of what they were purchasing or

how our children would pay the bill when it arrived.

I remember my father's financial advice. It was simple. Work hard, pay your own way, save for the things you want, and if you must borrow money, don't borrow more than you can easily pay back. Were my father alive, I doubt he would be invited to Washington to speak on his financial values.

That would interfere with Congress and the President "charging up a storm," ignoring the "financial hangover" they so recklessly leave our children and us.

What's more, when our government perceives a problem, like the financial crisis, it disregards the precepts of a free market economy, panics, and "throws money at (the problem), spending too much."

And how well does the government manage its budget? Simple. If it adds billions to one area of the budget, it refuses to delete billions from "somewhere else" to pay for it, guaranteeing each new debt is a "permanent addition to the budget."

Yes, the government knows that "debt is expensive" and it should be "responsible with our limited resources;" but that's not its job. Its job is to promise us more money than we earn in exchange for our votes.

Is it just me, or is the government doing the opposite of what sound financial principles would dictate?

Dr. Bosley's book titled The Truth as I See It[®], Idaho Common Sense[®] is hardcover, 374 pages, \$24.95 – available at www.craigbosley.com. To contact him directly, you can email him at craig@craigbosley.com. His columns are available at www.craigbosley.com.