

Robert Brooks' Answers to Questions on Credit Card Debt

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What daily behaviors lead people to amass credit card debt?

People may realize that our daily behaviors are a direct consequence of our mind. More importantly, the disciplines of the mind are a direct consequence of our wills. Upon analysis, credit card use can be traced primarily to an act of the will rather than a decision of the mind. We willingly choose what our mind's think that result in our financial behaviors. Amassing credit card and other debt occur because we yearn for more than we earn. Unfortunately, many financial literacy programs provide information to think over our debt rather than confronting our wills. These programs teach people how to temporarily live beyond their means. Core to truly overcoming credit card temptation is to understand how to get our yearning below our earning while many people focus on earning their real problem is their yearning for more.

By an act of the will, we can choose to spend less time on social media resulting in less exposure to advertising's influence. Overcoming debt is found in the expulsive power of a new affection. Willingly reorienting our lives toward enduring principles rather than merely acquiring transient goods that will break the stranglehold of materialism.

What are the key situations when going into debt is worth it?

The academic answer for worthy debt is when the risk-adjusted expected present value of the benefits exceed the expected present value of the all-in costs. Unfortunately, our yearning for material things often result in skewed analysis and acquiring debt that leaves us worse off. In the vast majority of cases, going into debt is likely not worth it. Remember, it is a lot more fun to receive interest than to pay it. Knowing this requires us to earn more than we yearn over a period of time so as to accumulate enough money for investment purposes. You cannot earn interest if you never save money.

What are three easy steps a person should take in order to become debt-free?

The single most important step in financial management is an honest assessment of the influence of our worldview. If we are simply dancing to our DNA as my naturalist friends claim, then becoming debt-free is the very least of my concerns. If naturalism is true, then I cannot change my decision-making process and will be prey for countless solicitations and bargain deals. If, however, my worldview is more in sync with choice, then coming to grips with my debt problem is attainable.

Once we have reflected on our personal values that matter most and realize the pitfalls that can potentially sink these values, we can better formulate a detailed debt management plan. Specifically, we can document our income sources and necessary expenditures. We can list out our debts and their related interest rates. We can then set a course for systematically eliminating debt with appropriate celebrations when key milestones are reached.

Following the change in our worldview from footloose spending and having formulated a working spending plan, we must then incorporate accountability. The seriousness of the past debt accumulation will determine the frequency for which accountability meetings should be scheduled. Over time, this should lead to dampening materialistic yearning that leads to further debt. The return for these steps, though not necessarily easy, is that we find ourselves internally coherent, externally correspondent, and experientially fulfilled.

As the COVID-19 crisis is wreaking havoc on American's financial health, what steps can a person take to avoid drowning in debt and get some much needed financial relief?

The pandemic is a great opportunity to reflect deeply on what we value. Like a terminal cancer diagnosis, this pandemic helps us face the reality of our life's brevity. In this light, it is easy to see that money is a great

servant but a horrible master. Thus, we need to put money to work toward our core values. We need to cease fruitless expenditures as well as seek innovative ways to provide valuable goods and services resulting in additional earning. Enhancing our vocational skills so as to improve our ability to add economic value is vital. Economic disruptions always provide opportunities for creative and skilled people.

What role, if any, should government play in incentivizing and encouraging people to maintain low debt to income ratios (e.g., through tax incentives, etc.)?

In the U. S., historically we have enjoyed a reasonable level of economic liberty. Ideas and creativity are metaphysical in nature and hence not scarce like material goods. By granting more liberty to people, they are empowered to be creative. The amazing creativity found in various companies in response to this pandemic has been phenomenal. Without any government mandates, many companies found incredibly innovative solutions that protect people as well as improve their products. You can simply drive through a Chic-Fil-A and see the direct consequence of liberty on display. There is nothing more squelching to creativity than the heavy hand of government that seeks to micromanage our lives. If you spend time in foreign countries that have a statist philosophy, you quickly realize the profound economic engine empowered by liberty is absent. Thus, the government should strive to get out of the way as much as possible while at the same time protecting us from threats within and threats without.

It is indisputable that the Judeo-Christian principles have transformed life on this earth. Jürgen Habermas, ranked as one of the most influential philosophers in the world, notes that western culture has never been the same. He states, “Universalistic egalitarianism, from which sprang the ideals of freedom and a collective life in solidarity, of an autonomous conduct of life and emancipation, the individual morality of conscience, human rights and democracy, is the direct heir to the Judaic ethic of justice and the Christian ethic of love. This legacy, substantially unchanged, has been the object of continual critical appropriation and reinterpretation. To this day, there is no alternative to it. And in light of the current challenges of a postnational constellation, we continue to draw on the substance of this heritage. Everything else is just idle postmodern talk.” (See Jürgen Habermas, *Time of Transitions*, Polity Press, 2006, pp. 150-151, a translation of an interview. According to the Stanford Encyclopedia of Philosophy website, Jürgen Habermas currently ranks as one of the most influential philosophers in the world. See <https://plato.stanford.edu/entries/habermas/>. It is important to note that Habermas is not a Christian.)

Robert Brooks, Ph.D., CFA
rbrooks@frmhelp.com
www.robtebrooks.org