



By: *Emre Alkin*

Spend Your Money, Don't Spend Your Life



According to many philosophers, even a substantial number of assets will not make you happy unless you have refined taste and manners to use your earnings to bring pleasure, joy, and happiness to your life.

It is a known fact that saving and investment behaviours change depending on age. Research shows us that most individuals between the ages of 18–35 have not yet started to accumulate any savings or are newly beginning to put some money aside for future use.

Interestingly, despite their lack of savings, individuals from the same age group do not refrain from taking risks with their money, such as investing in cryptocurrencies and making significant gains in the process.

The population between the ages of 35–65 years, on the other hand, has higher financial awareness and therefore they tend to take less chances with their money, especially when nearing retirement.

It can be observed that behaviours such as holding savings or investing in gold seem to be the tendency of older adults who had unpleasant financial experiences in the past therefore want to avoid risk.

This particular choice of investing, which is investing in risk-free instruments, can also be seen as preparation for old age.

Our elders used to say, “You should not rely too much on your worldly wealth. You should continue to work and earn money”.

Although this statement is based on quite justified reasons and experiences, it does not mean, “Don’t spend money“ either.

Years ago one of the biggest clothing retailers launched a store in a shopping mall in Istanbul. In the store, there was a lovely café and on one of its walls you could read a sign saying, “It’s easy to keep money, but it requires skill to spend it for pleasure“.

Spending that does not stir a sense of satisfaction is not rational

A deep philosophy lay behind that slogan, which was seemingly designed to encourage individuals to spend. In fact, the slogan reminded me of two important principles in economic theory:

-Spending that does not stir a sense of satisfaction is not rational.

-The higher the income, the more likely that he/she will grow their savings.

These two principles actually reflect an important truth. Spending money to gratify your wants and needs does not mean that you can squander and scatter it.

It means that you should spend your money in such a manner that every penny you spend brings you happiness, fruitful outcome, and satisfaction. In economics, we usually explain this ideal spending behaviour by the law of diminishing marginal utility.

To illustrate it with a simple example, imagine you are very thirsty. The first glass of water you drink will give you a great sense of satisfaction, the second glass will help you maintain that same level of satisfaction, but the third and fourth glasses will not give you as much pleasure as the first and second glasses did, especially if you have quenched your thirst.

Your thirst is satiated, your stomach is full, you don’t want any more water, but you continue to drink as if you are being forced to do so.

Freud, the founder of psychoanalysis, explains this behaviour by his pleasure principle. We have this tendency to seek gratification of our needs, wants, and urges.

Once these instinctual drives are satisfied, this satisfaction keeps us pleased and sated for a while, until we once again feel the need to fulfil our basic urges.

Behind the propensity to save rather than spend as we get older lies the fear that one's savings will melt away

Since the gurus of retail business understand this saturation point very well, they tend to use the theory of diminishing marginal utility to design and develop sales strategies where they often offer discounts and deals like, "If you buy this, we also give you this", or "buy two and get one for half price".

Behind the propensity to save rather than spend as we get older lies the fear that one's savings will melt away because of the absence of a fixed income other than a pension, rather than the feeling that, "I'm done with the world. Very little satisfies me".

Emerging economies have experienced countless financial crises and banking scandals over the decades. People have been deceived countless times; some have lost their entire fortunes.

From Latin America to Asia, the history is full of too many tragic cases to count. As the saying goes, once bitten, twice shy, so people, deeply affected by their unpleasant experiences, want to keep their money safe: they draw a clear line when it comes to spending.

Life is an uncertain process where you do not know what will happen in the next minute. Hoarding money without a specific purpose would prevent you from living a pleasant life, so you should always remember that every penny you spend should create a sense of satisfaction so that you can genuinely say, "I am leading a good life". Because a good life is an accumulation of good moments and experiences.

It is unnecessary to worry about your finances all the time since the tendency to save money increases along with income growth

It is in fact unnecessary to worry about your finances all the time since the tendency to save money increases along with income growth.

For example, although I sometimes feel satisfied after spending money for my own pleasure, I wonder and feel worried whether I can bring back the money I spent.

Thankfully, as my money is hard-earned and most of these are well-intentioned spending, I always get what I give. Obviously, I too have some investments, but I am not necessarily concerned about growing my money.

You will now read some of my warnings about investment. People take investing very seriously, but for some reason, they do not act consciously in accordance with the importance they attach to the matter.

It is not easy to save or invest in emerging countries. For example, a person who bought stocks some years ago with their savings may have earned a lot of money in national currency terms, but in USD terms, their savings may not gain in value.

This being the case, most retirees in poor countries who want to travel abroad in their old age, like their European peers do, cannot do it due to insufficient value of their savings or they suffer financial challenges while doing it.

The only piece of advice I can give to you in this piece is this: It is important to save and keep money aside, but it is more important to spend it with pleasure and joy during your lifetime.

If you spend your money on things that do not satisfy you, you will be a slave in your own home

So, what we need to do is to try to be happy and enjoy our lives. The first function of pleasure is satisfaction, and the most important component part of satisfaction is culture.

But, if you spend your money on things that do not satisfy you or if society forces you to do so, meaning you do not have control over your own money as Keikavus said in his major Persian work Qabus-nama a thousand years ago, unfortunately, it will not be possible for you to create this sense of satisfaction for yourself. You will be a slave in your own home.

That's why you need to stop being controlled by your passions and ambitions and those of your family; rather, focus on your needs.

If you can make a rational assessment between your wants and needs and prioritise your spending, and spend your money on the right things at the right time and in the right place, then you will succeed in enjoying your money.

Of course, this requires culture. Culture is a subjective concept, a small piece of a civilized life, but having a decent standard of living and using your money correctly in line with your knowledge and cultural level is also an investment.

An investment that will return to you in the future, at least in the form of happiness. And that's enough for us. I mean, it should be, shouldn't it?