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**MAKING LEMONADE OUT OF LEMONS IN A FINANCIAL CRISIS**

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By Dr. Richard Trachtman

Director

The economic news has been terrible and even financial experts are saying they have never seen anything as scary as what has been occurring in the last few weeks and months. But they are also saying that this is a crisis of confidence, meaning it is a psychological phenomenon. What are you worried about, how realistic are your fears and what can you do to constructively manage both the reality and the psychological side of this financial crisis?

There is a saying, “Don’t just sit there. Do something.” Some wit turned that advice around to read “**Don’t just do something. Sit there.**” This is actually very wise advice because, instead of acting out of panic and making half cocked decisions, it tells us that we need time to think.

What should you be thinking about? I’m not a financial expert, so I can’t advise you about the practical side of financial recovery. What I can tell you is that you need to recognize the emotional impact that this financial crisis is likely to have on you and your family and understand how to deal with it

Here are six suggestions for what you should think about.

1. If you have already experienced serious setbacks but are having trouble addressing them in a clear headed and constructive manner, ask yourself why. One of the reasons it is hard to face a financial downturn realistically is that money gives us status. It can

be embarrassing to admit to yourself, or to let others know that you are less well off than you were previously. It is also hard to give up comforts you are used to, so it is easy to ignore reality and pretend you can continue living the way you did before. That's called denial. You may feel responsible for what is happening and be ashamed to tell your family that they will have to adapt to a more modest lifestyle. You may also feel angry at fate and keep spending in defiance of reality – or try to bargain by making only partial cutbacks that merely prolong your problem. Whether you have already suffered a serious financial setback, are beginning to recognize danger signs or simply worry about what may happen next, preparing psychologically to deal with a reversal of fortune can enable you to feel more grounded and secure now and in the future.

2. This is a good time to take a careful inventory of your beliefs about money – some experts call them money scripts – and correct any which are faulty. Many of us believe that our personal worth can be measured in terms of money. If, for example, you believe that the questions “If you’re so smart why aren’t you rich?” is based on a valid assumption, then it would follow that if you have lost money you must not be smart. But clearly a lot of very smart people have lost a lot of money recently. Identify such money scripts and decide what is and is not really true.
3. Don’t assume that your future will be worse than your past because you might have less money. Although you may be unsettled by present changes, the majority of evidence suggests that you will adjust and that, as long as you have adequate food, clothing and shelter, having more or less money will make little difference in how happy you are likely to be in the long run. Indeed, too much focus on money and material wealth tends to undermine psychological wellbeing and physical health. Try to keep this in mind if you are faced with the prospect of having to change your lifestyle.
4. Do pay attention to nurturing your relationships and don’t let blame or anger undermine them. Love is one of the most important ingredients for building a happy life. Anger sometimes acts as a short term antidote to painful feelings such as depression, embarrassment, shame or fear. But, if you let it undermine your relationships, your chances of having a happy and secure future are lessened.

Remember, fights over money is the major reason usually given for why people get divorced – and divorce will likely have a much worse financial impact on you than anything that could happen in the economy.

5. Make lemonade out of lemons. A friend who recently lost one lucrative source of work, which had tied him down for years, is now happy training to be an emergency medical technician and paramedic, with plans to work at ski resorts. The good news is that most setbacks offer the opportunity to learn lessons and create new approaches to life which can eventually lead to a richer life than you had before. I'm talking about an increase in kinds of wealth that are more satisfying than money. These include personal happiness, improved relationships with loved ones and friends, more time spent in activities that express your values, an increased sense of creativity and personal accomplishment, and greater satisfaction in your work life.
6. Be patient, persistent and try to maintain an optimistic outlook. It's hard to change your way of thinking or the habits of a lifetime, so making the kinds of changes that lead to a happier life require long term effort. And, working toward this kind of change won't relieve you of the immediate stress involved in dealing with your current financial situation. If you don't deal with this stress constructively it can undermine your emotional wellbeing and physical health. But that same stress can provide you with the impetus to reexamine the way in which you have been living your life so far and what you have been working and trying to earn money for. Such reexamination will help you see what has served you well, what has not. Taking the time to sit and think about these things and to realign your priorities and your approach to life, including how you define what the good life is and how you should go about earning the money to live it, may make you happier in the long run than you have ever been.

I would like to send to any of you who want it, an exercise which will help you think more clearly about the roles money and other forms of wealth play in your life. It comes from my forthcoming book, Money and The Pursuit of Happiness, and is called "Rank and Rate Various Forms of Wealth." It can help you identify non financial forms of wealth that exist in your life and compare their importance with the importance of money. Making this comparison can help you set your priorities straight when deciding

what you need to do for your own future happiness. If you would like to receive a copy of this exercise, please email me at [richardtrachtman@aol.com](mailto:richardtrachtman@aol.com) and, in the subject line, write *“Please send me Exercise #1”*.

Because recent events threaten to be very difficult for many people, I ask you to forward this email to as many people as you can think of who might benefit from the suggestions offered above. I also invite you to take a look at my newly revised website, [www.moneyandrelationships.com](http://www.moneyandrelationships.com) which will tell you about my services and also tell you more about my forthcoming book, Money and The Pursuit of Happiness.