

MY PHILOSOPHY ON DEBT

Being in debt caused me to experience all kinds of suffering for about twenty years. Several times my property was attached and I even went into bankruptcy once, so you can imagine the financial suffering I endured. From these experiences I reached a kind of attitude or “philosophy” on debt, about which I am going to write.

Let me analyze the psychology of a person who is about to borrow money. There are two kinds of loans, “active” and “passive.” A loan is considered active when a person who intends to start a business has figured how much money is needed and how much profit can be made, and is fairly certain enough money can be earned after interests and costs are subtracted from the revenue. Everybody understands this kind of loan. A loan is considered passive when expenses are greater than income; the person is short of cash on hand and has no alternative other than to borrow. This is also quite common. If the situation tightens still more, the borrower loses mental composure when thinking of the future, and in desperation attempts to escape from the urgent financial pinch being faced by borrowing money, no matter how high the interest may be. We often read in newspapers about the outrageous interests demanded by money lenders. We can say that a person who has reached this point is only one step from falling over a precipice and is facing a dire situation.

The above briefly details the differences in the two ways money is borrowed. Let us now discuss the situation of a person who has no debts.

Since no money is borrowed, the business this individual can start with the capital on hand is generally quite small. Suppose this person has 100,000 yen. Usually, a third to a half of the capital is used to start the business, and the balance of the money is retained for future needs. This way of doing business may appear to be too conservative for most people, at least in theory, but actually it is the best way. Since the amount is not borrowed money but what was earned and saved through personal effort, it is literally belongs to that person and should work powerfully for him or her.

It is wise to start on as small a scale as possible. I will illustrate this fact with my own experience. In May of 1934, when I started spiritual healing, I rented a small house on Hirakawa-cho, Kojimachi, in downtown Tokyo, for a monthly sum of seventy-seven yen [about US \$38.00 at that time]. Its five rooms were just enough in which to live and work. At that time I was still considerably in debt, but I wanted to put into practice my new financial philosophy, developed from long years of owing money.

I developed the basic idea for this philosophy by first studying Nature, and it is easily understood through careful observation of the way in which a human being grows. One comes into life as a tiny baby, grows bigger as time goes on, and then becomes an adult and gains wisdom and strength.

This applies to plants, also. A small seed is sown, it sends out a sprout, seed leaves appear, which are followed by true leaves. Then, a trunk thrusts up, its branches grow and extend themselves, and finally the whole thing becomes a tree reaching toward the sky. This is a truth of Nature, which therefore should be followed. I became certain that if this truth was faithfully put into practice, great success could be achieved, so I decided to start on as small a scale as possible.

Individuals generally try to begin something in a big and splendid manner. But, in the long run we find that most are not successful. There are too many examples of this. Many enterprises

first start on a big scale and end up in failure. If they reorganize, reduce the scope of activity and start again on a much smaller scale, they finally succeed. We have seen this happen often.

Not everything in the world works out according to a person's plan, or succeeds as expected. There are many reasons for this, but the most important factor is mental or psychological. Since the due dates for payments on a loan come around regularly, a nagging concern about them is constantly in an individual's mind. And, of course, the situation does not always move as originally calculated. This worry also occupies one's mind, blocking any good idea he or she might have for growth, which works to that person's great disadvantage.

Since someone like this is always in a tight situation financially, that person tends to lose the drive to succeed. Even though such an individual may try to appear well-to-do, he or she is actually both psychologically and materially poor. This leads to becoming passive in general, and lacking the positive, constructive attitude necessary for success. Therefore, that person tends to be depressed all the time. If someone is a merchant, even when a bargain is found it cannot be purchased right away because of a shortage of funds, which results in missing out on a good chance to make a profit.

People eventually lose trust in a person whose payments are often delayed. Interest payment cannot be disregarded, either. When the duration of a loan becomes longer, interest incurs more interest; the individual becomes impatient and stressed. In any kind of undertaking, when a person feels pressured and has to overexert him or herself, it indicates that the situation has become extreme. I often advise against impatience and overexertion, but people don't realize how important this advice is. Impatience and overwork may bring about temporary success, but it does not last very long. Let me give a few examples to illustrate this point.

The Tokugawa dynasty, founded by Ieyasu Tokugawa [1542-1616], lasted for nearly three hundred years. He practiced his famous strategy of "Yield now, conquer later." When he believed that a certain objective would be a little beyond his power, requiring undo effort on his part, he simply abandoned the operation for the time being and waited until the situation turned to his advantage. He planned and managed so that the whole country would automatically come under his rule. This policy brought about his lasting success. His famous saying, "A person's life is like walking a long journey carrying a heavy load; don't be hasty," vividly illustrates his personality.

There may be many reasons for Japan's defeat in the past war, but impatience and strain certainly worked to its disadvantage. The purpose, the motive for the war was wrong from the beginning. Those in power did not realize this and tried to force something unreasonable, which brought about the disastrous defeat.

The worst possible thing anyone can do is to make a new loan to repay the previous loan simply out of desperation. That was exactly what was done toward the end of the war and paper money was printed in great quantity, causing a spiraling inflation.

I have already stated that overextending oneself financially should be avoided, and that we should start anything on a small scale. I hope you will always keep these truths in mind. However, if a loan is secured for only a short period of time and you are quite sure you can repay it promptly, an exception can be made.

The above is my philosophy on debt, which I heartily advocate.