



Broadcast Transcript

Broadcast: Let the Buyer Beware – Part 1

Guest(s): Dave Ramsey

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Dr. James Dobson: Well, hello everyone. I'm James Dobson, and you're listening to Family Talk, a listener-supported ministry. In fact, thank you so much for being part of that support for James Dobson Family Institute.

Roger Marsh: Well, welcome to Family Talk, the broadcast division of the Dr. James Dobson Family Institute. I'm Roger Marsh, and on today's program we're going to get into a two-part conversation that's probably going to hit a lot closer to home for you than maybe you'd like to admit. We're going to hear from Dave Ramsey about personal finances, and how to be better stewards with the money to which God has entrusted us.

Dave Ramsey: When you walk into a stereo store, you walk into a furniture store, you walk onto the car lot, these people don't walk up to you and say things out of their mouth that they say on accident. They've been trained on how to handle that conversation. And if they don't affect the sale, then their existence is not paid for, and they don't get to stay. Poor salesmen have skinny kids, you know, and so they're going to learn how to sell. They're going to learn how to assist you in that purchase. And guide you, either with your spouse or against your spouse, whatever's to their benefit in that process. Some do it with scruples and with a lot of class, and others do it without ethics.

Roger Marsh: If we're honest with ourselves, each of us has a story about an encounter with a salesperson who tried to persuade us to make a purchase that really was not in our best interest. Well, think about it this way. If you lose control of your money and how you manage it, you will typically be inviting more problem areas into your life that will follow. And financial issues can threaten even the strongest of marriages as well. So that's why we want to bring practical advice for you for money management on today's program. Our own Dr. James Dobson sat down with his guest, Dave Ramsey, to do a deeper dive into this issue. Now, this program was, in fact, recorded several years ago, but it's amazing how highly relevant this issue is to many families today. And Dave Ramsey's advice is biblically based. It's timeless, and addresses financial topics that every family can relate to. For example, here is Dave talking about those small impulse purchases that we might not even be thinking about.

Dave Ramsey: Well, it's the little foxes that spoil the vine, Proverbs says. And it is, it's those little things. If we build those up, it becomes a lot. A penny saved kind of a thing from a Benjamin Franklin quote. But yeah, it's huge. And again, it's not going to cause you to bankrupt if on a hot day you happen to bump into a barrel full of ice, that was strategically placed there on a planogram by the way, and you reach in and pull out a nice soft drink and ice drops off the side. And so in your mind, you visit the commercial where you fall off of a tire swing into a pool. And that's what happens. And so, this is going to be refreshing, is the message to my subconscious has been played over, and over, and over, and over, and over, and over, and over, and over, and over.

Or the high caffeine thing. I'm going to get a jolt. I'm kind of down. I'm kind of tired. But again, you've just got to be aware.

It's not to say we can never purchase anything, that we can't enjoy our money. God loves us, He wants us to enjoy our money, but we just don't need to be victimized by somebody who's thinking, while we're not.

Roger Marsh: Well, that's certainly good advice. Most of America is familiar with Dave Ramsey, but if his name is new to you, let me introduce you to Dave Ramsey, the founder and CEO of Ramsey Solutions. This is a company that helps people take control of their money and improve their lives. Dave is the host of the Ramsey Show, which garners millions of listeners and viewers each and every day. Dave is the author of eight national best-selling books about financial freedom. The book that will be discussed today is entitled, *The Total Money Makeover*. And in it, you'll find out how Dave and his wife experienced the dangers of impulse spending and debt firsthand.

By the time he was 26 years old, Dave Ramsey was a multimillionaire, at least on paper, but he lost all of it by the time he was 30. Well, now he's back on top again, and sharing the secrets of financial peace with others.

David and his wife Sharon have been married over 40 years, and together they've raised three grown children.

Well, here now is Dr. James Dobson and his guest Dave Ramsey on today's classic edition of Family Talk.

Dr. James Dobson: Well, Dave, it is our pleasure to have you on our program, and you have an awful lot to say to us. First, I want you to tell us how it was that you managed to make \$4 million by the time you were 26, and blow it all in four years. How'd you get that done?

Dave Ramsey: How can you mess up that bad? Oh, my goodness. Well, we started with nothing. My wife Sharon and I, like most people, you remember, "we ain't got money honey, but we got love."

And we were eating off a card table driving a 1902 Pinto, and I started buying and selling-

Dr. James Dobson: 1902.

Dave Ramsey: Started buying and selling real estate, and I did, I got rich just doing real estate deals. We had \$4 million worth of real estate, about \$3 million worth of debt, so I guess that technically made us a millionaire, but we had no money, it was all in real estate. And then the bank got sold to another bank, and the short version is, we spent the next two and a half years of our life fighting with every ounce of energy that we had to do the right thing and pay our bills. And no matter what we did, I had done dumb with so many zeros on the end that I didn't have a way to recover. And so, we crashed and burned, and were foreclosed on, sued, and finally were bankrupt.

Dr. James Dobson: And you really did find that this undermined your marital relationship. There was conflict between you that threatened it, or just created a lot of angst.

Dave Ramsey: That might be the understatement of the week. We about killed each other, Dr. Dobson. She's from east Tennessee, frying pan throwing there's an Olympic event.

Dr. James Dobson: You talk in this book about the fact that a man should listen to his wife. Was this a case of you're not listening to yours?

Dave Ramsey: That was one of many financial principles that I later learned at the bottom of that mess. I met God on the way up, but I got to know Him on the way down. And so at the bottom of that mess, I started reading people like Ron Blue and Larry Burkett, and one of the many financial principles we uncovered out of the Bible was that a smart guy listens to his wife, a virtuous wife, from Proverbs 31, and he will have no lack of gain. And so no, I didn't listen to her. And she didn't listen to me much either, so we weren't on the same page. And there we found ourselves broke, broken, and beat up, and abused, and everything else, and we had to start our lives over, and we got a new life in Christ.

Dr. James Dobson: And largely through the teachings of Larry Burkett and Ron Blue, in terms of the financial side of things.

Dave Ramsey: Exactly. Exactly. We were believers at that point, and really our faith was strong, pain will do that to you. But then that metamorphosis, that sanctification, if you will, starts taking place. Where Christ starts invading your life and starts becoming you in your life. And wow, over the last few decades now, that's been an incredible trip.

Dr. James Dobson: You have used a phrase in the book that we've all heard, but you have your own meaning of it having to do with buyer beware. Why did you put such emphasis on that?

Dave Ramsey: Well, I came from a real estate background. My parents were real estate brokers when I was growing up. And one of the things in the old days you learned on the test was that when a buyer is coming up to a seller's house, both agents typically represent the seller in the average transaction. And so, we were taught buyer beware, caveat emptor, which is the Latin for that. In other words, the buyer doesn't necessarily need to be cynical or anything, but just to be aware that not everybody's looking out for them. And it turns out, as consumers out here walking around through the mall or across the car lot, not everybody's looking out for us.

Dr. James Dobson: And there are a lot of them out there that want your money, and want to separate you from it.

Dave Ramsey: And if they're not good at it, the marketplace is so competitive that they go out of business. They have to separate you from your money. It's a matter of business survival for them. Because if they don't, then the next donut shop down the street will.

Dr. James Dobson: Yeah.

Dave Ramsey: And once that happens, if you don't win that competitive battle in the marketplace for the consumer dollar, you go broke.

Dr. James Dobson: What are some of the ways they go after your money?

Dave Ramsey: Well, it's things that we kind of all know, but I think we just need to be aware and be wary, be as wise as a serpent in that process. And basic things like personal selling. Teaching people to sell one-on-one is not an evil thing, but you need to understand that when you walk into a stereo store, you walk into a furniture store, you walk onto the car lot, these people don't walk up to you and say things out of their mouth that they say on accident. They've been trained. Some do it with scruples and with a lot of class, and others do it without ethics.

Dr. James Dobson: And your impulsivity plays right into their hands. That's what they most want you to do, is not to think, not to go home, and spend the night, and the next morning, waking up fresh and being able to think things through again. Or being able to work it through with your wife, or look at your financial situation, or to pray about it. What they want is a decision out of you as quickly as possible.

Dave Ramsey: The car dealers, for instance, know that if you leave the lot promising you'll come back after you think about it, they know that 88% of the time, according to the National Auto Dealers Association, you won't be back. And the car salesmen call you, they're be-backs. That's what they name you as you leave, be-backs. So when you get ready to leave the car lot, if you look down and there's something hanging around your ankle and it looks like the salesman, that's why. He's holding onto your leg. He doesn't want you to leave, because he knows you won't be back. He's got to strike while the iron is hot.

And what happens when we, there's even a physiological application of this. When we buy things, we get excited, especially major purchases. There's a little bit of a high, it's kind of fun. Your heart rate changes. You get a little perspiration in your palms and across the top of your lip. Your eyes dilate a little bit. Endorphins and proteins are released. There's a thing that happens in your body called excitement and there's a chemical change. And if they don't help you act on that, when you calm down later, you won't make the buy.

Dr. James Dobson: And the more you're spending, the more adrenaline is pumped through your veins.

Dave Ramsey: Exactly. And the more you're spending relative to your situation.

Dr. James Dobson: Yeah.

Dave Ramsey: That's the thing. I mean, if a billionaire spends \$100,000, that might be like somebody else buying a Happy Meal, but it's relative to your situation.

Dr. James Dobson: Now let's make it clear, you're not disparaging salesmen.

Dave Ramsey: No.

Dr. James Dobson: A lot of salesmen who are listening to us, they make a living doing this. And somebody needs to do that job. And it's an honorable work, but you also need to know that you don't need to buy everything that somebody wants to sell you.

Dave Ramsey: Right. And every dress that's supposed to look good on you may not. The answer is, maybe yes, you look fat in that. It could be the answer, but you'll never hear that.

Dr. James Dobson: Well, how do we deal with these messages that are impinging upon our senses all day every day?

Dave Ramsey: Well, I think we've got that, and then we've got the easy financing, the easy payments. These things have collided. And so, we've kind of just gone through the Scriptures, and with a little bit of good old common sense, horse sense, come up with about five or six things, that if you'll do these things when you're looking, when you're facing a major purchase right in the face, if you'll do these, you'll calm down, you'll slow down and you'll make the purchase biblically. And then you can buy from a great salesman, and it's a process you enjoy, and it's an item you love, and you look back on it and it's-

Dr. James Dobson: You have no regret.

Dave Ramsey: It's not something that causes a fight in the family, it's not a problem later.

Dr. James Dobson: Ah. You refer to financing as a marketing tool. I've never thought of it in those terms. Why is the financing of something that you're purchasing a part of the marketing pitch, if you will?

Dave Ramsey: Well, it's easy payments. I don't have \$100, but I can make three easy payments of \$29. I don't have \$6,000 to buy a car, but I can make those easy payments a month. And we've all heard people say it. Some of us have said it, where we say things like, "Oh, I can afford it." And they didn't mean they had the money. They meant they could have thought they could afford a payment. And so, the one thing-

Dr. James Dobson: Some people don't even ask how much the total cost is.

Dave Ramsey: Right.

Dr. James Dobson: They just want to know, "Can I make the payments?"

Dave Ramsey: We've quit asking how much. We ask how much down and how much a month. And that's how car fleecing got popular. The car fleece is absolutely ridiculous, because there's almost nothing down and a lower payment. But it's the worst deal on the car lot financing-wise, according to Consumer Reports, Smart Money Magazine, and my calculator.

And so, when you start unpacking these 90 days same as cash things, 88%... A friend of mine, a finance company the other day told me 88% of these 90 days same as cash deals, convert to payments at the finance company. And the finance company deals aren't deals. This is 24, 38%. And they back you all the way back to the start of the thing and you pay payments. And boy, it just snowballs then, and the bad decision begins to get worse, and worse, and worse.

Dr. James Dobson: So 90 days same as cash, is not same as cash. You are paying for that.

Dave Ramsey: You know what? I can walk into a furniture store with a couple of \$100 bills, or a couple of 50s, and fan them out in front of the manager, and I'll find a bargain. 90 days is not the same as cash.

Dr. James Dobson: As cash. So the matter of credit, again, we talked about that the last time you were here. But buying things you cannot afford really shouldn't be bought.

Dave Ramsey: Well, that's step one. If we were going to say there's six things or five things, this is the sixth one. That's the first thing you got to say is, "Gosh, if I don't have the money, I can't afford it." Sounds like grandmother, and she had some common sense.

Dr. James Dobson: Packaging and advertising. How do the producers of goods determine what color, and how the packaging is presented?

Dave Ramsey: Well, we spend a lot of time. I mean, you and I have books that are out all over the place. We don't just slap a cover on that book. If we did, it'd just be red with yellow letters. I mean, we wouldn't think anything about it. But the layout, and the design, and the graphic appeal, and the message that's delivered off of that, that's marketing.

The shelf position. We're going to put the kids' stuff. I mean, I think Wrigley's gum's probably the first guy that understood shelf position. And they started putting the little packs of gum a couple of several decades ago, 50, 60 years ago, at the cash register. And now, every market in the nation fights for those cash register spots, because that's impulse alley when you walk in.

But even the design and the flow in the supermarket, some of the best merchandisers on the planet right now are the grocery stores. And the flow of the hall. Used to be in the old days that you went to the back corner and there was meat and dairy, right? And not necessarily now. There's a whole different process. They've tracked and they've studied so carefully how the lady, or the person doing the shopping, is going to work those aisles, and how their eye tilts, and what's kept catching their peripheral vision. It's a science, and they're very, very good at it. None of it's evil. It's just that they're excellent at what they do. And we, as the consumer, wander in there like Gomer Pyle on Valium, and come out with a basket load of stuff. You know?

Dr. James Dobson: You just got to understand the game that's being played here.

Dave Ramsey: Yeah. And it can't be one-sided if you want to win it, you got to know there is a game. And I'm just in there getting some Cheerios, and all this stuff's happening to me and I didn't know it. And I've been studied like a lab rat when I'm buying Cheerios. And if I realize that, there's no evil intent here, they're just marketing their products, but we, as the consumer, have to buyer beware.

Dr. James Dobson: You have talked in this book about the market. We mentioned it a minute ago, the supermarket. There's all kinds of careful advertising that goes on there, and it's all researched and thought through. One thing has to do with brand name products versus generic products. You've said in this book, that the generic products really are just as good as the brand name products, and they cost a whole lot less, and sometimes they're made by the same company.

Dave Ramsey: Well, absolutely. Now, there's some generic products that are substandard, but not nearly as many as the big brands would like us to. I mean, I don't know if you remember several years ago when the ketchup thing. When the generics first started, there was a brand named Ketchup that had this, they're thick and rich, and it ran down the napkin oh so slowly. And the generic without a label on it runs, and it's all runny, and it's full of water, and you'll hate it, and you're getting ripped off. Don't buy that. But the interesting thing is, these supermarkets that put their little private label on it, they don't have a ketchup company. Where do you think they're getting the ketchup? Same place the other guy's getting it. I mean, they're buying it from them. They're relabeling it

in a lot of cases. I mean, they don't have a Cheerios store. They're getting those Cheerios somewhere. Those generic Cheerios are coming from somewhere. Now again, you've got to be smart as a consumer. Sometimes the product is substandard, but many times it's coming out of the same vat.

Dr. James Dobson: One of the most graphic examples of what you're talking about hit me when I was serving as a member of the National Gambling Impact Study Commission. And what they do in casinos to take your money is unbelievable. You have no idea the manipulation that goes on in those places.

For one thing, the floor is very unrestful. The carpeting is never beautiful and sedate, and the kind of thing you would want in your house, or anywhere else. They don't want you looking at the floor. They want you looking up at the machines. There are no clocks in there, because they don't want people to recognize the passage of time. And there are just so many manipulative aspects of separating you from your money. And in my view, those places are not honorable, and they're made for people who don't do math.

Dave Ramsey: Exactly.

Dr. James Dobson: People who can't figure out that somebody's making a lot of money here, and it's maybe going to be mine if I'm not careful.

Dave Ramsey: When you walk into a \$50 million hotel and it's filled with gambling machines, you ought to have a clue right off, somebody's paying for that. And they're making a profit somehow here. And again, profit is not evil. Now, certainly in the gambling situation, I agree with you, that's a disaster. Morally, spiritually, mathematically, financially, there's no way. There's no scale we can put that on that it works for anybody except the gambling institutions, the gambling companies.

But even when we take something that is a valid product, I mean, I'm a huge reader, but I can buy too many books. I can buy more books than I need. And so, I've got to think, as a consumer, what fits in my world with my time schedule and my budget as I walk into a wonderful bookstore, which is one of my favorite places to go, I'm a junkie for books.

Dr. James Dobson: When I served on the Gambling Commission, there were a lot of reports that were made, and it really was an interesting, although depressing experience, because gambling is just destroying homes and families. We receive so much mail from one spouse who is not a compulsive gambler, who doesn't know what to do about the other one, who is. And it's often the man, but not always. And many times, it's the woman who is addicted to gambling.

But what is really depressing to me, is that people think that they're going to win the lottery, and that that's going to be their retirement program. I mean, if you ask people, what is your retirement plan? "I'm going to win the lottery."

And they have one chance in 135 kabillion of that happening. What I was starting to say though, is that those who hit it, very few do, but those who really hit it, and they've got \$50 million, are usually broke within five years. Which says, in effect, that if you can't live on your income, no amount of money is sufficient. You will always run aground if you can't live on the amount of money that you have.

Dave Ramsey: He who hastens to be rich will not go unpunished. 65% of the lotto winners are bankrupt within 10 years, and the divorce rate is fourfold the national average. And when you pull the zip codes where it's purchased, the lottery is primarily purchased in lower-income neighborhoods. It's a tax on the poor, and a tax on people who can't do math. It absolutely is a sham. And, "Well, we're helping with scholarships." Great. We have poor people sending rich people's kids to school. This is a really bright idea. And the average lotto player in America is paying \$35.84 a month, on average, in the lotto. Were they'd have put that in a decent growth stock mutual fund and have their 401K matched at work, they would retire a millionaire. If they would start doing that at age 22, and do it to age 72, they'd retire a multi-millionaire in that case. Not one time out of 135 gajillion, every time they would. And what we've got here, is we've got state governments and federal governments that have gotten in the business of selling false hope, and misleading their population in the process.

Dr. James Dobson: It's a way of raising taxes.

Dave Ramsey: It's a disaster.

Dr. James Dobson: And it's a tax on the poor. It's the most regressive of all taxes. Our Commission went into the inner city, and stood around some of the liquor stores and places where they have the lotto machines. And when the social security check and other welfare checks arrived, people were lined up for a city block to put their money in those machines. And those are the people that are being exploited. It is the exploitation of the poor, and yet, America has decided it's a great idea. And it's spread all across the country and around the world, and it's going to blow. It's happened two previous times. There've been three epidemics of gambling. The other two have blown up. This one is going to blow too when people finally realize they've been had.

Dave Ramsey: Well, and on a personal note, it's real simple. If you want to become wealthy, try to find out what wealthy people are doing and do that. And go look at who's standing in the lotto line. There's nobody standing there with Rolex watches and Armani blazers driving up in a Mercedes. If it worked, rich people would be in the line. It doesn't work. Okay, that's the deal. This is a bad idea.

Dr. James Dobson: Well, Dave, we're on a roll here, and I've been throwing things at you as fast as I could. But I've still got notes in front of me that I haven't gotten to, and it concerns things that our listeners are going to hear about, and we'll pick up right where we leave off today. Is that all right?

Dave Ramsey: Absolutely, sir. We'd be honored.

Dr. James Dobson: Again, what impresses me most, is that the principles that you teach come right out of Scripture, and you make no bones about that. Even though you are heard on secular radio, for the most part, and you still give credit where credit is due.

Dave Ramsey: Well, it's not mine. I stole it all from God and your grandmother.

Dr. James Dobson: I've done the same thing. We've got a wonderful relationship. I steal His ideas, and then I get the credit, so. It's a pleasure to get better acquainted with you. Thanks for being our guest again.

Dave Ramsey: Thank you, sir.

Roger Marsh: In Proverbs chapter 13, verse 11, we read, "Wealth gained hastily will dwindle, but whoever gathers little by little will increase it." Dave Ramsey is not just helping people get out of debt. He's doing important work on behalf of families as he presents biblical financial principles.

I hope that today's program has been life-changing for you. Or maybe you know someone who needs to hear this broadcast and put these principles into action for themselves. If you'd like to learn more about Dave Ramsey or his financial resources, you can find that information when you visit our website at drjamesdobson.org/familytalk. That's drjamesdobson.org/familytalk.

It's no secret that the presidential election is fast approaching, and sadly, many Christians don't get out and vote. Now, if we stand together and pray and vote, we really can create positive change in our country. And that's why you can learn about the latest national ballot issues and policies that will be affecting you and your family by checking out the Countdown to Decision 2024 resources here at the Dr. James Dobson Family Institute.

Simply visit drjamesdobson.org/countdown-to-decision-2024. And while you're there, check out the Countdown to Decision 2024 Podcast as well, featuring some familiar voices and great information on all things election related that you need. Riley Gaines, Eric Metaxas, Kirk Cameron, and more, just a few of the guests you'll hear on the Countdown to Decision 2024 Podcast, hosted by our own Joseph Backholm and Alison Centofante. Again, to access these resources, go to drjamesdobson.org and click on the Countdown to Decision 2024 tab on the front of our homepage.

I'm Roger Marsh. Be sure to join us again tomorrow for part two of Dr. James Dobson's conversation with Dave Ramsey, right here on Family Talk, the voice you trust for the family you love.

Announcer: This has been a presentation of the Dr. James Dobson Family Institute.