Title: The New Frugality

Author: Chris Farrell

Publisher: Bloomsbury Press

Copyright date: 2010

Length: 218 pages

Reading time: 6-7 hours

Reading difficulty: 8 (1 = very difficulty; 10 = very easy)

Price: $24

Overall rating: 1 (1 = average; 4 = excellent)

In his book, “The New Frugality,” Chris Farrell, a contributing economics editor for Business Week and well-known financial advisor for Marketplace Money, offers sage advice for enhancing satisfaction while consuming less. The New Frugality doesn’t mean old-fashioned penny pinching; it means spending your money on quality rather than quantity—buying the best you can afford but only what you need.

The New Frugality doesn’t tout investment strategies built on mathematical models or get-rich schemes. Instead, it embraces the idea of managing finances with a margin of safety—saving more, paying off debts, and borrowing less. It also embraces a sustainable life style that protects the environment while being frugal.

Throughout the book, Chris Farrell makes succinct points: frugality isn’t cheapness; going into reasonable debt isn’t a moral failure; borrowing can be a tool for economic advancement and a strategy for survival. Unnecessary, excessive borrowing and spending, however, are simply dumb. Today the average cost of a wedding is nearly $30,000. One-half of all marriages in the U.S. fail. Car loans of $31,000, financed for six years, ensure that the borrower will owe more than the car is worth long before the debt is satisfied.

Much of the blame for this Great Recession, Farrell asserts, can be placed at the feet of predatory lenders who are willing to extend credit to high-risk, unsophisticated borrowers. The lessons we are learning will not soon be forgotten. Great numbers of families are facing financial collapse; wages are stagnant; and saving money is difficult. In short, we will be required to live off what we earn, and it will take years to recoup the ground we lost during this Great Recession.

Farrell echoes several bits of age-old wisdom for enhancing one’s financial plight. Keep investments simple; pay yourself first; invest in yourself; diversify; and give something back to your community. He also offers advice on insurance, estate planning, purchasing of automobiles, credit card debt and budgeting. Perhaps his best advice is in response to the often-asked question—will I have enough savings to retire? His perspective differs significantly from conventional wisdom. Senior citizens and those who are contemplating retirement in the near future will benefit enormously from this discussion. Equally interesting is the author’s perspective on home ownership, homeowner insurance, managing the cost of college, credit cards and financial aid for students, and a host of other topics. The New Frugality contains something worthwhile for every reader.

This is the opinion of Jerry Kinard, Head of the Department of Global Management and Strategy at Western Carolina University. For previously reviewed books, visit the website at www.wcu.edu/cob.