

Chapter One

LESSON 1: THE RICH DON'T WORK FOR MONEY

The poor and the middle class work for money.

The rich have money work for them.

"Dad, can you tell me how to get rich?"

My dad put down the evening paper. "Why do you want to get rich, Son?"

"Because today Jimmy's mom drove up in their new Cadillac, and they were going to their beach house for the weekend. He took three of his friends, but Mike and I weren't invited. They told us we weren't invited because we were poor kids."

"They did?" my dad asked incredulously.

"Yeah, they did," I replied in a hurt tone.

My dad silently shook his head, pushed his glasses up the bridge of his nose, and went back to reading the paper. I stood waiting for an answer.

The year was 1956. I was nine years old. By some twist of fate, I attended the same public school where the rich people sent their kids. We were primarily a sugar-plantation town. The managers of the plantation and the other affluent people, such as doctors, business owners, and bankers, sent their children to this elementary school. After grade six, their children were generally sent off to private schools. Because my family lived on one side of the street, I went to this school. Had I lived on the other side of the street, I would

have gone to a different school with kids from families more like mine. After grade six, these kids and I would go on to the public intermediate and high school. There was no private school for them or for me.

My dad finally put down the paper. I could tell he was thinking.

“Well, Son...,” he began slowly. “If you want to be rich, you have to learn to make money.”

“How do I make money?” I asked.

“Well, use your head, Son,” he said, smiling. Even then I knew that really meant, “That’s all I’m going to tell you,” or “I don’t know the answer, so don’t embarrass me.”

A Partnership Is Formed

The next morning, I told my best friend, Mike, what my dad had said. As best as I could tell, Mike and I were the only poor kids in this school. Mike was also in this school by a twist of fate. Someone had drawn a jog in the line for the school district, and we wound up in school with the rich kids. We weren’t really poor, but we felt as if we were because all the other boys had new baseball gloves, new bicycles, new everything.

Mom and Dad provided us with the basics, like food, shelter, and clothes. But that was about it. My dad used to say, “If you want something, work for it.” We wanted things, but there was not much work available for nine-year-old boys.

“So what do we do to make money?” Mike asked.

“I don’t know,” I said. “But do you want to be my partner?”

He agreed, and so on that Saturday morning, Mike became my first business partner. We spent all morning coming up with ideas on how to make money. Occasionally we talked about all the “cool guys” at Jimmy’s beach house having fun. It hurt a little, but that hurt was good, because it inspired us to keep thinking of a way to make money. Finally, that afternoon, a bolt of lightning struck. It was an idea Mike got from a science book he had read. Excitedly, we shook hands, and the partnership now had a business.

For the next several weeks, Mike and I ran around our neighborhood, knocking on doors and asking our neighbors if they would save their toothpaste tubes for us. With puzzled looks, most adults consented with a smile. Some asked us what we were doing, to which we replied, "We can't tell you. It's a business secret."

My mom grew distressed as the weeks wore on. We had selected a site next to her washing machine as the place we would stockpile our raw materials. In a brown cardboard box that at one time held catsup bottles, our little pile of used toothpaste tubes began to grow.

Finally my mom put her foot down. The sight of her neighbors' messy, crumpled, used toothpaste tubes had gotten to her. "What are you boys doing?" she asked. "And I don't want to hear again that it's a business secret. Do something with this mess, or I'm going to throw it out."

Mike and I pleaded and begged, explaining that we would soon have enough and then we would begin production. We informed her that we were waiting on a couple of neighbors to finish their toothpaste so we could have their tubes. Mom granted us a one-week extension.

The date to begin production was moved up, and the pressure was on. My first partnership was already being threatened with an eviction notice by my own mom! It became Mike's job to tell the neighbors to quickly use up their toothpaste, saying their dentist wanted them to brush more often anyway. I began to put together the production line.

One day my dad drove up with a friend to see two nine-year-old boys in the driveway with a production line operating at full speed. There was fine white powder everywhere. On a long table were small milk cartons from school, and our family's hibachi grill was glowing with red-hot coals at maximum heat.

Dad walked up cautiously, having to park the car at the base of the driveway since the production line blocked the carport. As he and his friend got closer, they saw a steel pot sitting on top of the coals in which the toothpaste tubes were being melted down. In those days, toothpaste did not come in plastic tubes. The tubes were made of lead. So once the paint was burned off, the tubes were dropped in the small steel pot. They melted until they became liquid, and with my

Chapter One: Lesson 1

mom's pot holders, we poured the lead through a small hole in the top of the milk cartons.

The milk cartons were filled with plaster of paris. White powder was everywhere. In my haste, I had knocked the bag over, and the entire area looked like it had been hit by a snowstorm. The milk cartons were the outer containers for plaster of paris molds.

My dad and his friend watched as we carefully poured the molten lead through a small hole in the top of the plaster of paris cube.

"Careful," my dad said.

I nodded without looking up.

Finally, once the pouring was through, I put the steel pot down and smiled at my dad.

"What are you boys doing?" he asked with a cautious smile.

"We're doing what you told me to do. We're going to be rich," I said.

"Yup," said Mike, grinning and nodding his head. "We're partners."

"And what is in those plaster molds?" my dad asked.

"Watch," I said. "This should be a good batch."

With a small hammer, I tapped at the seal that divided the cube in half. Cautiously, I pulled up the top half of the plaster mold and a lead nickel fell out.

"Oh, no!" my dad exclaimed. "You're casting nickels out of lead!"

"That's right," Mike said. "We're doing as you told us to do. We're making money."

My dad's friend turned and burst into laughter. My dad smiled and shook his head. Along with a fire and a box of spent toothpaste tubes, in front of him were two little boys covered with white dust smiling from ear to ear.

He asked us to put everything down and sit with him on the front step of our house. With a smile, he gently explained what the word "counterfeiting" meant.

Our dreams were dashed. "You mean this is illegal?" asked Mike in a quivering voice.

"Let them go," my dad's friend said. "They might be developing a natural talent."

My dad glared at him.

"Yes, it is illegal," my dad said gently. "But you boys have shown great creativity and original thought. Keep going. I'm really proud of you!"

Disappointed, Mike and I sat in silence for about twenty minutes before we began cleaning up our mess. The business was over on opening day. Sweeping the powder up, I looked at Mike and said, "I guess Jimmy and his friends are right. We are poor."

My father was just leaving as I said that. "Boys," he said. "You're only poor if you give up. The most important thing is that you did something. Most people only talk and dream of getting rich. You've done something. I'm very proud of the two of you. I will say it again: Keep going. Don't quit."

Mike and I stood there in silence. They were nice words, but we still did not know what to do.

"So how come you're not rich, Dad?" I asked.

"Because I chose to be a schoolteacher. Schoolteachers really don't think about being rich. We just like to teach. I wish I could help you, but I really don't know how to make money."

Mike and I turned and continued our cleanup.

"I know," said my dad. "If you boys want to learn how to be rich, don't ask me. Talk to your dad, Mike."

"My dad?" asked Mike with a scrunched-up face.

"Yeah, your dad," repeated my dad with a smile. "Your dad and I have the same banker, and he raves about your father. He's told me several times that your father is brilliant when it comes to making money."

"My dad?" Mike asked again in disbelief. "Then how come we don't have a nice car and a nice house like the rich kids at school?"

"A nice car and a nice house don't necessarily mean you're rich or you know how to make money," my dad replied. "Jimmy's dad works for

the sugar plantation. He's not much different from me. He works for a company, and I work for the government. The company buys the car for him. The sugar company is in financial trouble, and Jimmy's dad may soon have nothing. Your dad is different, Mike. He seems to be building an empire, and I suspect in a few years he will be a very rich man."

With that, Mike and I got excited again. With new vigor, we began cleaning up the mess caused by our now-defunct first business. As we were cleaning, we made plans for how and when to talk to Mike's dad. The problem was that Mike's dad worked long hours and often did not come home until late. His father owned warehouses, a construction company, a chain of stores, and three restaurants. It was the restaurants that kept him out late.

Mike caught the bus home after we had finished cleaning up. He was going to talk to his dad when he got home that night and ask him if he would teach us how to become rich. Mike promised to call as soon as he had talked to his dad, even if it was late.

The phone rang at 8:30 p.m.

"Okay," I said. "Next Saturday." I put the phone down. Mike's dad had agreed to meet with us.

On Saturday I caught the 7:30 a.m. bus to the poor side of town.

The Lessons Begin

Mike and I met with his dad that morning at eight o'clock. He was already busy, having been at work for more than an hour. His construction supervisor was just leaving in his pickup truck as I walked up to his simple, small, and tidy home. Mike met me at the door.

"Dad's on the phone, and he said to wait on the back porch," Mike said as he opened the door.

The old wooden floor creaked as I stepped across the threshold of the aging house. There was a cheap mat just inside the door. The mat was there to hide the years of wear from countless footsteps that the floor had supported. Although clean, it needed to be replaced.

I felt claustrophobic as I entered the narrow living room that was filled with old musty overstuffed furniture that today would be collectors' items. Sitting on the couch were two women, both a little

older than my mom. Across from the women sat a man in workman's clothes. He wore khaki slacks and a khaki shirt, neatly pressed but without starch, and polished work boots. He was about 10 years older than my dad. They smiled as Mike and I walked past them toward the back porch. I smiled back shyly.

"Who are those people?" I asked.

"Oh, they work for my dad. The older man runs his warehouses, and the women are the managers of the restaurants. And as you arrived, you saw the construction supervisor who is working on a road project about 50 miles from here. His other supervisor, who is building a track of houses, left before you got here."

"Does this go on all the time?" I asked.

"Not always, but quite often," said Mike, smiling as he pulled up a chair to sit down next to me.

"I asked my dad if he would teach us to make money," Mike said.

"Oh, and what did he say to that?" I asked with cautious curiosity.

"Well, he had a funny look on his face at first, and then he said he would make us an offer."

"Oh," I said, rocking my chair back against the wall. I sat there perched on two rear legs of the chair.

Mike did the same thing.

"Do you know what the offer is?" I asked.

"No, but we'll soon find out."

Suddenly, Mike's dad burst through the rickety screen door and onto the porch. Mike and I jumped to our feet, not out of respect, but because we were startled.

"Ready, boys?" he asked as he pulled up a chair to sit down with us.

We nodded our heads as we pulled our chairs away from the wall to sit in front of him.

He was a big man, about six feet tall and 200 pounds. My dad was taller, about the same weight, and five years older than Mike's dad. They sort of looked alike, though not of the same ethnic makeup. Maybe their energy was similar.

“Mike says you want to learn to make money? Is that correct, Robert?”

I nodded my head quickly, but with a little trepidation. He had a lot of power behind his words and smile.

“Okay, here’s my offer. I’ll teach you, but I won’t do it classroom-style. You work for me, I’ll teach you. You don’t work for me, I won’t teach you. I can teach you faster if you work, and I’m wasting my time if you just want to sit and listen like you do in school. That’s my offer. Take it or leave it.”

“Ah, may I ask a question first?” I asked.

“No. Take it or leave it. I’ve got too much work to do to waste my time. If you can’t make up your mind decisively, then you’ll never learn to make money anyway. Opportunities come and go. Being able to know when to make quick decisions is an important skill. You have the opportunity that you asked for. School is beginning, or it’s over in 10 seconds,” Mike’s dad said with a teasing smile.

“Take it,” I said.

“Take it,” said Mike.

“Good,” said Mike’s dad. “Mrs. Martin will be by in 10 minutes. After I’m through with her, you’ll ride with her to my superette and you can begin working. I’ll pay you 10 cents an hour, and you’ll work three hours every Saturday.”

“But I have a softball game today,” I said.

Mike’s dad lowered his voice to a stern tone. “Take it, or leave it,” he said.

“I’ll take it,” I replied, choosing to work and learn instead of playing.

Thirty Cents Later

By 9:00 a.m. that day, Mike and I were working for Mrs. Martin. She was a kind and patient woman. She always said that Mike and I reminded her of her two grown sons. Although kind, she believed in hard work and kept us moving. We spent three hours taking canned goods off the shelves, brushing each can with a feather duster to get the dust off, and then re-stacking them neatly. It was excruciatingly boring work.

Mike's dad, whom I call my rich dad, owned nine of these little superettes, each with a large parking lot. They were the early version of the 7-Eleven convenience stores, little neighborhood grocery stores where people bought items such as milk, bread, butter, and cigarettes. The problem was that this was Hawaii before air-conditioning was widely used, and the stores could not close their doors because of the heat. On two sides of the store, the doors had to be wide open to the road and parking lot. Every time a car drove by or pulled into the parking lot, dust would swirl and settle in the store. We knew we had a job as long as there was no air-conditioning.

For three weeks, Mike and I reported to Mrs. Martin and worked our three hours. By noon, our work was over, and she dropped three little dimes in each of our hands. Now, even at the age of nine in the mid-1950s, 30 cents was not too exciting. Comic books cost 10 cents back then, so I usually spent my money on comic books and went home.

By Wednesday of the fourth week, I was ready to quit. I had agreed to work only because I wanted to learn to make money from Mike's dad, and now I was a slave for 10 cents an hour. On top of that, I had not seen Mike's dad since that first Saturday.

"I'm quitting," I told Mike at lunchtime. School was boring, and now I did not even have my Saturdays to look forward to. But it was the 30 cents that really got to me.

This time Mike smiled.

"What are you laughing at?" I asked with anger and frustration.

"Dad said this would happen. He said to meet with him when you were ready to quit."

"What?" I said indignantly. "He's been waiting for me to get fed up?"

"Sort of," Mike said. "Dad's kind of different. He doesn't teach like your dad. Your mom and dad lecture a lot. My dad is quiet and a man of few words. You just wait till this Saturday. I'll tell him you're ready."

"You mean I've been set up?"

"No, not really, but maybe. Dad will explain on Saturday."

Waiting in Line on Saturday

I was ready to face Mike's dad. Even my real dad was angry with him. My real dad, the one I call the poor one, thought that my rich dad was violating child labor laws and should be investigated.

My educated, poor dad told me to demand what I deserve—at least 25 cents an hour. My poor dad told me that if I did not get a raise, I was to quit immediately.

"You don't need that damned job anyway," said my poor dad with indignation.

At eight o'clock Saturday morning, I walked through the door of Mike's house when Mike's dad opened it.

"Take a seat and wait in line," he said as I entered. He turned and disappeared into his little office next to a bedroom.

I looked around the room and didn't see Mike anywhere. Feeling awkward, I cautiously sat down next to the same two women who were there four weeks earlier. They smiled and slid down the couch to make room for me.

Forty-five minutes went by, and I was steaming. The two women had met with him and left 30 minutes earlier. An older gentleman was in there for 20 minutes and was also gone.

The house was empty, and here I sat in a musty, dark living room on a beautiful sunny Hawaiian day, waiting to talk to a cheapskate who exploited children. I could hear him rustling around the office, talking on the phone, and ignoring me. I was ready to walk out, but for some reason I stayed.

Finally, 15 minutes later, at exactly nine o'clock, rich dad walked out of his office, said nothing, and signaled with his hand for me to enter.

"I understand you want a raise, or you're going to quit," rich dad said as he swiveled in his office chair.

"Well, you're not keeping your end of the bargain," I blurted out, nearly in tears. It was really frightening for me to confront a grown-up.

"You said that you would teach me if I worked for you. Well, I've worked for you. I've worked hard. I've given up my baseball games to work for you, but you haven't kept your word, and you haven't taught

me anything. You are a crook like everyone in town thinks you are. You're greedy. You want all the money and don't take care of your employees. You made me wait and don't show me any respect. I'm only a little boy, but I deserve to be treated better."

Rich dad rocked back in his swivel chair, hands up to his chin, and stared at me.

"Not bad," he said. "In less than a month, you sound like most of my employees."

"What?" I asked. Not understanding what he was saying, I continued with my grievance. "I thought you were going to keep your end of the bargain and teach me. Instead you want to torture me? That's cruel. That's really cruel."

"I am teaching you," rich dad said quietly.

"What have you taught me? Nothing!" I said angrily. "You haven't even talked to me once since I agreed to work for peanuts. Ten cents an hour. Hah! I should notify the government about you. We have child labor laws, you know. My dad works for the government, you know."

"Wow!" said rich dad. "Now you sound just like most of the people who used to work for me—people I've either fired or who have quit."

"So what do you have to say?" I demanded, feeling pretty brave for a little kid. "You lied to me. I've worked for you, and you have not kept your word. You haven't taught me anything."

"How do you know that I've not taught you anything?" asked rich dad calmly.

"Well, you've never talked to me. I've worked for three weeks and you have not taught me anything," I said with a pout.

"Does teaching mean talking or a lecture?" rich dad asked.

"Well, yes," I replied.

"That's how they teach you in school," he said, smiling. "But that is not how life teaches you, and I would say that life is the best teacher of all. Most of the time, life does not talk to you. It just sort of pushes you around. Each push is life saying, 'Wake up. There's something I want you to learn.'"

“What is this man talking about?” I asked myself silently. “Life pushing me around was life talking to me?” Now I knew I had to quit my job. I was talking to someone who needed to be locked up.

“If you learn life’s lessons, you will do well. If not, life will just continue to push you around. People do two things. Some just let life push them around. Others get angry and push back. But they push back against their boss, or their job, or their husband or wife. They do not know it’s life that’s pushing.”

I had no idea what he was talking about.

“Life pushes all of us around. Some people give up and others fight. A few learn the lesson and move on. They welcome life pushing them around. To these few people, it means they need and want to learn something. They learn and move on. Most quit, and a few like you fight.”

Rich dad stood and shut the creaky old wooden window that needed repair. “If you learn this lesson, you will grow into a wise, wealthy, and happy young man. If you don’t, you will spend your life blaming a job, low pay, or your boss for your problems. You’ll live life always hoping for that big break that will solve all your money problems.”

Rich dad looked over at me to see if I was still listening. His eyes met mine. We stared at each other, communicating through our eyes. Finally, I looked away once I had absorbed his message. I knew he was right. I was blaming him, and I did ask to learn. I was fighting.

Rich dad continued, “Or if you’re the kind of person who has no guts, you just give up every time life pushes you. If you’re that kind of person, you’ll live all your life playing it safe, doing the right things, saving yourself for some event that never happens. Then you die a boring old man. You’ll have lots of friends who really like you because you were such a nice hardworking guy. But the truth is that you let life push you into submission. Deep down you were terrified of taking risks. You really wanted to win, but the fear of losing was greater than the excitement of winning. Deep inside, you and only you will know you didn’t go for it. You chose to play it safe.”

Our eyes met again.

“You’ve been pushing me around?” I asked.

“Some people might say that,” smiled rich dad. “I would say that I just gave you a taste of life.”

“What taste of life?” I asked, still angry, but now curious and ready to learn.

“You boys are the first people who have ever asked me to teach them how to make money. I have more than 150 employees, and not one of them has asked me what I know about money. They ask me for a job and a paycheck, but never to teach them about money. So most will spend the best years of their lives working for money, not really understanding what it is they are working for.”

I sat there listening intently.

“So when Mike told me you wanted to learn how to make money, I decided to design a course that mirrored real life. I could talk until I was blue in the face, but you wouldn’t hear a thing. So I decided to let life push you around a bit so you could hear me. That’s why I only paid you 10 cents.”

“So what is the lesson I learned from working for only 10 cents an hour?” I asked. “That you’re cheap and exploit your workers?”

Rich dad rocked back and laughed heartily. Finally he said, “You’d best change your point of view. Stop blaming me and thinking I’m the problem. If you think I’m the problem, then you have to change me. If you realize that you’re the problem, then you can change yourself, learn something, and grow wiser. Most people want everyone else in the world to change but themselves. Let me tell you, it’s easier to change yourself than everyone else.”

“I don’t understand,” I said.

“Don’t blame me for your problems,” rich dad said, growing impatient.

“But you only pay me 10 cents.”

“So what are you learning?” rich dad asked, smiling.

“That you’re cheap,” I said with a sly grin.

“See, you think I’m the problem,” said rich dad.

“But you are.”

“Well, keep that attitude and you’ll learn nothing. Keep the attitude that I’m the problem and what choices do you have?”

“Well, if you don’t pay me more or show me more respect and teach me, I’ll quit.”

“Well put,” rich dad said. “And that’s exactly what most people do. They quit and go looking for another job, a better opportunity, and higher pay, actually thinking that this will solve the problem. In most cases, it won’t.”

“So what should I do?” I asked. “Just take this measly 10 cents an hour and smile?”

Rich dad smiled. “That’s what the other people do. But that’s all they do, waiting for a raise thinking that more money will solve their problems. Most just accept it, and some take a second job working harder, but again accepting a small paycheck.”

I sat staring at the floor, beginning to understand the lesson rich dad was presenting. I could sense it was a taste of life. Finally, I looked up and asked, “So what will solve the problem?”

“This,” he said, leaning forward in his chair and tapping me gently on the head. “This stuff between your ears.”

It was at that moment that rich dad shared the pivotal point of view that separated him from his employees and my poor dad—and led him to eventually become one of the richest men in Hawaii, while my highly educated but poor dad struggled financially all his life. It was a singular point of view that made all the difference over a lifetime.

Rich dad explained this point of view over and over, which I call lesson number one: *The poor and the middle class work for money. The rich have money work for them.*

On that bright Saturday morning, I learned a completely different point of view from what I had been taught by my poor dad. At the age of nine, I understood that both dads wanted me to learn. Both dads encouraged me to study, but not the same things.

My highly educated dad recommended that I do what he did. “Son, I want you to study hard, get good grades, so you can find a safe, secure job with a big company. And make sure it has excellent benefits.” My rich dad wanted me to learn how money works so I could make it work for me.

These lessons I would learn through life with his guidance, not because of a classroom.

My rich dad continued my first lesson, “I’m glad you got angry about working for 10 cents an hour. If you hadn’t got angry and had simply accepted it, I would have to tell you that I could not teach you. You see, true learning takes energy, passion, and a burning desire. Anger is a big part of that formula, for passion is anger and love combined. When it comes to money, most people want to play it safe and feel secure. So passion does not direct them. Fear does.”

“So is that why they’ll take jobs with low pay?” I asked.

“Yes,” said rich dad. “Some people say I exploit people because I don’t pay as much as the sugar plantation or the government. I say the people exploit themselves. It’s their fear, not mine.”

“But don’t you feel you should pay them more?” I asked.

“I don’t have to. And besides, more money will not solve their problems. Just look at your dad. He makes a lot of money, and he still can’t pay his bills. Most people, given more money, only get into more debt.”

“So that’s why the 10 cents an hour,” I said, smiling. “It’s a part of the lesson.”

“That’s right,” smiled rich dad. “You see, your dad went to school and got an excellent education, so he could get a high-paying job. But he still has money problems because he never learned anything about money in school. On top of that, he believes in working for money.”

“And you don’t?” I asked.

“No, not really,” said rich dad. “If you want to learn to work for money, then stay in school. That is a great place to learn to do that. But if you want to learn how to have money work for you, then I will teach you that. But only if you want to learn.”

Chapter One: Lesson 1

“Wouldn’t everyone want to learn that?” I asked.

“No,” said rich dad, “simply because it’s easier to learn to work for money, especially if fear is your primary emotion when the subject of money is discussed.”

“I don’t understand,” I said with a frown.

“Don’t worry about that for now. Just know that it’s fear that keeps most people working at a job: the fear of not paying their bills, the fear of being fired, the fear of not having enough money, and the fear of starting over. That’s the price of studying to learn a profession or trade, and then working for money. Most people become a slave to money—and then get angry at their boss.”

“Learning to have money work for you is a completely different course of study?” I asked.

“Absolutely,” rich dad answered. “Absolutely.”

We sat in silence on that beautiful Hawaiian Saturday morning. My friends had just started their Little League baseball game, but for some reason I was now thankful I had decided to work for 10 cents an hour. I sensed that I was about to learn something my friends wouldn’t learn in school.

“Ready to learn?” asked rich dad.

“Absolutely,” I said with a grin.

“I have kept my promise. I’ve been teaching you from afar,” my rich dad said. “At nine years old, you’ve gotten a taste of what it feels like to work for money. Just multiply your last month by fifty years and you will have an idea of what most people spend their life doing.”

“I don’t understand,” I said.

“How did you feel waiting in line to see me, once to get hired and once to ask for more money?”

“Terrible,” I said.

“If you choose to work for money, that is what life will be like,” said rich dad.

“And how did you feel when Mrs. Martin dropped three dimes in your hand for three hours of work?”

"I felt like it wasn't enough. It seemed like nothing. I was disappointed," I said.

"And that is how most employees feel when they look at their paychecks—especially after all the tax and other deductions are taken out. At least you got 100 percent."

"You mean most workers don't get paid everything?" I asked with amazement.

"Heavens no!" said rich dad. "The government always takes its share first."

"How do they do that?" I asked.

"Taxes," said rich dad. "You're taxed when you earn. You're taxed when you spend. You're taxed when you save. You're taxed when you die."

"Why do people let the government do that to them?"

"The rich don't," said rich dad with a smile. "The poor and the middle class do. I'll bet you that I earn more than your dad, yet he pays more in taxes."

"How can that be?" I asked. At my age, that made no sense to me.
"Why would someone let the government do that to them?"

Rich dad rocked slowly and silently in his chair, just looking at me.

"Ready to learn?" he asked.

I nodded my head slowly.

"As I said, there is a lot to learn. Learning how to have money work for you is a lifetime study. Most people go to college for four years, and their education ends. I already know that my study of money will continue over my lifetime, simply because the more I find out, the more I find out I need to know. Most people never study the subject. They go to work, get their paycheck, balance their checkbooks, and that's it. Then they wonder why they have money problems. They think that more money will solve the problem and don't realize that it's their lack of financial education that is the problem."

"So my dad has tax problems because he doesn't understand money?" I asked, confused.

“Look,” said rich dad, “taxes are just one small section on learning how to have money work for you. Today, I just wanted to find out if you still have the passion to learn about money. Most people don’t. They want to go to school, learn a profession, have fun at their work, and earn lots of money. One day they wake up with big money problems, and then they can’t stop working. That’s the price of only knowing how to work for money instead of studying how to have money work for you. So do you still have the passion to learn?” asked rich dad.

I nodded my head.

“Good,” said rich dad. “Now get back to work. This time, I will pay you nothing.”

“What?” I asked in amazement.

“You heard me. Nothing. You will work the same three hours every Saturday, but this time you will not be paid 10 cents per hour. You said you wanted to learn to not work for money, so I’m not going to pay you anything.”

I couldn’t believe what I was hearing.

“I’ve already had this conversation with Mike and he’s already working, dusting and stacking canned goods for free. You’d better hurry and get back there.”

“That’s not fair,” I shouted. “You’ve got to pay something!”

“You said you wanted to learn. If you don’t learn this now, you’ll grow up to be like the two women and the older man sitting in my living room, working for money and hoping I don’t fire them. Or like your dad, earning lots of money only to be in debt up to his eyeballs, hoping more money will solve the problem. If that’s what you want, I’ll go back to our original deal of 10 cents an hour. Or you can do what most adults do: Complain that there is not enough pay, quit, and go looking for another job.”

“But what do I do?” I asked.

Rich dad tapped me on the head. “Use this,” he said. “If you use it well, you will soon thank me for giving you an opportunity and you will grow into a rich man.”

I stood there, still not believing what a raw deal I was handed. I came to ask for a raise, and somehow I was instead working for nothing.

Rich dad tapped me on the head again and said, “Use this. Now get out of here and get back to work.”

Lesson #1: The Rich Don’t Work for Money

I didn’t tell my poor dad I wasn’t being paid. He wouldn’t have understood, and I didn’t want to try to explain something I didn’t understand myself.

For three more weeks, Mike and I worked three hours every Saturday for nothing. The work didn’t bother me, and the routine got easier, but it was the missed baseball games and not being able to afford to buy a few comic books that got to me.

Rich dad stopped by at noon on the third week. We heard his truck pull up in the parking lot and sputter when the engine was turned off. He entered the store and greeted Mrs. Martin with a hug. After finding out how things were going in the store, he reached into the ice-cream freezer, pulled out two bars, paid for them, and signaled to Mike and me.

“Let’s go for a walk, boys.”

We crossed the street, dodging a few cars, and walked across a large grassy field where a few adults were playing softball. Sitting down at a lone picnic table, he handed Mike and me the treats.

“How’s it going, boys?”

“Okay,” Mike said.

I nodded in agreement.

“Learn anything yet?” rich dad asked.

Mike and I looked at each other, shrugged our shoulders, and shook our heads in unison.

Avoiding One of Life’s Biggest Traps

“Well, you boys had better start thinking. You’re staring at one of life’s biggest lessons. If you learn it, you’ll enjoy a life of great freedom

and security. If you don't, you'll wind up like Mrs. Martin and most of the people playing softball in this park. They work very hard for little money, clinging to the illusion of job security and looking forward to a three-week vacation each year and maybe a skimpy pension after forty-five years of service. If that excites you, I'll give you a raise to 25 cents an hour."

"But these are good hardworking people. Are you making fun of them?" I demanded.

A smile came over rich dad's face.

"Mrs. Martin is like a mother to me. I would never be that cruel. I may sound unkind because I'm doing my best to point something out to the two of you. I want to expand your point of view so you can see something most people never have the benefit of seeing because their vision is too narrow. Most people never see the trap they are in."

Mike and I sat there, uncertain of his message. He sounded cruel, yet we could sense he was trying to drive home a point.

With a smile, rich dad said, "Doesn't that 25 cents an hour sound good? Doesn't it make your heart beat a little faster?"

I shook my head no, but it really did. Twenty-five cents an hour would be big bucks to me.

"Okay, I'll pay you a dollar an hour," rich dad said, with a sly grin.

Now my heart started to race. My brain was screaming, "Take it. Take it." I could not believe what I was hearing. Still, I said nothing.

"Okay, two dollars an hour."

My little brain and heart nearly exploded. After all, it was 1956 and being paid \$2 an hour would have made me the richest kid in the world. I couldn't imagine earning that kind of money. I wanted to say yes. I wanted the deal. I could picture a new bicycle, new baseball glove, and the adoration of my friends when I flashed some cash. On top of that, Jimmy and his rich friends could never call me poor again. But somehow my mouth stayed shut.

The ice cream had melted and was running down my hand. Rich dad was looking at two boys staring back at him, eyes wide open and brains empty. He was testing us, and he knew there was a part of our

emotions that wanted to take the deal. He understood that every person has a weak and needy part of their soul that can be bought, and he knew that every individual also had a part of their soul that was resilient and could never be bought. It was only a question of which one was stronger.

“Okay, five dollars an hour.”

Suddenly I was silent. Something had changed. The offer was too big and ridiculous. Not many grown-ups in 1956 made more than that, but quickly my temptation disappeared, and calm set in. Slowly, I turned to my left to look at Mike. He looked back at me. The part of my soul that was weak and needy was silenced. The part of me that

had no price took over. I knew Mike had gotten to that point too.

“Good,” rich dad said softly. “Most people have a price. And they have a price because of human emotions named fear and greed. First, the fear of being

without money motivates us to work hard, and then once we get that paycheck, greed or desire starts us thinking about all the wonderful things money can buy. The pattern is then set.”

“What pattern?” I asked.

“The pattern of get up, go to work, pay bills; get up, go to work, pay bills. People’s lives are forever controlled by two emotions: fear and greed. Offer them more money and they continue the cycle by increasing their spending. This is what I call the Rat Race.”

“There is another way?” Mike asked.

“Yes,” said rich dad slowly. “But only a few people find it.”

“And what is that way?” Mike asked.

“That’s what I hope you boys will learn as you work and study with me. That is why I took away all forms of pay.”

“Any hints?” Mike asked. “We’re kind of tired of working hard, especially for nothing.”

“Well, the first step is telling the truth,” said rich dad.

“We haven’t been lying,” I said.

“I did not say you were lying. I said to tell the truth,” rich dad retorted.

“The truth about what?” I asked.

“How you’re feeling,” rich dad said. “You don’t have to say it to anyone else. Just admit it to yourself.”

“You mean the people in this park, the people who work for you, Mrs. Martin, they don’t do that?” I asked.

“I doubt it,” said rich dad. “Instead, they feel the fear of not having money. They don’t confront it logically. They react emotionally instead of using their heads,” rich dad said. “Then, they get a few bucks in their hands and again, the emotions of joy, desire, and greed take over. And again they react, instead of think.”

“So their emotions control their brain,” Mike said.

“That’s correct,” said rich dad. “Instead of admitting the truth about how they feel, they react to their feelings and fail to think. They feel the fear so they go to work, hoping that money will soothe the fear, but it doesn’t. It continues to haunt them and they return to work, hoping again that money will calm their fears, and again it doesn’t. Fear keeps them in this trap of working, earning money, working, earning money, hoping the fear will go away. But every day they get up, and that old fear wakes up with them. For millions of people that old fear keeps them awake all night, causing a night of turmoil and worry. So they get up and go to work, hoping that a paycheck will kill that fear gnawing at their soul. Money is running their lives, and they refuse to tell the truth about that. Money is in control of their emotions and their souls.”

Rich dad sat quietly, letting his words sink in. Mike and I heard what he said but didn’t understand fully what he was talking about. I just knew that I often wondered why grown-ups hurried off to work. It did not seem like much fun, and they never looked that happy, but something kept them going.

Realizing we had absorbed as much as possible of what he was talking about, rich dad said, “I want you boys to avoid that trap. That is really what I want to teach you. Not just to be rich, because being rich does not solve the problem.”

"It doesn't?" I asked, surprised.

"No, it doesn't. Let me explain the other emotion: desire. Some call it greed, but I prefer desire. It's perfectly normal to desire something better, prettier, more fun, or exciting. So people also work for money because of desire. They desire money for the joy they think it can buy. But the joy that money brings is often short-lived, and they soon need more money for more joy, more pleasure, more comfort, and more security. So they keep working, thinking money will soothe their souls that are troubled by fear and desire. But money can't do that."

"Even rich people do this?" Mike asked.

"Rich people included," said rich dad. "In fact, the reason many rich people are rich isn't because of desire, but because of fear. They believe that money can eliminate the fear of being poor, so they amass tons of it, only to find the fear gets worse. Now they fear losing the money. I have friends who keep working even though they have plenty. I know people who have millions who are more afraid now than when they were poor. They're terrified of losing it all. The fears that drove them to get rich got worse. That weak and needy part of their soul is actually screaming louder. They don't want to lose the big houses, the cars and the high life money has bought them. They worry about what their friends would say if they lost all their money. Many are emotionally desperate and neurotic, although they look rich and have more money."

"So is a poor man happier?" I asked.

"No, I don't think so," replied rich dad. "The avoidance of money is just as psychotic as being attached to money."

As if on cue, the town derelict went past our table, stopping by the large rubbish can and rummaging around in it. The three of us watched him with great interest, when before we probably would have just ignored him.

Rich dad pulled a dollar out of his wallet and gestured to the older man. Seeing the money, the derelict came over immediately, took the bill, thanked rich dad profusely, and hurried off, ecstatic with his good fortune.

"He's not much different from most of my employees," said rich dad. "I've met so many people who say, 'Oh, I'm not interested in

money.’ Yet they’ll work at a job for eight hours a day. That’s a denial of truth. If they weren’t interested in money, then why are they working? That kind of thinking is probably more psychotic than a person who hoards money.”

As I sat there listening to my rich dad, my mind flashed back to the countless times my own dad said, “I’m not interested in money.”

*So many people say,
“Oh, I’m not
interested in money.”
Yet they’ll work
at a job for
eight hours a day.*

He said those words often. He also covered himself by always saying, “I work because I love my job.”

“So what do we do?” I asked. “Not work for money until all traces of fear and greed are gone?”

“No, that would be a waste of time,” said rich dad. “Emotions are what make

us human. The word ‘emotion’ stands for ‘energy in motion.’ Be truthful about your emotions and use your mind and emotions in your favor, not against yourself.”

“Whoa!” said Mike.

“Don’t worry about what I just said. It will make more sense in years to come. Just be an observer, not a reactor, to your emotions. Most people do not know that it’s their emotions that are doing the thinking. Your emotions are your emotions, but you have got to learn to do your own thinking.”

“Can you give me an example?” I asked.

“Sure,” replied rich dad. “When a person says, ‘I need to find a job,’ it’s most likely an emotion doing the thinking. Fear of not having money generates that thought.”

“But people do need money if they have bills to pay,” I said.

“Sure they do,” smiled rich dad. “All I’m saying is that it’s fear that is all too often doing the thinking.”

“I don’t understand,” said Mike.

“For example,” said rich dad. “If the fear of not having enough money arises, instead of immediately running out to get a job, they instead might ask themselves this question: ‘Will a job be the best

solution to this fear over the long run?' In my opinion, the answer is no. A job is really a short-term solution to a long-term problem."

"But my dad is always saying, 'Stay in school and get good grades, so you can find a safe, secure job,'" I interjected, somewhat confused.

"Yes, I understand he says that," said rich dad, smiling. "Most people recommend that, and it's a good path for most people. But people make that recommendation primarily out of fear."

"You mean my dad says that because he's afraid?"

"Yes," said rich dad. "He's terrified that you won't earn enough money and won't fit into society. Don't get me wrong. He loves you and wants the best for you. I too believe an education and a job are important, but it won't handle the fear. You see, that same fear that makes him get up in the morning to earn a few bucks is the fear that is causing him to be so fanatical about your going to school."

"So what do you recommend?" I asked.

"I want to teach you to master the power of money, instead of being afraid of it. They don't teach that in school and, if you don't learn it, you become a slave to money."

It was finally making sense. He wanted us to widen our views and to see what the Mrs. Martins of this world couldn't see. He used examples that sounded cruel at the time, but I've never forgotten them. My vision widened that day, and I began to see the trap that lay ahead for most people.

"You see, we're all employees ultimately. We just work at different levels," said rich dad. "I just want you boys to have a chance to avoid the trap caused by those two emotions, fear and desire. Use them in your favor, not against you. That's what I want to teach you. I'm not interested in just teaching you to make a pile of money. That won't handle the fear or desire. If you don't first handle fear and desire, and you get rich, you'll only be a highly paid slave."

"So how do we avoid the trap?" I asked.

"The main cause of poverty or financial struggle is fear and ignorance, not the economy or the government or the rich. It's self-inflicted fear and ignorance that keep people trapped. So you

Chapter One: Lesson 1

boys go to school and get your college degrees, and I'll teach you how to stay out of the trap."

The pieces of the puzzle were appearing. My highly educated dad had a great education and a great career, but school never told him how to handle money or his fear of it. It became clear that I could learn different and important things from two fathers.

"So you've been talking about the fear of not having money. How does the desire for money affect our thinking?" Mike asked.

"How did you feel when I tempted you with a pay raise? Did you notice your desires rising?"

We nodded our heads.

"By not giving in to your emotions, you were able to delay your reactions and think. That is important. We will always have emotions of fear and greed. From here on in, it's imperative for you to use those emotions to your advantage, and for the long term to not let your emotions control your thinking. Most people use fear and greed against themselves. That's the start of ignorance. Most people live their lives chasing paychecks, pay raises and job security because of the emotions of desire and fear, not really questioning where those emotion-driven thoughts are leading them. It's just like the picture of a donkey dragging a cart with its owner dangling a carrot just in front of its nose. The donkey's owner may be going where he wants to, but the donkey is chasing an illusion. Tomorrow there will only be another carrot for the donkey."

"You mean the moment I picture a new baseball glove, candy and toys, that's like a carrot to a donkey?" Mike asked.

"Yes, and as you get older, your toys get more expensive—a new car, a boat, and a big house to impress your friends," said rich dad with a smile. "Fear pushes you out the door, and desire calls to you. That's the trap."

"So what's the answer," Mike asked.

"What intensifies fear and desire is ignorance. That is why rich people with lots of money often have more fear the richer they get. Money is the carrot, the illusion. If the donkey could see the whole picture, it might rethink its choice to chase the carrot."

Rich dad went on to explain that a human's life is a struggle between ignorance and illumination.

He explained that once a person stops searching for information and self-knowledge, ignorance sets in. That struggle is a moment-to-moment decision—to learn to open or close one's mind.

"Look, school is very important. You go to school to learn a skill or profession to become a contributing member of society. Every culture needs teachers, doctors, mechanics, artists, cooks, businesspeople, police officers, firefighters, and soldiers. Schools train them so society can thrive and flourish," said rich dad. "Unfortunately, for many people school is the end, not the beginning."

There was a long silence. Rich dad was smiling. I didn't comprehend everything he said that day. But as with most great teachers, his words continued to teach for years.

"I've been a little cruel today," said rich dad. "But I want you to always remember this talk. I want you to always think of Mrs. Martin. And I want you always to remember that donkey. Never forget that fear and desire can lead you into life's biggest trap if you're not aware of them controlling your thinking. To spend your life living in fear, never exploring your dreams, is cruel. To work hard for money, thinking that it will buy you things that will make you happy is also cruel. To wake up in the middle of the night terrified about paying bills is a horrible way to live. To live a life dictated by the size of a paycheck is not really living a life. Thinking that a job makes you secure is lying to yourself. That's cruel, and that's the trap I want you to avoid. I've seen how money runs people's lives. Don't let that happen to you. Please don't let money run your life."

A softball rolled under our table. Rich dad picked it up and threw it back.

"So what does ignorance have to do with greed and fear?" I asked.

"Because it is ignorance about money that causes so much greed and fear," said rich dad. "Let me give you some examples. A doctor, wanting more money to better provide for his family, raises his fees. By raising his fees, it makes health care more expensive for everyone.

It hurts the poor people the most, so they have worse health than those with money. Because the doctors raise their fees, the attorneys raise their fees. Because the attorneys' fees have gone up, schoolteachers want a raise, which raises our taxes, and on and on and on. Soon there will be such a horrifying gap between the rich and the poor that chaos will break out and another great civilization will collapse. History proves that great civilizations collapse when the gap between the haves and have-nots is too great. Sadly, America is on that same course because we haven't learned from history. We only memorize historical dates and names, not the lesson."

"Aren't prices supposed to go up?" I asked.

"In an educated society with a well-run government, prices should actually come down. Of course, that is often only true in theory. Prices go up because of greed and fear caused by ignorance. If schools taught people about money, there would be more money and lower prices. But schools focus only on teaching people to work for money, not how to harness money's power."

"But don't we have business schools?" Mike asked. "And haven't you encouraged me to go for my MBA?"

"Yes," said rich dad. "But all too often business schools train employees to become sophisticated bean-counters. Heaven forbid a bean-counter takes over a business. All they do is look at the numbers, fire people, and kill the business. I know this because I hire bean-counters. All they think about is cutting costs and raising prices, which cause more problems. Bean-counting is important. I wish more people knew it, but it, too, is not the whole picture," added rich dad angrily.

"So is there an answer?" asked Mike.

"Yes," said rich dad. "Learn to use your emotions to think, not think with your emotions. When you boys mastered your emotions by agreeing to work for free, I knew there was hope. When you again resisted your emotions when I tempted you with more money, you were again learning to think in spite of being emotionally charged. That's the first step."

"Why is that step so important?" I asked.

"Well, that's up to you to find out. If you want to learn, I'll take you boys into the briar patch, a place almost everyone else avoids. If you go with me, you'll let go of the idea of working for money and instead learn to have money work for you."

"And what will we get if we go with you. What if we agree to learn from you? What will we get?" I asked.

"The same thing Brer Rabbit got," said rich dad, referring to the classic children's story.

"Is there a briar patch?" I asked.

"Yes," said rich dad. "The briar patch is our fear and greed. Confronting fear, weaknesses, and neediness by choosing our own thoughts is the way out."

"Choosing our thoughts?" Mike asked, puzzled.

"Yes. Choosing what we think rather than reacting to our emotions. Instead of just getting up and going to work because not having the money to pay your bills is scaring you, ask yourself, 'Is working harder at this the best solution to this problem?' Most people are too afraid to rationally think things through and instead run out the door to a job they hate. The Tar Baby is in control. That's what I mean by choosing your thoughts."

"And how do we do that?" Mike asked.

"That's what I will teach you. I'll teach you to have a choice of thoughts rather than a knee-jerk reaction, like gulping down your morning coffee and running out the door.

"Remember what I said before: A job is only a short-term solution to a long-term problem. Most people have only one problem in mind, and it's short-term. It's the bills at the end of the month, the Tar Baby. Money controls their lives, or should I say the fear and ignorance about money controls it. So they do as their parents did. They get up every day and go work for money, not taking the time to ask the question, 'Is there another way?' Their emotions now control their thinking, not their heads."

"Can you tell the difference between emotions thinking and the head thinking?" Mike asked.

“Oh, yes. I hear it all the time,” said rich dad. “I hear things like, ‘Well, everyone has to work.’ Or ‘The rich are crooks.’ Or ‘I’ll get another job. I deserve this raise. You can’t push me around.’ Or ‘I like this job because it’s secure.’ No one asks, ‘Is there something I’m missing here?’ which would break through the emotional thought and give you time to think clearly.”

As we headed back to the store, rich dad explained that the rich really did “make money.” They did not work for it. He went on to explain that when Mike and I were casting five-cent pieces out of lead, thinking we were making money, we were very close to thinking the way the rich think. The problem was that creating money is legal for the government and banks to do, but illegal for us to do. There are legal ways to create money from nothing, he told us.

Rich dad went on to explain that the rich know that money is an illusion, truly like the carrot for the donkey. It’s only out of fear and greed that the illusion of money is held together by billions of people who believe that money is real. It’s not. Money is really made up. It is only because of the illusion of confidence and the ignorance of the masses that this house of cards stands.

He talked about the gold standard that America was on, and that each dollar bill was actually a silver certificate. What concerned him was the rumor that we would someday go off the gold standard and our dollars would no longer be backed by something tangible.

“If that happens, boys, all hell will break loose. The poor, the middle class, and the ignorant will have their lives ruined simply because they will continue to believe that money is real and that the company they work for, or the government, will look after them.”

We really did not understand what he was saying that day, but over the years, it made more and more sense.

Seeing What Others Miss

As he climbed into his pickup truck outside his convenience store, rich dad said, “Keep working boys, but the sooner you forget about needing a paycheck, the easier your adult life will be. Keep using your

brain, work for free, and soon your mind will show you ways of making money far beyond what I could ever pay you. You will see things that other people never see. Most people never see these opportunities because they're looking for money and security, so that's all they get. The moment you see one opportunity, you'll see them for the rest of your life. The moment you do that, I'll teach you something else. Learn this, and you'll avoid one of life's biggest traps.

Mike and I picked up our things from the store and waved goodbye to Mrs. Martin. We went back to the park, to the same picnic bench, and spent several more hours thinking and talking.

We spent the next week at school thinking and talking, too. For two more weeks, we kept thinking, talking, and working for free.

At the end of the second Saturday, I was again saying goodbye to Mrs. Martin and looking at the comic-book stand with a longing gaze. The hard thing about not even getting 30 cents every Saturday was that I didn't have any money to buy comic books. Suddenly, as Mrs. Martin said goodbye to Mike and me, I saw her do something I'd never seen her do before.

Mrs. Martin was cutting the front page of the comic book in half. She kept the top half of the comic book cover and threw the rest of the book into a large cardboard box. When I asked her what she did with the comic books, she said, "I throw them away. I give the top half of the cover back to the comic-book distributor for credit when he brings in the new comics. He's coming in an hour."

Mike and I waited for an hour. Soon the distributor arrived, and I asked him if we could have the comic books. To my delight, he said, "You can have them if you work for this store and do not resell them."

Remember our old business partnership? Well, Mike and I revived it. Using a spare room in Mike's basement, we began piling hundreds of comic books in that room. Soon our comic-book library was open to the public. We hired Mike's younger sister, who loved to study, to be head librarian. She charged each child 10 cents admission to the library, which was open from 2:30 p.m. to 4:30 p.m. every day after school. The customers, the children of the neighborhood, could read as many

comics as they wanted in two hours. It was a bargain for them since a comic cost 10 cents each, and they could read five or six in two hours.

Mike's sister would check the kids as they left to make sure they weren't borrowing any comic books. She also kept the books, logging in how many kids showed up each day, who they were, and any comments they might have. Mike and I averaged \$9.50 per week over a three-month period. We paid his sister one dollar a week and allowed her to read the comics for free, which she rarely did since she was always studying.

Mike and I kept our agreement by working in the store every Saturday and collecting all the comic books from the different stores. We kept our agreement to the distributor by not selling any comic books. We burned them once they got too tattered. We tried opening a branch office, but we could never quite find someone as trustworthy and dedicated as Mike's sister. At an early age, we found out how hard it was to find good staff.

Three months after the library first opened, a fight broke out in the room. Some bullies from another neighborhood pushed their way in, and Mike's dad suggested we shut down the business. So our comic-book business shut down, and we stopped working on Saturdays at the convenience store. But rich dad was excited because he had new things he wanted to teach us. He was happy because we had learned our first lesson so well: We learned to make money work for us. By not getting paid for our work at the store, we were forced to use our imaginations to identify an opportunity to make money. By starting our own business, the comic-book library, we were in control of our own finances, not dependent on an employer. The best part was that our business generated money for us, even when we weren't physically there. Our money worked for us.

Instead of paying us money, rich dad had given us so much more.