

For teenagers, quality of life is directly related to current consumption. Even young adults are not yet able to plan for the future. They impulsively spend allowance, salary, and pocket money on goods that give immediate satisfaction. Saving and investing never even cross their minds.

From an economic perspective, saving today allows for increased future consumption. The ability to buy and consume more in the future should be a strong incentive for people to save money (Stiglitz). Today, one can buy a computer for a thousand dollars. After a few years of frugal saving and wise investment, one thousand may grow to one thousand five hundred dollars, the chance to buy a more powerful computer. Thus, "a dollar today is worth more than a dollar in the future," and this is the concept of the *time value of money* (Stiglitz 185). When an individual lends money to a bank, the bank pays interest to the individual, and this interest represents the opportunity cost of giving up that money (Falk). In effect, the bank compensates for the time the deposit holder spends without the money (Stiglitz). Over time, interest earnings accumulate, however small they may be. When millions of individuals deposit money, banks make important decisions that impact the wider community. The bank now has enough funds to lend money to support business investment and even social programs, which contribute to economic growth and human development. Thus, the individual is rewarded with more spending power in the future, and the economy benefits from the circulation of capital.

Both individuals and firms save money in order to invest for the future. In my own life, music is an important component of my education. The youth orchestra I play in does an exemplary job of saving for future opportunities. For many years, the orchestra's financial team held back money from the budget and put the amount into a savings account. The team had a clear goal in mind: a performance at Carnegie Hall in New York City. Such a trip presented

obvious costs: hotel rooms, meals, transportation, rent payments, and extra managerial help, among others. While the organization is non-profit and receives minimal financial support from the state, the orchestra managed to raise funds and invest them in promising enterprises. The opportunity cost of this investment included the inability to offer more scholarships to needy musicians. In addition, the orchestra could not pay for rentals of new music parts for rehearsals. If the organization had not invested the money, they would have been able to carry out these objectives. This was the opportunity cost borne by the orchestra.

After years of careful investment, the organization finally withdrew the money that had accumulated over time. The total amount had grown much larger through the accumulation of interest earnings. At that point, the orchestra received more satisfaction than if it had spent the money immediately without investing. Indeed, playing in a renowned concert hall and performing for thousands of people benefited the orchestra and its musicians in many ways. For one, listing a performance at Carnegie Hall on a resume opened many musical doors for students because it represented a high level of commitment and musicianship. The orchestra players also benefited from increased self-confidence. The high quality of their playing convinced them of their worth as students and musicians. And the orchestra's reputation was boosted, which has allowed it to continue to attract some of the best young musicians in the Washington area.

The best investment a young musician can make is for his instrument. As a violinist, I have learned that the quality of the violin determines sound production, projection, and stylistic timbre. As with most goods, the best instruments are the most expensive ones. When I started playing at the age of 6, I used a small, relatively cheap violin. At that time, I did not expend much time or effort on my musical studies. But over time I got better, and as I did so my family

invested in better, more expensive violins, allowing me to take full advantage of my new skills and giving me the confidence to perform.

After years of practicing and performing, music has become very important to me. I invest time and energy in order to improve. Now that I am older and have developed my technical skills, it is crucially important to play on a great instrument. Every year, my family puts away money that can eventually be used to pay for a better violin. I practice on my instrument now with the knowledge that a few years down the line I will be able to afford an even better violin. While my family invests money, I invest practice time with the expectation of a great performance. I spend hours practicing technique even though I could be watching television or studying more. But I know that the time and energy I invest now will pay off in the future—on the stage. During a performance, lack of preparation and lazy practice ruin the musical experience for the audience. Taking time to work out every fingering and bowing ensures that the performance will go perfectly. Thus, music has taught me the importance of saving up and preparing for a goal. I invest energy now in order to perform well in the future.

Works Consulted

http://www.richmondfed.org/publications/educator_resources/federal_reserve_today/index.cfm

Stiglitz, Joseph E. and Carl E. Walsh. Principles of Microeconomics. 3rd edition. W.W. Norton and Co., New York: 2002.

www.ayporchestras.org