



Nationwise

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ASK THE RIGHT QUESTION

During the campaigns, President Obama and the Republican wannabes have been bombarded with all kinds of questions.

But to date, no one has asked really big question.

“Who will your key advisors be?”

For history has shown that the difference between success and failure more often lies in the nature of the key advisors than in the President himself.

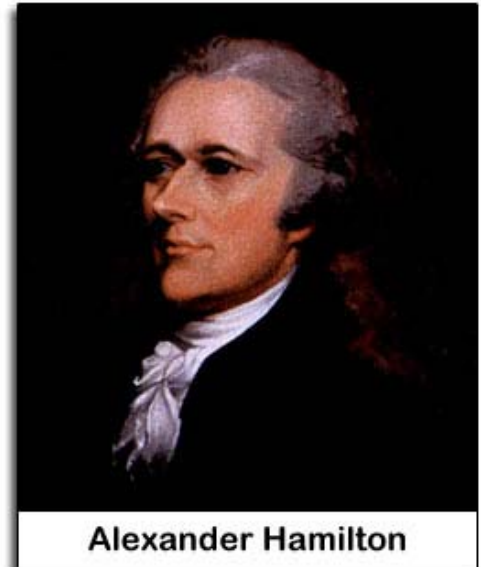
Let’s look at a few examples.

George Washington took office facing a financial catastrophe. The fledgling republic was heavily indebted to Europe and had no means of raising money or borrowing more.

Washington could have appointed Thomas Jefferson to be the first Secretary of the Treasury. If he had, the country would have fallen into ruin, similar to that which plagued China at the time of the Boxer Rebellion. England, France and Holland would have chewed off U.S. properties as payments for defaulted debts. You see, Jefferson believed in the supremacy of the states and wanted a weak central government. To him, a strong central bank was a repugnant idea.

But luckily for all of us, Washington chose Alexander Hamilton – a man who believed in a strong central government, one which could be trusted to pay its debts. Hamilton created the first national bank with a 20 year charter. This action allowed the government to raise money and instilled confidence in our European debtors – thus saving our new country from financial collapse and dissolution.

President Andrew Jackson hated the industrial revolution and the growth of cities. Like Jefferson, he visualized a nation made up of small towns separated by farms and forests. He blamed Hamilton’s bank for our rapid industrialization and – against all advice – destroyed it by removing the government’s hard currency and distributing it to local banks. This action created a huge bubble, which blew up in 1837 and caused the country great harm. The Senate censured Jackson despite his great popularity.



Alexander Hamilton

Jackson's successor, President Polk, on advice of his chief advisor (Mrs. Polk), moved quickly to create a new treasury system and a new national bank – actions which rescued the country from financial ruin. With strong urging from his “manifest destiny”-oriented wife, he warred militarily against Mexico and diplomatically against England. He succeeded in making America a continental nation with the additional one million square miles of territory stretching west and northwest from Texas to Washington State.

Abraham Lincoln was famous for creating a cabinet made up of rivals. But his most desperate task was to fight a war, something his political rivals had no experience in. He chose General McClellan as his key advisor. The General was brilliant at organizing and drilling the new Federal army, but he was afraid to fight. It took two years for Lincoln to realize the problem and find generals who would fight – Grant, Sheridan and Sherman. A bad military advisor caused what should have been a two-year civil war to stretch out to four years.

In contrast, President Franklin Roosevelt chose the right key advisor – General George Marshall – for our war effort following Pearl Harbor. Marshall threw out the worthless political generals and promoted young Turks like Eisenhower, Patton, Bradley, Nimitz, Leahy and Fuller. He even brought MacArthur back from retirement. In a short period of time, our newly built army was landing in North Africa and our navy was winning a huge victory against vastly superior Japanese naval forces at Midway. Without General Marshall, the wars in Europe and in the Pacific would have been longer and much more painful.

President Andrew Johnson was our first impeached President. But he had a great advisor in Secretary of State William H. Seward, who championed the purchase of Alaska from Imperial Russia in 1867. Alaska was a great natural resources buy and an even greater strategic buy. (Revisit the cold war with Soviet planes based in Alaska instead of the U.S. Strategic Air Command.)

When George W. Bush was running for his first term, everyone knew who his chief advisor would be – Vice President Dick Cheney. Cheney's first-term advice led Bush to become arguably the worst president in history. He did much harm. At the start of Bush's presidency, the world debated the question: “Should the United States become policeman to the world?” By the end of his first term, Bush had proven that the U.S. could not even be policeman to Bagdad. Our highly respected and feared world image had collapsed.

Barack Obama chose his inner circle of advisors before he assumed office. When he asked them to choose the key priority for his first year, the results were astounding. The majority said “healthcare,” while the minority pushed “global warming.” They said this in the midst of the worst economic crisis facing the nation since the Great Depression. (But then again, they all had nice, cushy jobs.)

Eventually Obama would have to appoint financial advisors. He was given two choices – a heavyweight team and a lightweight team. “Team Heavy” was led by Paul Volcker, who was the highly successful Federal Reserve Chairman under Presidents Carter and Reagan – the man who rescued the country from malaise and stagflation. The lightweight team was led by Timothy Geithner, who had no important accomplishments in his resume.

To everyone's surprise, Obama chose Geithner. Veteran Democratic Senator Byron Dorgan confronted the President-elect and exclaimed, "You've appointed the wrong people. I don't understand how you could do this. Senator, you've appointed the wrong people!"

Tragically for America, Dorgan was right. Geithner and Federal Reserve Chairman Bernanke have added \$4 trillion to the national debt without accomplishing anything good. The banks which were "too big to fail" are now really, really too big to fail. And we have moved within three or four years of becoming another financial Greece.

Politicians once said they don't want the debt to hurt their children. That was before Bush and Obama. Now we face a situation where the parents will be crushed long before their children are.

During the rest of the campaign, we must demand to know who will be the key advisors for each candidate. Our twin problems – debt and jobs – are so huge and out of control that we had better start pestering the candidates on the question that really matters:

Who will your key economic advisors be?

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