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Government Promotions And Failures



"Bankers to get keys to the kingdom"

"Senior policymakers from the Group of 20 nations, led by Washington, are likely to agree this week to give their central bankers more power to ensure there's no return of the type of credit crisis that has rocked the global financial system.

That is no surprise, experts say, because central banks are endowed with the skill and know-how to detect asset bubbles and act accordingly. And for the most part, their role in stabilizing the current global crisis has been applauded."

– Financial Post, March 30, 2009

"The truth is that Fed governors, together with their crack staff of Ph.D economists and market analysts, are as close to an economic dream team as we are ever likely to see."

– Gregory Mankiw, Harvard economist and textbook author,
New York Times, December 23, 2007

In the US, there have been three experiments in central banking. The charter of the **First Bank of the United States** expired in 1811.

On The 1819 Financial Crash

The failure of the **Second Bank of the United States** occurred with the crash in the fall of 1819.

Essentially newspapers and congress were more responsible than now and asked how would society benefit by bailing out "*those who failed from an ignorance of their business, and the want of prudence and economy*"?

The **New-York Commercial Advertiser** lampooned:

*There is a cause, we needs must own,
Why much distress and want are known:
Extravagance – our country's bane,
Is spread o'er city, town, and plain:
To dress, to visit, and to play,
To get in debt, and run away,
Are common vices of the day.*

Then on January 1, 1820, the **New-York Evening Post** published:

*Old "Uncle Sam," in chasing bubbles,
Has jump'd into a pack of troubles,
Troubles, 'tis said, which sorely vex him,
And which 'tis feared will much perplex him.*

That the third US central bank is a failure of promises has yet to be widely accepted, but when it is, we hope it inspires some equally appropriate wit.