

Three Money Lessons From George Washington.

Three money lessons from George Washington? *Seriously?*

Well, who better to inspire us to keep Fourth of July in our thoughts all month long? I decided to revisit the fortuitous saga of Washington, a solid reminder of the blood spilled and sacrifices made to form our nation.

Naturally, I turn everything into a money lesson!

Long ago, a boy yearned to be a British officer. Instead, while other children were at play, doing what children do, Washington gravitated to the rigorous study of famous battles. Studying was *recreation to him*.

He lived the victories and defeats. With extraordinary precision, a young George envisioned and documented battle strategies he would have taken to turn the tide and win losing engagements.

Washington possessed an indomitable fire fed by love for his home country. In his view, **Britain** was an honorable, unstoppable world force. Early on in childhood, the plan was to be an English patriot: He was ready, perhaps even anxious, to fight and die for king and country.

What changed Washington's mind? What turned him?

So, what series of events occurred that drenched a searing heat of unstoppable love, dedication, and passion for a home country into the ice of disappointment? How did a boy and young man eager to die for king and country turn and become the father of a free nation?

A promotional banner for the 'Real Investment Show' with Lance Roberts. It features a portrait of Lance Roberts on the left, an orange background with the show title and host name in the middle, and a black background with the show's schedule and a 'Get it now' link on the right.

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This is the fiber of memorable films!

How does a passionate believer morph into a combatant against his first and greatest love? What does that do to a person inside? Did Washington mourn? Resolve his inner conflicts? I have so many questions. The man's love turned into hate, eventually dispassion, and he was motivated to fight against a country he perceived as an oppressor of people he loved. *The inner turbulence is the stuff of great moviemaking!*

Virginians were recruited first. Then the movement grew to a scraggy mess of compatriots. They were the Americans who took on the fight to slay a beast 100x the size. The recruits sacrificed all to keep the cause alive until the French arrived.

Listen, I couldn't create a fictional drama character or develop a protagonist for a full-length feature film as perfect as the circumstances which forged Mr. Washington's dramatic need.

A change of heart so striking, men with less resolve would have folded or disappeared into private life, never to be heard from again. Washington did indeed do just that for a period. Then, at 27, he retired from military service to Mount Vernon to become an innovator at agricultural techniques founded by farming expert Jethro Tull.

What was Washington's motivation?

He was a man who believed a false truth about England. Subsequently, he encountered a series of adverse circumstances (some emotionally devastating), continually confronting and breaking down his beliefs. Concurrently, an alternate view began to stir. This man didn't want to admit the truth at first and denies it *until that one, last devastating personal setback. So Washington retrenches, only to emerge different, beholden by a new truth.*

Admittedly, this is the formula for every great fictional protagonist ever created. John Wick, Maximus from Gladiator, Benjamin Martin in The Patriot (still one of my favorite movies!). Every fictional story is, in some part, another's reality. I'm sure we all know people who have overcome obstacles that would have broken others.

Speaking of fiction:

The stock market is great fiction. Prices of stocks are based on stories and those who get sucked into them. Supply and demand of stories, possibilities, hopes. Some homework but today mostly fiction.

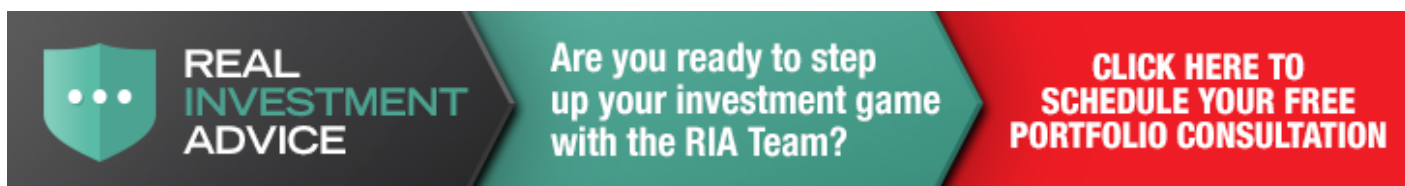
So, how and why did Washington change so radically? What can we learn from his experiences?

Washington understood the value of retreat, recovery and resiliency.

The strategist in him embraced retreat. George Washington avoided major engagements until he felt the opportunity was right. On occasion, it was never right, and he needed to re-group and find an alternative plan to victory. There was no ego in the decision-making. It was all about the ultimate victory. Self-preservation and those of his men were paramount. Live to fight another day. Ostensibly, small victories, consistent flanking attacks forged morale for a ragtag army that at times didn't even possess shoes.

Britain scorned Washington numerous times, turning him down for major battles. A tremendous disappointment.

In 1754, British leaders galvanized against Washington. At the Forks of Ohio not far from Fort Duquesne (occupied by the French), Washington, an officer in the British Army along with men, marched through the mountainous and dangerous terrain of Maryland and Pennsylvania and met up with a band of Iroquois to confront a French party of 35 men, fifty-five miles from the Forks.



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Washington suffers a big setback.

What Washington perceived as his contribution to the first battle between two of Europe's greatest empires turned out to be an eventual well-publicized massacre of diplomatic messengers. One of

the messengers named Jumonville was carrying a letter which was to be delivered to English authorities declaring Ohio Country as French territory. Instead, he was the first to be slaughtered by the Iroquois.

The attack was particularly gruesome and later didn't write well in periodicals back in the home country, especially due to the brutality of the Indians who split open French scalps with tomahawks and rinsed their hands in victims' brains.

As Russell Shorto wrote in his impressive tome [? Revolution Song](#), *?The event, the series of fateful missteps by an inexperienced provincial officer, whose signatures carried the official weight of the British Empire, meant that for the first time an event in North America would trigger a war in Europe.?*

Back to the battle: It was only a matter of time before more than 1,000 French soldiers back at the Fork would know of the combat and seek to attack. Washington retreated with 400 men to a wide meadow and built a makeshift fort in the middle of it to await the next encounter.

The French militia head-up ironically by the brother of Jumonville, passed through the gruesome massacre, now even more motivated to confront Washington and his men. With a swift and diligent attack, the French took positions behind trees, rocks and precisely began to pick off Washington's group. They killed more than 100, forcing Washington's hand to surrender.

Military protocol at the time required George Washington to surrender in writing. The French drafted a document. Washington signed it.

What the father of our country didn't understand was that he was placing his name on a document that referenced the 'assassination' of Jumonville. Washington believed the document referenced the death of the French leader, not an assassination. Unfortunately, it was probably due to the lack of skills by a novice interpreter. No matter. Washington signed a document of admission to the assassination, which made the battle even more repulsive to the British.

To make matters worse (can you imagine?), a letter Washington wrote to his brother bragging about the encounter, referencing how the whistle of bullets to be a 'charming sound,' was exposed and published in London Magazine.

A prominent writer portrayed Washington as foolish and the consequences dire *?The volley fired by a young Virginian in the backwoods of America set the world on fire.?*

I'm not sure about you, but this series of events would have convinced me to leave the military and never be seen or heard from again. And Washington did indeed do so. For a bit. He went straight to the earth and pondered a new life as a gentleman farmer. He learned to grow tobacco on a commercial scale. A voracious reader, Washington grew to be a student of several heady topics, including the law.

So, how do we take in what Washington experienced, how he reacted and reinvented? Obviously, he was a Stoic in the making; also, a student of the German philosopher Nietzsche without knowing, either.

It was just who he was.

Nietzsche described human greatness as:

"Amor Fati or love of fate. Don't bear what is necessary but love it."

Marcus Aurelius said:

?A blazing fire makes flame and brightness out of everything that?s thrown at it.?

Epictetus lamented:

?Do not seek for things to happen the way you want them to; rather, wish that what happens happen the way it happens. Then you will be happy.?

Washington was an empath.

He felt the pain of others. Britain's Stamp Act and taxation forced oppression upon his brethren and denied him and his fellow man the freedom to prosper.

Thus, the rest is history. The man who loved and wanted so much to be loved by the British found a new and greater love, a bigger mission, a higher calling. Mostly from a great setback. Just like those incredible characters in films and series we are hooked on.

A non-fictional American story that resonates today.

At the time of his death in 1799, Washington?s estate was worth roughly \$780,000, and that doesn?t include the valuation of his 7,000 acres at Mount Vernon. He was ranked as one of the richest colonialists. However, that wasn?t always the case. His finances dramatically ebbed and flowed. There were times in his life Washington was *?land rich, cash poor.?*

So, what lessons can we take from Washington?s life, good and bad? Here are 3 to consider.

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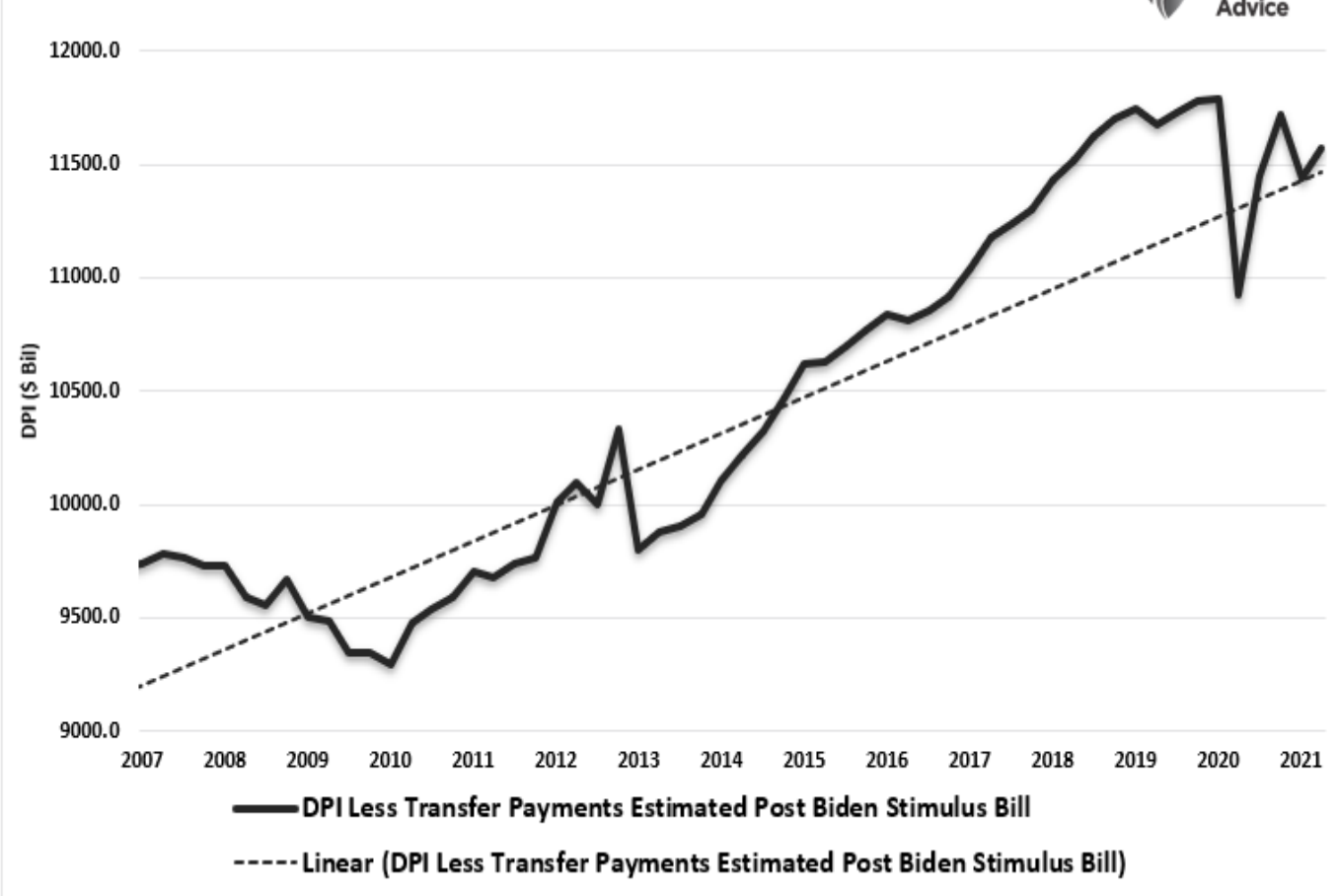
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Washington yearned for social status and went broke several times to keep up with the ?Joneses.?

It was all about appearances. The finest clothing, expensive, outlandish accessories brought in from London designers. He borrowed (at 6%) to maintain his lifestyle for many years. Unfortunately, it appears many Americans take after our first president when it comes to the use of credit to maintain standards of living.

Well, many Americans will return to using credit as stimulus wanes and their cash balances drain. Once transfer payments are subtracted, as revealed in Lance's chart below, disposable personal income has not recovered to pre-pandemic levels. At RIA, we expect DPI to slowly creep higher, which portends to the return of credit usage to meet daily needs.

Disposable Personal Incomes Less Transfer Payments 2007-Present



Consumer credit per capita accelerated post-financial crisis as wage growth continued to suffer and job losses mounted. Unfortunately, unlike Washington, who yearned to ride carriages with purple velvet-tufted seats and ivory handles, Americans increasingly utilize credit to pay for the *basics*. Although we hear of rising wages in the media, overall they have not been sufficient enough to keep up with today's rising costs. Certainly, most inflation does appear to be transitory. However, I am concerned about how the costs of consumer goods have increased overall, and core inflation rates will be sustainably higher post-pandemic.

According to the Pew Research's Survey of American Family Finances, 46% of respondents reported making more than they spend; only 47% said they predictable household bills and income from month to month. In addition, more than a third of those surveyed have suffered income volatility (a year-over-year change in annual income of 25% or more) in 2017.

Washington was a strong believer in education and the benefits of mathematics.

He was also a gifted student throughout his life in agricultural sciences and the law.

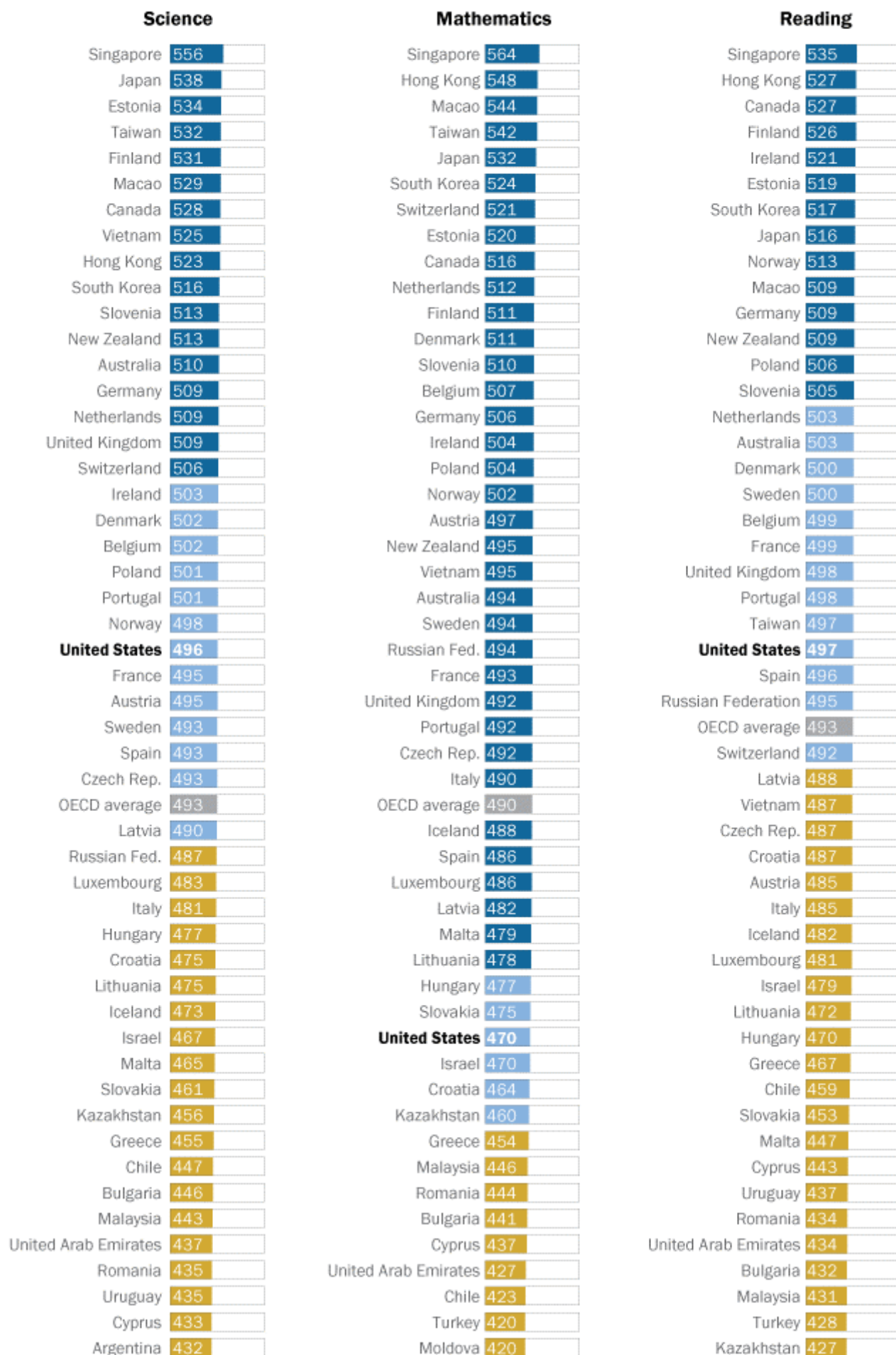
A young Washington was fascinated with military strategy along with an aptitude for mathematics and geography. He was on the payroll of land baron Lord Fairfax at age 16 as a land surveyor of 5 million Virginia acres that was to be prepared for tenants arriving from across the Atlantic.

We are faltering as a country when it comes to math, science, and reading proficiencies. I wonder how the following comparisons will change due to pandemic-related school shutdowns?

How the U.S. compares on science, math and reading scores

Average scores of 15-year-olds taking the 2015 Program for International Student Assessment

- Score is significantly higher than U.S.
- Score is not significantly different from U.S.
- Score is significantly lower than U.S.



In a 2015 Pew Research Center report, only 29% of Americans rated their country's K-12 education in science, technology, engineering, and mathematics as above average or the best in the world. As parents, we must help our children embrace these subjects. A Cleveland Fed study discovered that advancing past Algebra II strongly correlates with college graduation and thriving financially in the workforce.

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Washington was a master at networking.

America's first president and one of its bravest leaders believed in the power of connections. He was not born into a rich family. Nevertheless, he made connections, was a savvy social climber, and married Martha Curtiss, one of the wealthiest widows in Virginia. *Not that we all can marry wealthy, mind you!*

Empirical studies outline how children who are better at socializing have above-average reading scores and better literacy skills. Likewise, according to the Brookings Institute, social and emotional competence is critically important in the workplace. Traits that employers value in employees include self-esteem, goal setting, pride in work and interpersonal skills, and teamwork.

Regardless of political affiliations, Americans should easily agree upon the respect for or relate to a trait or skill they admire when it comes to George Washington, the resilient leader of a new nation.

Perhaps we should embrace history and not be so anxious to throw it all on the scrap heap.

There are many good lessons to remember.