All The Presidents’ Money:

How the Men Who Governed America Governed Their Money

By: Megan Gorman

Introduction

Lobsters.

Louie Howe was focused on the lobsters.

As he sat down at his desk in the spring of 1924, he prepared to write another response to the attorney in Maine, Ensign Otis. He knew that despite everything going on, this business endeavor was important to the Boss. And right now, the Boss—otherwise known as Franklin Delano Roosevelt—was struggling to recover from polio.

There were fourteen main providers of lobsters in the United States, but the group that had stood out to FDR was Witham Brothers Inc., who had a plant in Rockland, Maine. The Witham Brothers had been in the business since 1912 and had not only consistently turned a profit, but their profits rose year after year. They were looking to expand and needed cash, and it seemed like a good deal at the outset. Not only did they have a strong balance sheet, but their lobsters had the reputation of being high quality. Furthermore, the Witham Brothers had patented their containers that allowed them to ship lobsters as far as San Francisco.

The deal FDR had put together in early 1921 was simple: he would invest in the lobster company and acquire shares for approximately $10,000. This capital infusion would allow them to provide fresh lobsters all around the United States. But by having control of one the biggest lobster farms in the country, they were also hoping that they could make a profit when the price of lobsters went up.

And FDR enjoyed investing in start-up ideas. True, his record on investing wasn't that strong. He had lost money on something called General Air that sought to establish a dirigible airship service between New York and Chicago. But this one, he had told Howe, was a good one. Unfortunately, six months after making the investment, FDR was stricken with polio.

Howe studied the letter from the company. At this point, three years in, it was not looking good. The Witham Brothers had misread the situation. They ran their business as a consolidator of smaller lobstermen. These smaller lobstermen were used to being paid cash right away. They didn't have the patience or cash flow to wait for the price of lobsters to rise.[1]

This misjudgment of the workers, along with haphazard accounting, had made this investment a mess for Howe to clean up. And now the attorney shared the bad news: "It is my opinion, after working up every outlook for assistance, that nothing can be worked out here that will come anywhere near getting Mr. Roosevelt's money back for him, and that he would receive no cooperation or consideration from the other creditors if he attempted to go ahead and work out their problems along with his own," wrote Otis.[2]

A few weeks later, after Howe updated the Boss on the situation, FDR himself wrote back. "I do not want, and cannot afford, to put another red cent into the company in the way of cash…I am a creditor to the tune of nearly $16,000, <u>not</u> <u>counting</u> my original investment in the stock of the company."[3]

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[1] Letter Ensign Otis to Louis Howe, dated April 10, 1924. This letter lays out the crux of the business issues they were facing.
[2] Ibid.
[3] Letter Franklin D. Roosevelt to Ensign Otis, dated May 1, 1924. Emphasis in original letter.

By the time FDR got out of the lobster business, he had lost $26,000. That doesn't sound like much, but it's close to $450,000 in 2024 dollars. Clearly the transaction frustrated him, but it wasn't enough to really damage his personal finances. After all, he had significant trust funds to fall back on.

Why the Presidents?

When you go through the correspondence and paperwork of FDR's direct investing, it's hard to believe that the transaction happened just over a century ago. But the truth is, that is one of the most interesting aspects of the personal finances of the presidents: most of their money problems are just like ours.

Sixty-one years before FDR got caught up in lobsters, another man was assessing his finances before a big move. Abraham Lincoln was leaving Springfield, Illinois, for his inauguration in Washington, DC, on February 11, 1861. He was going to be leasing out his twelve-room, Greek Revival–style home on the corner of Eighth and Jackson. It was one of the nicest homes in Springfield, and Lincoln was designating his local insurance representative Robert Irwin to handle his bills. He listed his net worth at $10,000—or $292,000 in today's dollars.

It was a far cry from the young lawyer who came to town with two saddlebags of possessions in 1837. Even when he married Mary Todd, they could only afford to lease a room at the Globe Tavern on Adams Street for four dollars a week. But over the years, he scrimped and saved. He even purchased the home on Jackson Street when it was a

one-story cottage, and slowly renovated it to the stately house it is today. And it helped that Mary's family was wealthy and was willing to assist them.

Finally fast forward to the 1930s, where college student John F. Kennedy was very focused on where every penny went. Kennedy had grown up with money. His father, Joseph Kennedy, had set up trust funds for all of his nine children with a philosophy that they would be able to remain independent.[4] Yet despite the wealth to fall back on, Kennedy was never a spender. Even his closest friend, Lem Billings, noted that he was "very close with a buck."[5]

Billings recalled that during their summers in college, the Stork Club was the scene in New York. The club would attract the most attractive people. And they held fun events like Balloon Night where balloons were dropped from the ceiling containing $100 bills and tickets for free meals or a free bottle of champagne.

As exciting as being at the club was, for Billings, it was a financial stretch for his budget. Yet this never deterred Kennedy. Billings recalled that they would "order one drink at the table and then Jack and I would excuse ourselves and hurry over to Third Avenue. There was a bar where we would have a few beers and come right back. I only bring this up because Jack Kennedy tried to live within the budgets of his friends."[6]

[4] (Billings 1964) Tape #2.
[5] Ibid. Tape #10.
[6] Ibid. Tape #3.

FDR, Lincoln, and Kennedy are all revered for their leadership. In fact, the two of them, FDR and Lincoln (along with George Washington) usually rank in the top three presidents. But despite their abilities as presidents, all came from such different backgrounds.

FDR was born into great wealth,lived off a trust fund managed by his mother. Lincoln started out as one of our poorest presidents. Yet he worked hard to learn how to manage money, diligently saving US Treasury bonds during the Civil War. Even though Kennedy also came from great wealth, but he was known for being frugal when it came to money especially since "everybody thought he had it made". He would even "give orders to the butlers at the White House not to open bottles of champagne until the last one was finished" as a cost saving measure.[7]

When it comes down to who of the three was more successful with their personal finances, the truth is it was probably Lincoln.

The stories of how the presidents handled their own personal finances are fascinating. Every presidential cycle, the potential contenders release their finances and submit paperwork explaining their financial lives. It's gotten to the point where there are law firms that specialize in helping with these disclosures. The subject is interesting partly because we want to know whether the individuals who run our country are fiscally

[7] (Salinger 1965) page 66.

sound, and partly because these financial disclosures often reveal more intimate (and at times, embarrassing) details of their lives.

We have a long history of our presidents being on our money—going all the way back to 1813 when James Madison appeared on $5,000 Treasurer bearer notes (and George Washington resigning his commission on the back).[8] In 1869, the US Treasury decided to put George Washington and Thomas Jefferson on the one and two-dollar bills respectively.[9] Since then, we have become accustomed to the presidents being the "face" of our currency, but ironically, we have little insight into how the presidents learned the skills to handle their personal financial matters. In fact, we don't know their individual money stories at all.

Many of our presidents have been self-made and came from humble beginnings. Like Lincoln, they were able to climb to the top of the economic and social ladder in this country through a combination of ambition and skill—the classic American success story. But others struggled with a lot of the same issues we do with money today. Would you believe that Dwight D. Eisenhower supplemented his army salary for years with a one-hundred-dollar monthly stipend from his father-in-law? (And by the way, Ike would not want you to know that.) Conversely, William McKinley, upon winning his first law case, tried to give back the twenty-five dollars his senior law partner had paid him, as he

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[8] (U.S. Currency Education Program n.d.).

[9] (The Bureau of Engraving and Printing n.d.) The original picture on the first $1 notes when issued in 1862 was a portrait of Secretary of the Treasury Salmon P. Chase. For a fun history of the challenges of the $2, check out St. Louis Bank Historian's Mary Piles' article at https://www.cnbstl.com/about-us/news/the-history-of-the-two-dollar-bill. Wouldn't it have been fun if "Toms" had become more mainstream in their usage?

felt it was too much.[10] (McKinley wasn't focused on money as much as the social mobility his career provided.) Or that Lyndon B. Johnson would write to a friend in the early 1940s that "I waked up worrying about money" yet still bought $195 custom-made suits on a regular basis ($4,000 in 2024 dollars).[11]

Financial Fragility and Financial Resilience

In the academics of personal finance, two concepts that are regularly studied are that of financial fragility and financial resilience. In fact, when you read articles about personal finance, thematically, most focus on how we can evolve from a position of fragility into one of resiliency. It is a journey that most Americans struggle with—and it isn't getting better.

In modern times, we define financial fragility as "being unable to cope with [an] emergency expense in a short period of time."[12] A 2013 Federal Reserve study showed that only half of all Americans can handle an unexpected $400 expense.[13] Think about that—it could be something like a car repair or a sick child that could tilt many Americans into fragility. In fact, the number improved dramatically to sixty-eight percent in 2021 and the Federal Reserve attributed it to the increase in the Child Tax Credit.

Financial fragility has been a constant for a majority of the US population since before the founding of the country. The United States started as an agrarian nation subject to

[10] (Morgan 1998) page 38.
[11] Letter Lyndon B. Johnson to O.J. Weber dated February 16, 1942 Courtesy of Lyndon B. Johnson Presidential Library.. Also in (Caro 1990) pages 81–82.
[12] Definition from The National Endowment for Financial Education (NEFE).
[13] (Federal Reserve May 2022) This is an update on the original study from 2013.

the whims of nature. Most of the population teetered on fragility, and this fragility has not lessened with time.

Researchers noted certain patterns when tracking fragility. Fragility occurs typically in situations where there is lower income, lower education levels, and lower financial literacy. While it impacts all genders and races, it is no surprise to learn that women and minorities have a greater struggle. In fact, women have a 42 percent chance of being financially fragile versus men at 30 percent.[14]

Financial resiliency is the bookend of financial fragility. It is the "ability to withstand life events that impact one's income and/or assets."[15] Researchers typically point to a variety of factors that create such resiliency, including being positive, flexible, focused, organized, and proactive. Resiliency allows one to navigate the ups and downs of personal finance without forcing an individual into fragility. It is a learned skill, but as you can imagine, those with access to higher incomes have an easier, more direct path to achieving resiliency.[16]

In working with successful high-net-worth individuals, I focused on their financial decision-making, their ability to be resilient, and the key attributes that got them there. I also saw individuals who, despite the high level of income they generated, struggled to

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[14] Raveesha Gupta, Andrea Hasler, Annamaria Lusardi, Noemi Oggero, "Financial Fragility in the US: Evidence and Implications," GFLEC, https://www.nefe.org/_images/research/Financial-Fragility/Financial-Fragility-Final-Report.pdf.
[15] (O'Neill PhD & CFP 2011).
[16] In assessing fragility, the most common question is *how confident are you that you could come up with $2,000 if an unexpected need arose within the next month?* See (Hasler, Lusardi and Oggero 2017).

make that resiliency connection. They were wealthy but competed against the pull of fragility. It was often my role to coach them around these damaging behaviors.

The question became how to best share the insights I have gained about financial decision-making. I had no interest in writing a typical personal finance book because it's not a genre I typically read. The nuts and bolts of "how to" doesn't hold my interest. Further, storytelling about individuals who are not known to the public is harder to connect to. But it is only through storytelling that we can truly relate our financial situation to others. The book I wanted to write was more of an intersection where personal finance met history.

So, I returned to what has interested me since I was six years old: the American presidents.

The Presidential Financial Journey

The American presidents are a complex group to tackle. While they live in a mud-slinging reality on the way to and through their presidency, the moment their term ends, they become historical figures carved in stone.

But they started out as ordinary men, and their early money stories put them on a financial path that allowed them to climb the American political system. Many of them made the journey from fragility to resilience. Financially, they failed at times—and at

other times thrived. For most, the journey was not linear, and the real lessons were in the peaks and troughs.

In deciding to focus on the presidents, to put their financial journeys in context, it was important to ask questions regarding the eras during which they lived. I had to define their specific money stories and more importantly, ponder the question of whether, if they were born today, they would find their financial journey the same, easier, or harder.

In many of the presidents' stories, financial fragility is a common theme. However, what is different today is that, for previous generations, there were ways to overcome fragility, especially through access to education, by either college or apprenticeship, in fields such as law. This access required financial decision-making, but it did not come with the same steep financial consequences that we see today, as evidenced by the student loan crisis.

For presidents like Ronald Reagan, Herbert Hoover, and Bill Clinton, access to education became their springboard to achieve a higher financial level in society and break the bonds of financial fragility. What kept them there was the ability to utilize skills they had developed early due to their money stories. You will see this theme appear again and again throughout this book.

Keep in mind that not all presidents started financially fragile. For example, Thomas Jefferson came from a wealthy and educated background, yet financial stability remained elusive—even on his deathbed. Thus, another theme that appears in these stories is that sometimes education and wealth cannot override outside and family influences. In such cases, financial fragility ends up as a destination instead of a starting point.

As we learn the stories of these presidents, we will find that the ability to be resilient was developed by some and not by others. Further, resiliency is a skill that is sometimes learned by watching what not to do.

Ultimately, financial strength is a function of experience coupled with personality and determination. From these money stories, we learn not just the financial beginnings of our presidents, but we gain an appreciation of the context for our own financial journeys.

Methodology

All of the presidents have been extensively studied, but examining their personal finances is a little more complicated, and biographies tend to gloss over that aspect of their lives.

In writing this book, my job was to search different presidents' stories for the occasional mention of a number or dollar sign. Once I could narrow down on a story, then it

became a bit of a scavenger hunt through primary source documents to find more of the details.

Once you get to the original sources, you realize that the presidents are just like us. They talk about money all the time. And they worried about it. From Grover Cleveland's handwritten will to James Monroe's carefully cultivated shopping lists, they are all caught up in their own personal financial dramas. Further through many of the oral histories available at the presidential libraries, their friends and families recount the money stresses they experienced. Money isn't easy for them, just like it isn't easy for us.

But while connecting with their stories is important, it was also shocking to discover how many of our presidents had made money from slavery. Twelve of our forty-five presidents were slave owners—more than a quarter of them.[17] Slavery is a horrific institution and one we should not want to glorify. As a result, while there are presidents who had very strong financial skills, we need to keep in perspective how their wealth was created.

Finally, in working through the presidents' personal finances, we need to keep in mind how much inflation can have an impact on numbers. Whenever possible, I tried to convert numbers to 2024 values in order to give context and scale to the story. For instance, when Richard Nixon started at Whittier College in the fall of 1930, tuition was

[17] While Joe Biden is forty-sixth, we have to remember Grover Cleveland had two non-consecutive terms, making him both the twenty-second and twenty-fourth president.

$250. For our modern eyes, this is incredibly low. That $250 in 1930 has the buying power of $4,600 in 2024 dollars. But Whittier College's 2023–2024 tuition is now $66,500. So, in this case, not only has the buying power changed, but there is a relative change in the cost of tuition almost a century later.

The Impact of Stories

But even with my passion for history and the presidents, in order to write this book, I also had to have an interest in money. Over the past twenty-plus years, I have had the good fortune to work with wealthy individuals and their families in managing their financial lives while working at Goldman Sachs, BNY Mellon, and finally my own boutique practice. While my background in law and finance enables me to provide expertise to these individuals in navigating their personal finances, I have been given a front-row seat in how Americans create wealth today. What I have found is that wealth is more than simply a reflection of someone's financial success. It is a fascinating story of talent and hard work, layered with the element of luck. I can't tell you how many times I have worked with someone with an eight- or nine-figure net worth who started out with very little. Peeling away the layers of these stories, I have realized that there is no single core belief or experience that enables an individual to succeed financially. Rather, there are both positive and negative experiences, usually beginning in childhood, that impact how individuals make financial decisions.

Here is a list of what I have found to be the main factors that contribute to the way an individual makes such decisions:

Education

Grit

Risk-taking

Future self

Confidence

Values

Charity

Marriage

But then something funny happened when I was writing this book; I noticed a group pattern in the occurrence of these traits. Some grouped together differently than others. Further, when considering a certain trait, such as grit, it was important to tell stories of those with and without that trait and how it impacted their financial journey.

The first group are what I would call *The Basic Building Blocks*: Connecting with your future self, education, budgeting, and risk-taking. These foundational traits are accessible to most of us.

But skills aren't enough. We have to examine what I call *Meaning and Money*. Life is long, and there are a lot of experiences that impact how we react to money. As we

accumulate assets, we attach values, confidence, and charitable impact to wealth. Navigation of these areas can make a difference in how your financial planning plays out.

Finally, there is the last category: *The Wealth Builders*. Early on in my career, I heard a radio interview with a well-known CEO. His advice was succinct: All your happiness in life comes down to two decisions: what you do and who you marry. Seems obvious, but it stuck with me. And I looked at my clients. I saw the ones who really were different financially had three characteristics: they had married the right partner, they had grit, and they were able to navigate luck.

So, as you read these sections, you want to be focused on mastering *The Basic Building Blocks*. If you are lucky enough to have one of these skills, embrace it. *Meaning and Money* are reminders that your financial philosophy has an impact on your satisfaction. And as for *The Wealth Builders*, if you have any of them—or all of them—you are well on your way to financial stability.