

Is Ben Bernanke Smart Enough to Be a CEO?

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Ben Bernanke has got to be laughing it up after being [reappointed to another term as Federal Reserve chairman](#). What else could we expect from the ex-lawyers and lifetime Beltway bandits voting on global monetary policy?

As he starts his second term, I'm once again reminded about how supremely unqualified this man is for the job. Prior to becoming Fed chairman, Ben Bernanke basically had zero experience outside academia. His resume only includes three full-time years working for the Federal Reserve and eight months on George W. Bush's Council of Economic Advisors. The other 23 years of his career were spent teaching college.

A successful publicly traded company could never choose a similar candidate. Imagine a company announcing, "We're changing CEOs. Our new choice is an excellent professor of management from Princeton. His organizational skills include writing a syllabus, assembling textbooks, and publishing in academic journals with no real-world consequences. Further, our candidate has worked for three years in a government-like position and eight months in the White House."

As an investor, I would flip out. Yet, this is the exact guy responsible for setting the entire country's interest rates. To take a further look at Ben Bernanke, I think that we should use Doug Casey's own [8 P's of investing in resource stocks](#) applied in our publications, such as the [International Speculator](#).

One of Doug's most important P's for choosing a company is People. So, how would Bernanke fare should we apply these same standards to him?

Doug points out,

"To state the obvious, Boy Scout virtues like honesty, thrift, courage, and diligence are always good traits for your management teams, as are competence, knowledge, experience and, perhaps most importantly, a track record of success."

Let's start with honesty, competence, and a track record of success. As this great [YouTube compilation of Bernanke quotes](#) shows, the chairman has a track record of being wrong on just about everything – including the housing bubble, economic fundamentals, and risky bank loans. That pretty much rules out "track record of success."

This leaves only two options for his character – either he's an honest idiot or a malicious genius. Regardless, he would fail at least two of the three above-mentioned characteristics.

Let's continue with diligence and thrift. He has been very diligent about printing piles of money to alleviate his deflationary phobia. Maybe that's a partial credit there. Thrift... please highlight it and make a bookmark in the dictionary. Then, ship the copy to the Fed.

Well, what about courage? Not only does Ben seem to lack confidence in front of crowds – a strange characteristic for a 23-year college professor – but he’s a complete pushover as well. Whenever the market dips slightly, Bernanke comes out promising endless liquidity and infinitely low interest rates. I’m not sure that we’ve ever had a more cowardly Fed chairman. Bernanke has to be the complete opposite of the tough-as-nails Volcker who raised interest rates to double digits without even flinching.

On knowledge, I will give him some credit. He’s written a bunch of academic articles and has surely read a lot of books on macroeconomics. But his complete lack of first-hand market experience prevents him from really utilizing that knowledge. Plus, if he really knew so much about interest rates, he would have spent more time making money and less time teaching.

Experience is the key. Think MBA programs in business. Why do these programs help so many managers when the topics covered are nearly identical to undergraduate programs? It’s because the second time around in school, students come to the classroom with experience. The synergy between education and experience is the key. Education alone is useless.

Ultimately, out of the eight characteristics that Doug mentions, Ben Bernanke fails about six or seven. This guy could never make it as a CEO. Yet the man continues leading the country into disaster as the chief executive for U.S. interest rates. This would almost be too funny were it not so frightening.

Bernanke may not pass Doug Casey’s diligent 8 Ps test... but the companies recommended in **Casey’s International Speculator** sure do. Investing in the best of the best junior resource stocks is a good way to safeguard your assets from the meddling and – let’s face it – downright stupidity of the government. [Click here to learn more.](#)