

BALANCING THE BOOKS

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THE GOLD RING: JIM FISK, JAY GOULD AND BLACK FRIDAY, 1869

By Kenneth D. Ackerman. Harper & Row, 340 pages, \$12.95.

LIVE the normal span of three score and ten and you probably will enjoy two or three periods during which activity on the business scene quickens, and Wall Street attracts some of the smartest, slickest and most entertaining characters imaginable. The honey pot of quick wealth not only draws insects, but also grizzly bears.

In 1869, banker James Brown was old enough to recall the wild speculation of the 1830s, when Erie Canal shares and debts were all the rage, luring enormous amounts of funds from credulous Europeans, much of which eventually would be lost. Those investors swore never to return to Wall Street, but they were there in the 1850s, when California gold and railroads sparked another boom destined to end in panic and depression. In the post-Civil War period, another speculative mania erupted, based upon the transcontinental railroads. Prominent among those on the scene was the peculiar partnership of the dour Jay

Gould and flamboyant "Jim" Fisk.

Because of his long memory, Brown was concerned. In words of author Kenneth Ackerman, "After forty years on Wall Street, Brown understood that civilized behavior had its limits. Greed had no proper place in business, and love of money made capitalism a crime. Fisk and Gould, with all of their vices, were grating against every principle that James Brown considered decent."

At the time, the national currency was comprised of paper coins, gold certificates, silver coins, and "greenbacks," which

were legal tender with no metallic backing, issued to help pay government expenses during the Civil War. Since the greenbacks would be worthless if the North lost, a market developed whereby gold was bought and sold in terms of greenbacks. When it appeared that the Confederacy might triumph before the Battle of Gettysburg, it took as much as \$287 in greenbacks to purchase \$100 in gold. After the Union victory, the price declined, and in the summer of 1869, when Gould conceived his scheme to profit from a swing in gold, it was \$137.

Gould argued that the price of greenbacks would rise if foreigners would purchase American securities. This would help the American government raise money to help pay the war debt.

loaned from \$64 million in 1860 to \$2.5 billion in 1869, an increase from \$2.06 per capita to \$65.17. To complete the picture of national decline, imports exceeded exports by a record \$94 million in 1869. But there was more. The country was presided over by the very popular President U.S. Grant, who was deemed decent enough but hardly capable of handling the complexities—and scandals—he was obliged to face. The

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every dollar increase, the Gold Ring would make \$1 million.

This set the stage for Black Friday, Sept. 24, when, after creating a corner in gold, Fisk sent the price over \$160, predicting a high of \$200. But Brown stepped in and started buying. Others followed, and when news hit the trading floor that the Treasury would come in on the sell side a wave