

The Story of "Black Friday"



JIM FISK



Jay Gould



SCENE IN THE GOLD ROOM ON BLACK FRIDAY

BY ELMO SCOTT WATSON

SEPTEMBER 24 is the sixtieth anniversary of an event, now almost forgotten, which at the time almost shook the nation to its foundations. For September 24, 1869, has gone down in history as "Black Friday," the day that the gold market in Wall street was cornered, bringing a financial crisis which was felt throughout the country and shaking the confidence of the American people in some of the highest public officials in the land, a day of "ruin, insanity and despair."

The two outstanding figures in this story are Jay Gould and Col. James Fisk, Jr. Gould was a strong character, even though not an admirable one, a "lone wolf" who is described as "gifted for silent intrigue and never to be satisfied except when deceiving every one as to his intentions." Although Fisk was no less ruthless and daring than Gould, he was at least a more likable character. A recent biography of him under the appropriate title of "Jubilee Jim," written by Robert H. Fuller and published by the MacMillan company, shows him as a picturesque character, a "moral jackdaw with a continual hunger for the peacock feather of public consideration." As a peddler, showman, Civil war profiteer, speculator, manipulator of railway stocks, corrupter of judges, an elusive witness at public investigations where his posturings and antics tickled the public fancy mightily, Fisk's life was a flamboyant "melodrama of industrial anarchy, personal ostentation and private luxury."

Fisk had been a partner—"as nearly a partner as any two men could be when one was Jay Gould"—with Gould in the famous Erie railroad manipulations for the undoing of Cornelius Vanderbilt and in some of the political-financial schemes of "Boss" Tweed. So Gould took him into his scheme to corner all the gold in the country. Two problems faced the conspirators. One was to buy all the gold in sight, a comparatively simple matter, for there was only about \$20,000,000 of it in circulation. The other, and the more risky, was to keep the United States treasury, which had \$100,000,000, from selling gold while the operation was on and breaking the corner.

Gould's first step was to seek the aid of A. R. Corbin, a Wall street speculator who had married a sister of President Grant. When Grant stopped in New York in June, 1869, while on the way to the Peace Jubilee in Boston, he visited at the home of his brother-in-law where Gould called upon the President. When Grant continued on his way to Boston it was on one of Fisk's Fall river steamers

as the guest of Gould and Fisk. During the trip Gould led the conversation to the subjects of gold and crops and sought to convince the President that the government should favor a higher price for gold since it would give the farmers a better price for their crops, thus making better business for the railroads and the country as a whole.

Believing that he had won Grant over to his views, Gould embarked upon his campaign and on September 2 began to buy gold in Wall street. On that day he bought a million and a half dollars worth for Corbin and another million and a half for General Butterfield and Gen. Horace Porter (both of whom later repudiated the purchase as having been made without their knowledge). Within two days gold went up two points and with each point rise Corbin made \$15,000. Soon afterwards Gould invited Fisk into the scheme, assuring him that Butterfield (in charge of the sub-treasury in New York) and the President were "fixed all right." So Fisk began to buy heavily. Immediately gold began to climb and by Wednesday, September 22, it stood at 140½.

At this point Grant, becoming disturbed by Corbin's part in the manipulations on the exchange, sent word through his sister to close out his speculations as quickly as possible. Gould tried to bribe Corbin into disregarding the President's instructions but Corbin refused. Then Gould, seeing his scheme about to collapse, determined to double-cross his own associates. He gave secret orders to his brokers to begin to sell gold. Fisk kept faith with Gould and continued to buy. When the market closed on Thursday, September 23, gold had reached the high mark of 145.

But worse was to come the next day—Friday, destined to be known as "Black Friday." The next morning Fisk entered the gold room and loudly gave orders to Albert Speyers, his broker, to buy all the gold available up to 145. Next he sent orders to put it up to 150. By noon it was up to 160 and Speyers, who had bought 60 millions, now had in his name for Fisk's account half of all the gold in the country. Of what followed Fuller writes:

It seems absurd that the orders given by Jim in Heath's back room and executed by that jumping-jack, Speyers, should have paralyzed business, as they did, from Boston to San Francisco. Wall Street's bedlam was only a sample. Thousands of men in every city were reading the astounding figures that came out of the ticker tape—figures that told that they were ruined. The fluctuations in the price of gold were so rapid that it was impossible to keep up with them. No speculator outside the gold room had a chance to protect himself. He gave his order to buy or sell, and after that he was in the hands of blind fortune. He might as well have gone fishing as to have tried to follow what was going on in that densely packed, suffocating

room, where men were thrusting their heads into the basin of the little fountain to cool them of the fever that prevented reasoning. Men who owned stocks and bonds had to throw them overboard for what they could get in order to pay their gold losses. Democratization was general. Every fluctuation of a point in the price of gold meant gains and losses of millions, and that day, under the pressure of the tremendous forces that were represented by the bulls and bears, the price wavered like a weather vane in an easterly gale. Who could tell where these feverish pulsations in the price would lead? Fisk was declaring that gold would reach two hundred; maybe he was right. Perhaps the whisperings about a gigantic conspiracy among public officials, with President Grant at their head, to make fortunes by speculating in gold on the bull side, were true after all. Only the United States Treasury could smash the clique that was boosting gold and the doors of the Treasury seemed to be fast locked.

In the meantime telegrams had been pouring in from all parts of the country to President Grant and the secretary of the treasury, begging them to order a sale of treasury gold to prevent a crash in the business of the country. Grant decided to sell five millions and authorized the treasury to announce the sale. But the break had already come. James Brown, a Scotch banker, acting for a group of merchants and bankers, entered the gold room soon after Fisk's brokers had bid the price up to 162 and amid the din and confusion shouted that they would take any part of the \$5,000,000 at that quotation. "Sold, 1,000,000 at 162," said Brown quietly. A moment later he sold a second million at 161, then 5,000,000 at 160. Then the market broke. Ten minutes later word came from the sub-treasury of the orders to sell four millions of treasury gold. It is believed that Brown already knew of President Grant's order when he made his first offer but the main fact is that his action started the break and the announcement from Washington completed the democratization. Within fifteen minutes the price of gold had fallen 29 points. The corner in gold was ended.

A mob, led by brokers demanding a settlement, gathered in front of the brokerage house of Gould, Smith and Martin, howling for Gould. A similar mob assembled in front of the office of Fisk and Belden shouting for Fisk. But the two conspirators, who had expected some such result as this, had fled from Wall street when the market broke and sought refuge in the Erie offices in Fisk's Grand Opera house, where they were guarded by their band of hired thugs.

Gould is said to have made eleven millions out of his coup. Despite the fact that he had betrayed Fisk, the latter forgave him and they continued friends. As a matter of fact, Fisk lost nothing, for with the aid of "Boss" Tweed's corrupt judiciary he was successful in repudiating his millions in debts. When the whole affair was investigated later before the Garfield committee it was found that half of the business houses on Wall street had been ruined. And it was not until the report of their committee became public that public suspicion of Grant's part in the conspiracy was allayed. For neither the President nor any of his kin except his brother-in-law had profited one cent from the shame of Black Friday.

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His Phrase Famous

The expression "innocuous desuetude" was made famous by Grover Cleveland in his message to the senate on March 1, 1886. The sentence that contained it was: "After an existence of nearly twenty years of almost innocuous desuetude these laws are brought forth." The senate had claimed that as the assent of the senate was required to confirm the appointment of certain officers, those of

Engine's Wild Journey

There have been few more spectacular railway runs than that made by a great locomotive stolen two years ago by thieves from the Volk-rust (Transvaal) engine sheds and driven by them fifty miles to Standerton. There they reversed it, opened the throttle, and jumped clear. The deserted engine thundered back at forty miles an hour. Right back to the sheds it stuck to the track. Then it smashed into some wagons and was wrecked.

Superior to Rockies
The valleys of Tibet are higher than the tallest peaks of the Rockies.

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Bishop All Right, but Oh, You Cannibal King!

The late Avery Hopwood, the brilliant playwright, believed in the younger generation. He said one day at a luncheon in his New York apartment:

"The younger generation is innocent. It talks rough, but it is innocent at heart. It reminds me of the two little girls.

The first little girl was on her way to school when she met the old bishop.

"Haven't you got a kiss for me, my child?" he said.

"So she pursed up her little mouth and stood on tiptoe and the old bishop kissed her.

"When she got to school she bragged to her schoolmates:

"I just kissed a bishop."

"Oh, pshaw, that ain't nothin'," said a second little girl. "Why, at the masquerade ball at the Ocean hotel I kissed a black cannibal king."

Over Their Heads

Editor Webster True of the Smithsonian Institution was talking about the failure of a novel.

"It was a good novel," he said—"too good for the critics and the people. Its failure reminds me of an anecdote.

"Kreisler, the great violinist, played one evening at a reception in New York. A new, rich oil speculator from Oklahoma talked rather loudly during the performance and his hostess, to shut the man up, whispered in his ear:

"What do you think of Kreisler's playing? Isn't it superb?"

"He sniffed and answered, louder than ever:

"Oh, I've heard the fiddle afore."

First Poet Laureate

The first poet laureate of England was John Kay, who was appointed to that position by Edward IV, according to Arvine's Encyclopedia. The only composition that Kay left to posterity is a prose English translation of a Latin history of the siege of Rhodes. In the title, addressed to King Edward, Kay styled himself "hys humble poet laureate."—New York Times.

Taps

"Ever since 1918 I've been trying to collect some back pay from the government," complains a San Diego man, "but it seems I'm just another unknown soldier."—Exchange.

Traffic cop gets summons

Even he can't get away with it

"DON'T try to put anything over on Nature," is the way a cop would express it. "Sooner or later she'll get you. Give you a ticket and lay you up in a place where you'd rather not be. Even cops can't get away with it. Like everyone else, if they don't pay attention to the warnings they get a summons that lands them in the doctor's office.



Nature's law O. K.

"What the doctor advises is Nujol. Says Nujol will regulate you just like you regulate traffic. Keep things from getting in a jam. And the doctor is right. Just ask the healthiest men on the Force. If they need Nujol—with all the exercise they get—what about the fellows that roll by in their cars?

"Just take a tip from me. You may have the best intentions in the world. But everybody gets tied up at times. Nature can't always take care of things without help.

tioning at all times as Nature intends them to. Normally. Regularly. It not only keeps an excess of body poisons from forming (we all have them), but aids in their removal."

Start Nujol today. It won't cost you much—not more than the price of some smokes. Worth a try, isn't it? You'll find Nujol at all drugstores. Sold only in sealed packages. Get some on your way home today.

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Relaxation
"How would you like a detective story?"
"No, I'm a detective. Hand me the boot and shoe news."

Real Point
Fault finding is easy, anyone can do it. To show how a thing could be better done—aye, that is the rub.

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Wasey—I thought you hated the saxophone?
Kudner—I do.
Wasey—Then why did you buy your son one?
Kudner—Because I hate the neighbors more.—Pathfinder Magazine.



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