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General Article: **Black Friday, September 24, 1869**

War hero Ulysses S. Grant's popularity slipped as his presidency progressed and scandals damaged his reputation. None struck closer to home than Black Friday -- the collapse of the U.S. gold market on September 24, 1869.

At the root of the scandal were two well-known scoundrels, Jay Gould and Jim Fisk. The two financiers had worked together in 1868, when they used stock fraud and bribery to keep Cornelius Vanderbilt from taking control of the Erie Railroad, which they owned. Now, they tried their hands at cheating Wall Street investors.



Library of Congress
An illustration of panicked investors

When Ulysses S. Grant took office, he seemed ready to continue Andrew Johnson's money policy. Like Johnson, Grant tried to improve the economy by reducing the supply of greenbacks, or paper dollars. He did so by using gold to buy dollars from citizens at a discount and replacing them with currency backed by gold.

This policy, if carried out, would spoil the plans of Gould and Fisk. They hoped that the government would hold onto its gold. Meanwhile, they would buy up as much gold as they could, and watch the value rise. When the price of gold got high enough to gain them a huge profit, they would sell. But if Grant decided to put more gold on the market by trading it for greenbacks, the price would stay too low.

To convince Grant not to sell gold, the two schemers recruited a man named Abel Rathbone Corbin. Corbin, also a financier, had married Grant's sister Virginia. Gould and Fisk used Corbin to get close to Grant. Again and again, the men arranged to meet Grant at social gatherings involving the Corbins. Gould and Fisk used these occasions to talk about government money policy. Corbin backed them in these discussions, in which the financiers argued against the government sale of gold.

Grant's response to their ideas was ambivalent, but the men were encouraged by his hospitality and willingness to engage them in conversation. They worked hard to minimize their risk. Corbin convinced Grant to name General Daniel Butterfield as assistant treasurer of the United States. Part of Butterfield's job was to handle government gold sales on Wall Street. In return for a piece of the action, Butterfield agreed to tip the schemers off when the government was ready to sell gold.



Corbis
Despair after the collapse of the gold market

The plan seemed like an easy way to get rich -- until it fell through. Grant became suspicious of Corbin's sudden interest in the gold market. And when he discovered a letter from his sister to his wife discussing the matter, he knew he was being conned. Grant was furious. He sent word that Corbin should stop his plan immediately. Soon after, Grant ordered the sale of \$4,000,000 in government gold.

Starting on September 20, Gould and Fisk had started to buy as much gold as they could. Just as they planned, the price went higher. At its highest point on September 24, the price of an ounce of gold reached more than 30 dollars above what it was when Grant took office. But when the government gold hit the market, so did panic.

Within minutes, the price of gold plummeted, and investors scrambled to sell their holdings. Many investors had obtained loans to buy their gold. With no money to repay the loans, they were ruined.

Among those who lost big on Black Friday was Abel Corbin. The wily Gould escaped disaster by selling his gold before the market began to fall. In the Congressional investigation that followed, General Daniel Butterfield was removed from his post. But loyal Republicans refused to allow the testimony of Virginia Corbin and First Lady [Julia Grant](#).

Black Friday scarcely put a dent in Jay Gould's financial career. Within five years, he controlled the [Union Pacific Railroad](#). Gould went on to control a number of other interests, including the Western Union Telegraph Company and the Manhattan Elevated Railroad. Fisk's luck -- and Fisk himself -- proved shorter lived. In 1872, after arguments over money and a Broadway showgirl named Josie Mansfield, a fellow financier named Edward Stokes shot Fisk dead.

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