**Henry Clews: Twenty-Eight Years in Wall Street**,

Henry Clews (1836-1923), New York: Irving Publishing Co, 1887.

**Word of caution**

I am happy to share my summary of one of the best books ever written on how financial markets function and professional investors/speculators behave. Some of the observations and inferences made by Henry Clews, more than one hundred years ago, may sometimes appear a bit crude, if not biased – specially to those of us who live on this side of the Atlantic! – but they don’t overshadow his honest desire to observe, understand and share financial markets history as it unfolds. I think that most of his comments and advices are perfectly relevant today in our digitalized investment environment. That’s why, under the influence of some of my past students, I finally decided to share my “personal” summary of this exceptional piece of work. If it leads you to read the 724 pages of the original, I will have done useful work.

Link to the book: <https://archive.org/stream/twentyeightyears00clewrich#page/722/mode/2up>

**Preface**

« *No past event has any intrinsic importance.* »

Lord Thomas Babington Macaulay (1800-1859).

**CH 1 Debut in Wall Street.**

The panic of 1857 was due in part to excessive importations and to the rapid construction of railroads, to a large extent on borrowed capital. Bank credits had been unduly expanded everywhere. Time had arrived for a contraction. Henry Clews (1836-1923) forced his admission to the Exchange through an offer to buy and sell stocks at a sixteenth of one per cent (50% cut from the then norm). The Exchange was where Jacob Little (1794-1865) made and lost his nine fortunes.

**CH 2 Wall Street as a civilizer.**

Everybody looks to Wall Street as an index of prosperity. It moves the money that controls the affairs of the world. Lord Salisbury (Robert Gascoyne-Cecil, 3rd Marquess of Salisbury, 1830-1903): “*The Northern States of America never can be our sure friends.*” England was to have all the profit (as the mighty center of the world’s manufacturing industries) and America (Northern and Southern States) all the hard work (furnish the raw material and consume manufactured products).

**CH 3 How to make money in Wall Street.**

If young men had only the patience. Cultivate self-reliance. “*I buy sheep and sell dear.*” (Meyer Amschel Rothschild, 1744-1812). Making money depends on the number of squalls (2-3 per year) that may occur during any year. It is possible to realize a net gain of fifty percent per year on the aggregate. Ignore the counsel of “tippers”.

**CH 4 Importance of business training.**

Night dancing and late suppers don’t contribute to business success. As a rule, I stick to my own business. Whatever young men do voluntarily, they do well. “*Know thyself; this is the great object.*” (Seneca, 4BC-65AD). Henry Clews is opposed to a large standing naval force to avoid being driven into a conflict without cause (largely imaginary). Quarrelling nations of Europe. Paramount importance of business training when facing an emergency.

**CH 5 Personal honor of Wall Street men.**

The business of Wall Street is one of mutual confidence. The Street is sometimes the victim of adventurous thieves. The business of Wall Street requires long and close training in financial affairs. No great business can be built up except upon honest and moral principles. Panic of 1884. It’s a common delusion to imagine that a man who has been successful in one thing can succeed in anything. Practical business is the best school.

**CH 6 Wall Street during the war (American Civil War, 1861-1865).**

Wall Street came to the rescue of the country when the war broke out. If the Government’s credit should collapse, the whole political system might be endangered, menacing a contraction of all values and a dissolution of the nation. Curiously enough, private property then was considered better security than the Government endorsement. Collapse of the **Northern Pacific Railroad** bonds led to the panic of 1873. History repeats itself. Great evils, panics of 1837, 1857, 1873, have been succeeded by compensating good. There were greater material advances in everything that relates to a higher civilization during the last thirty years than in all the previous time.

**CH 7 British and Napoleonic designs.**

The French (Napoleon III, 1808-1873), European invasion of Mexico in 1861 led to the establishment of a Mexican monarchy (Maximilian I, 1832-1867; Emperor of Mexico), under the cause of religious and political freedom. Clergy always strives to overturn governments and to subordinate the temporal interests of society to their own. Burglars of the Old World (European Monarchies: France, along with the United Kingdom and Spain). According to the (1823) Monroe doctrine (James Monroe, 1758-1831; American statesman and Founding Father who served as the fifth President of the United States from 1817 to 1825), the U.S. will never consent to the establishment of a monarchy on the American continent (North and South America). “*The best way to shun danger is to meet it half way*” (Sir Boyle Roche, 1736-1807). Wall Street men were the first (dinner of March 29, 1864) to make the move that checkmated the tyrant. There was a secret alliance between two powerful pirates (Napoleon III and the British Cabinet). The New York riots of 1863 were fomented by the British, French and Southern influence combined. Southern passion (Confederate States of America, 1861) could not discern that their would-be allies were their bitterest enemies.

**CH 8 Foreign intrigues against American liberty.**

There is a Scriptural injunction to put no trust in kings and rulers. Napoleon III was taking positive steps (1863) to recognize the South while professing the friendliest feelings in favor of the North (Northern United States, the Union States). Best diplomatic plotters: Russia, France, Great Britain. Napoleon III expected to recover Louisiana (The prospect of warfare with the U.K. had prompted Napoleon to sell Louisiana to the United States in 1803 to fund his military. The Americans quickly accepted the bargain: $15M for 2.14 million km²! The Louisiana Purchase occurred during the term of the third President of the United States, Thomas Jefferson) and restore the old colonial empire of France on the American continent. The English Government and the French Emperor were playing at the game of diplomacy, each for making the other responsible for taking the initiative to end the blockade of the Southern ports (During the Civil War, Union forces established a blockade of Confederate ports designed to prevent the export of cotton and the smuggling of war materiel into the Confederacy). Napoleon was resolved to act on the high ground of conferring universal favors on humanity (stop the carnage and the fratricidal strife). The despot of France imagined himself above all treaties at that time. The U.K. was more influenced by fear than love. As to Bismarck (Otto von Bismarck, 1815-1898; Chancellor of the German/Prussian Empire) and Von Moltke (Helmuth Karl Bernhard von Moltke, 1800-1891; German/Prussian Field Marshal), they were weaving the net that would entangle the Man of Destiny at Sedan (Franco-Prussian war, 1870).

**CH 9 Secretary Chase and the treasury.**

In 1861, the Treasury (Salmon Portland Chase, 1808-1873; 25th U.S. Secretary of the Treasury) was empty (Nominated by President Abraham Lincoln, 1809-1865). Office holders in Washington – a boiling caldron of conspiracy and treason – were mostly Southerners. The air was filled with rumors of war. Clews & Co was mostly dealing in mercantile paper (merchants’ acceptances and receivables). At the firing of the first hostile gun at Fort Sumter (Sea fort in Charleston, South Carolina. On April 12, 1861, Confederate artillery fired on the Union garrison), the whole country was panic stricken in an instant. Stocks went down. Fortunes were lost in a few hours. Money was unobtainable, and distrust was prevalent. On a trip to Washington, Henry Clews was surprised by trains loaded with artillery. He sold immediately most of his assets. Such gift or visitation of Providence (good luck) saved him from being financially shattered at least two or three times annually. Beware of “mysterious forebodings.”

**CH 10 The national banks.**

First Legal Tender Act (1862) and National Banking Act of (1863). In 1861, the question for the Secretary (Salmon Portland Chase, 1808-1873) was whether to provide for the deficit ($ 277 million) by a fresh issue of United States notes, or by interest-bearing loans. Senator Sherman (John Sherman, 1823-1900) offered a bill to provide a national currency “*Greenbacks*” (as opposed to U.S. notes, redeemable in specie: gold or silver coin), secured by a pledge of U.S. bonds (redeemable in 6% government bonds). Hence, paper money became legal tender. It created a new and extensive market for U.S. bonds.

**CH 11 The New York Stock Exchange.**

It is an Association of brokers (May 17, 1792) united for buying and selling stocks and bonds. In 1820, daily meetings and the regular call of stocks began. Members of the Board were bound to the strictest secrecy on pain of expulsion. Great panic of 1857, year of Henry Clews’ advent in Wall Street. Great speculators: Daniel Drew (1797-1879), Jacob Little (1794-1865), and Charles Morse (1856-1933) - who made and lost a fortune of millions in little more than a year! During the Civil War (1861-1865) the Stock Exchange passed a resolution prohibiting its members from selling Government bonds “short” and a resolution forbidding all dealings in gold (this led to the formation of the Gold Exchange). In May 1869, the Open board (created in 1863), the Stock Exchange (1792) and the United Sates Government Board were consolidated, making the strongest public financial association in the country.

**CH 12 “Corners” and their effect on values.**

Memorable “corner” (by John Duff of Boston, railroad contractor) in **Hannibal & St. Joseph Railroad**, in 1881. Speculation is a method for adjusting differences of opinion as to future values, whether of products or securities. It brings into play the best intelligence as to the future of value. It regulates production by instantaneously advancing prices when there is a scarcity, thereby stimulating production. It is one of the most beneficial agents for the prevention of panics. “Corner” in **Northwest** in 1872 (by Jay Gould, 1836-1892; and Black Friday of May 1873). People who organize and manipulate them generally get most hurt, unless they are prepared to own and carry the entire property. “Patents” are “corners” protected by law. It is by these peculiar methods that nearly all large fortunes are amassed. A market where values are considerably inflated by speculation is more desirable that a period of depression. “Corner” organized by the State of Georgia. It repudiated some of its bonds on the basis that they were held outside of its borders. But why do the “bears” sell what they do not possess and cannot procure?

**CH 13 The commodore’s “corners.”**

Cornelius Vanderbilt (1794-1877; good Christian), at the ripe age of 70 (threescore and ten, the Scriptural limit of a normal life). The **Harlem** property “corner” (1863). The Common Council members were not immaculate in those days. Their plan was to sell “short” all that the market would take, and then repeal the ordinance (authorizing a steel railroad down Broadway), which would cause the stock to drop. But, the Commodore had all the stock… **Hudson River Railroad** “corner” (1864), a competing line. He acted again on the defensive, pushing the opposition to the wall: buying for cash and selling options. Members of the legislature, the Governor and their friends (with the choicest assortment of “crooked” lawyers) planned to ruin him and make millions by his fall. The “corner” continued for over two weeks. The “trap” allowed the “bulls” (Leonard Jerome and John Tobin) to save themselves from the risk of being loaded with a great part of the capital. “*John don’t these fellows need dressing down?*” It was virtually a silent game. The members of the Legislature completely lost their heads. “*Whom the gods devote to destruction, they first make mad.*” Think of the one-man power: “*We busted the whole Legislature.*” People as a rule will not learn either by precept or example. They must go through the rough experience themselves. In nearly all “corners”, the Commodore was on the defensive. (Relate this to *The Art of War* by Carl von Clausewitz, 1780-1831)

**CH 14 Daniel Drew**

The lives of Daniel Drew (1797-1879) and Cornelius Vanderbilt (1794-1877) show that education is not necessary and may even be a hindrance. “*Gimme them sheers*.” “*Never tell nobody what yer goin’ to do, till you do it.*” At one time, Drew could command more ready cash than any man in Wall Street or in America. As director (1852-1868) and treasurer of **Erie Railroad**, he was enabled to leave everybody else on the outside in the ups and downs (20-30%) of the market. The “corner” of 1866. He covered his “shorts” by the convertible bonds trick. Drew was despised, feared and revered for the achievement. He also caught the operators in **Oshkosh Coal** by the handkerchief trick... Ultimately, Jay Gould took his place in the control of **Erie**. Drew died in debt and broken hearted. He said of Gould: “*His touch is death.*”

**CH 15 Drew and Vanderbilt**

After buying up the **Harlem** property and the competing **Hudson River Railroad**, Vanderbilt obtained full control of **New York Central** (1867). Then, he was inspired to “scoop” **Erie**. His first bold movement was an attempt to “corner” Drew through a manipulation of the courts aimed at “freezing” 3.5 million convertible bonds. Then, Drew and Vanderbilt entered a secret alliance to exclude the Boston party who was Vanderbilt’s ally. Finally, in February 1868, Vanderbilt went on the speculative war path and pursued his policy in the courts to limit the apparently unlimited supply of **Erie** stock. Drew threw 50,000 shares – of questionable quality and origin – on the market in the face of an injunction, breaking the Vanderbilt “corner”. The **Erie** clique (Drew) were obliged to fly and take refuge in Jersey City. Gould and Fisk decamped by different routes in “Fort” Taylor, safe from the laws of New York. Gould was arrested. Drew was left unmolested, after his interview with the Commodore. Senator Mattoon, organizer of the Investigating Committee, wanted tangible recognition for his services before the Committee made its report - in favor of the extra issue of Erie stock and against Vanderbilt - to the Albany legislators (Legislative farce…)

**CH 16 Drew and Erie “Corners.”**

Richard Schell would go to a bank and say: “*If you don’t lend the Commodore half a million on* ***Erie*** *at 50, he will put* ***Central*** *– that most of them owned – down to 50 tomorrow and break half the houses on the Street. You know whether or not you will be among them.*” The threat was repeated at other banks. But, the printing press (extra issue of **Erie** stock) did not break down. In July (1868) a settlement was made with Vanderbilt. He would keep his bloodhounds (his lawyers) after the **Erie** party members (Drew, Fisk and Gould) if they didn’t take the stock off his hands. The settlement cost **Erie** $9 M. The stock and bondholders were saddled with this liability in defiance of law and justice. Drew retired from Wall Street with $7 M. The **Erie Railway** fell to the lot of Gould and Fisk who almost doubled its value in four months ($57 M). Then, these two great manipulators “cornered” their old friend and teacher, Drew, by legally over-riding the law (through a share repurchase), leading to Drew’s financial annihilation. Once in Wall Street, always in Wall Street…

**CH 17 Interesting episodes in Drew’s life**

Drew (1797-1879) was unable to learn anything. Both he and Vanderbilt started with $100. In 1829 he opened a cattle yard at 24 St and 3d Av. He went into the steamboat business in 1834. In 1840 he became the largest stockholder of the **People’s line**. Made his debut in Wall Street in 1844. He founded the Drew Seminary at Carmel and funded several schools and churches. Panic of 1873. Bankruptcy proceedings in 1876. He grieved deeply that he was unable to fulfil his religious obligations according to his original intention. He considered the whole paraphernalia of book-keeping a confounded fraud. Died in 1879. He was humble to disarm any resentment and enable him to move smoothly in society among all shades and conditions of men.

**CH 18 Panics. Their causes. How far preventable.**

In France and Germany, the hazards of business are almost entirely confined to the accidents of political events. Due to its demography, the United States have a ceaseless stream of new issues of stocks, mortgages and commercial paper secured by liens upon uncertain undertakings (often experimental new ventures). Trade is also subject to regular successions of prosperity and depression. The risk comes from the sudden shrinkage in the value of assets. In every Panic very much depends upon the prudence and self-control of the money lenders (calmness and wisdom of the banks). Unfortunately, the law compels the banks to take a course (contraction of loans) which precipitates panics. Panic of May 1884. George I. Seney (1826-1893; NYC Banker) was President of the **Metropolitan Bank**. He began the watering (free dilution to get a start at a low figure, and washed sales – combined buy/sell orders) at the very inception of the Seney Syndicate Property. “*It is the winding up that tells the tale and exposes the duplicity of the ablest financiers.*” John Eno was President of the **Second National Bank of New York**, the deposits of which ($4 M) he skillfully appropriated to speculative use. His father (a director) came to the relief of his prodigal son and saved the bank. The quick, creative, determined and concerted action of the Clearing-House Association – taking Mr. Seney’s collection of paintings as collateral – is indispensable in the incipient stage of a Panic. It saved the country from the depressing effects (5-6 years) of a serious collapse and its attendant disasters (infusion of the spirit of distrust into every person, like a spreading virus).

**CH 19 Old time panics.**

The first great panic was that of 1837. The officials of the **United States Bank** at Philadelphia had opposed the election of President (General) Andrew Jackson (1767-1845). In 1832, the President vetoed the renewal of its charter. The transfer of the Government funds to the State banks stimulated speculation (specially land). The crisis came in 1837. A state of paralysis in business circles ensued. Pennsylvania chartered a State bank, to be called a United States bank... The error of the bank was to have mixed up its legitimate business of banking with politics and speculation. The action of the bank of England accelerated the process. Out of 850 banks, 343 closed their doors permanently.

**CH 20 The true story of Black Friday.**

In 1869 the country was blessed with abundant crops. There was a conspiracy (stopping the sale of gold) to put up its price and stimulate exports of cereals and cotton. The theory was to convince President (General) Ulysses S. Grant (1822-1885) to stop the gold sales, as planned by Gould, Fisk Jr & Co. “*Patriotism, Sir, is the last refuge of a scoundrel.*” (Samuel Johnson, English poet, 1709-1784) They tried to implicate the family of the President. Fisk Jr’s impetuosity, anxiety and enthusiasm aroused suspicion and spoiled the plot. Then happened Black Friday, September 24, 1869.

**CH 21 Causes of loss in speculation.**

Self-knowledge (“*Know thyself*.” Socrates, 470-399 BC; Seneca 4 BC-65 AD), self-control and mental discipline prevent natural disqualifications. Incomplete or insufficient information, false information, unusable information. Be satisfied to take a pound of assumption with but an ounce of fact. Credulity of the dupes. The “points,” the “puffs,” the “alarms” and the “canards” put out expressly to deceive (pseudo news, fake news, fake lies). Another source of losses lies in the speculator not holding back a cash reserve sufficient to protect him against an adverse course of prices (never pledge more than 50% of available means). There are “bull” or “bear” in season and out season. Follow the course of the market. Avoid going against the winds and the tides, the natural drift of the conditions that regulate values. Keep out of the market when it is balanced between opposing forces (sluggishness). Tendency resulting from the complex action and counteraction of intrinsic and external (shadowy) influences that control the market. Become a close observer of events. From the nature of the case, successful transactions are apt to be brief. Intelligent observer. Sagacious interpreter of symptoms. Sound judgment. Calmness and nerve to face unflinchingly whatever emergencies.

**CH 22 Villard and his speculations.**

Illustrates the evils of “Railroad methods.” Cornelius Vanderbilt (1794-1877; **Erie Railroad**), always triumphed. Henry Villard (1835-1900; **Northern Pacific Railway**), followed closely Cornelius Vanderbilt, except that, eventually, he failed. Henry Villard was the chief agent of the **Oregon Railway and Navigation Company** (**ORNC**). In the spring of 1881, he formed a blind pool (with Charles F. Woerishoffer, 1843-1886; George M. Pullman, 1831-1897; and Endicott) to take the control of **Northern Pacific Railway**. In September, he was elected President of **Northern Pacific Railway**. But, the cost of finishing the road was twice its accounting estimate ($20M). The **ORNC** had been formed out of a watering scheme (7 $ of liabilities for every $ of assets, and [-$0.2] net assets). The stock bulled up to $200, when it was watered (diluted). George I. Seney (1826-1893; NYC Banker) used to pour water in lavishly at the reorganization, and prior to having his properties listed on the Stock Exchange. Henry Villard improved upon this process by a copious dilution after the stocks had been inflated to the very point of bursting. He began with nothing in 1879. In five years he obtained temporary control of property aggregating in value over $1 B).

**CH 23 Ferdinand Ward.**

Ferdinand De Wilton Ward, Jr. (1851-1925), known first as the "Young Napoleon of Finance," The prince of swindlers. Played the “confidence game.” His presence was magnetic. Extraordinarily persuasive powers, without appearing to have any selfish object in view. Some of the richest financiers became his victims, chiefly induced by promises of high rates of interest. Investment in “Government contracts,” which, he said, required some secrecy. Then happened the panic of the 12th of May 1884, and the failure of Grant & Ward. Ward could tell his customers that he was not responsible for that. Ward was very much of a mind reader. General/President Ulysses S. Grant (1822-1885) and his sons became helpless victims of Ward’s duplicity (Grant’s letter, signed without much if any questioning).

**CH 24 Henry N. Smith.**

Emerged from the panic of 1864 on the winning side. Was overtaken by the panic of 1873 (fall of **Western Union**, in which Commodore Vanderbilt had kindly put him). Was able to command an enormous amount of credit in comparison with his actual means. It is impossible to estimate the egotism and fanaticism in speculation to which a man goes when he is seized with a monomania either on the bull or the bear side, but especially on the latter. He is “Sir Oracle” on the stock market. In conducting a Wall Street business, it is necessary to have the mental stamina to say “no” firmly and stand to it, which requires will power and physical force. William M. Tweed (1823-1878) was behind the throne in the government of the city of New York: “*The way to have power is to take it.*” He took control of the city funds besides several city savings banks. Smith and other members of the “*Tweed Ring*” would draw their balances from these banks, make money scarce, provoke a money market squeeze, and consequently a stock market break. (Speculation and politics playing into each other’s hands…)

**CH 25 James R. Keene.**

James R. Keene (1838-1913) abandoned law and journalism to become a stockbroker. After his one-year absence of California, a mining stock which had cost him a few hundred $ was worth over $200 K. Keene, Jay Gould and Major Selover formed a pool to put down **Western Union**. But Gould was a wicked partner. He still came out ahead. Keene’s investments were nearly all in good, reliable securities. He began to regard failure impossible and thought he was a man of destiny. He began speculating in everything that came along. The bankers became timid. Loans were called in as part of a bear campaign and the machinery of depression was put in motion. Disaster followed disaster. Keene arrived in New York at the most fortunate moment for investment (1878). Everything was down to bed-rock prices. Where Keene was, there Ward soon appeared. “*A friend that sticketh closer than a brother.*” He was shaken of his stock by the bears. He would have realized $10M if he had been able to hold them.

**CH 26 Railroad methods.**

Railroads have been largely built with borrowed money (credit relations with the great lending centers of Europe). But law has permitted so much concealment, misrepresentation and actual fraud that American credit has become a scandal and a by-word on the European bourses. The actual cash cost of a railroad is ordinarily less than 50% of the stock and bonds issued against the property. Most transactions are direct frauds (morally) upon the public (perverted distribution of wealth). The creation of this “abnormal, aristocratic class” raises a series of public questions that will strain the political institutions to their very foundations and challenge the overwhelming power of organized capital. The natural law of competition is a terrible foe to the violators of commercial justice. It is the inevitable police of trade. It will squeeze all the “water” out of the overcapitalized, old companies. It is a question very pertinent to the times, whether the foundation of our railroad aristocracy is as broad or as firm as it has been supposed to be (What about the FAANG stocks today?)

**CH 27 The Georgia repudiation bond swindle.**

Securities (1873) bearing the seals of the Sovereign States of Georgia and Alabama. Disreputable politicians. Almost crushed Henry Clews’ financial existence. The laws of the State of New York (1882) prohibit Savings Banks from investing in, or loaning upon, the securities of any State of the Union that had within ten years previously repudiated any of its lawful obligations. The sovereign right of repudiation, whereby victimized creditors have no recourse. “*What are you going to do about it?*” A majority of the Legislature (Democrats) decided that the State of Georgia was not bound by the acts of its predecessors (Republicans), and therefore these obligations were null and void. (The State of Minnesota repudiated, just as Georgia did). What guarantee can any investor have that the bonds which Georgia is now trying to put upon the market may not be outlawed by the next Legislature? August 24, 1886, the Governing Committee of the Stock Exchange refused to have anything to do with the bonds of the repudiating State of Georgia.

**CH 28 Andrew Johnson’s vagaries.**

Andrew Johnson (Democrat) served as President from 1865 to 1869, after Abraham Lincoln (Republican) assassination in April 1865. He had a considerable influence on the people of the South. Tailor of Tennessee. After a successful stay in New York, he lost entire control of himself in Albany. By the time he had reached Chicago, he had become a public object of ridicule. The people lost confidence in him. Impeachment trial (March 5 until May 26, 1868). Saved from impeachment by one vote!

**CH 29 The Dix Convention.**

At the Republican Convention (New York: Utica, 1872), delegates did not know why they cheered in favor of Judge Robertson for Governor, except by force of imitation. Henry Clews sprung General John A. Dix (Democrat…) on the Convention floor. No one could doubt that he would manage the State with discretion, dignity and a high sense of honor. He was nominated by acclamation. The election of General John A. Dix as Governor made the election of General Ulysses S. Grant as President sure…

**CH 30 Consequences or the Utica (Dix’s) Convention.**

“*History is said to be philosophy teaching by example…*” The name of John A. Dix was a genuine surprise to the entire Republican Convention. Motto of Napoleon’s old guard, “*The Guard dies, but does not surrender.*” Senator Conkling was not aware of the smoldering fire of vengeance that lay latent in the bosom of his “friend” (Judge Robertson). This prevented the nomination of General Ulysses S. Grant for a third term. James A. Garfield was nominated, elected and… assassinated! The thread of cause and effect is usually entangled in the deepest mystery.

**CH 31 Grant’s second term.**

Philadelphia Convention (May 1872). Ulysses S. Grant had been tried for one term and found to be a very satisfactory executive… Henry Clews did not want any public office. “*My highest ambition had been satisfied in my own line of business.*” The New York *Sun* said: “*We believe that Henry Clews did more, in a pecuniary way, to promote the success of Grant, than any Republican millionaire or the Union League Club.*”

**CH 32 The Tweed Ring and the Committee of Seventy.**

Flagrant dishonesty and betrayal of trust on the part of his agent (Wm. J. Hutchinson), in whom he (John R. Duff) reposed too much confidence… **Boss Tweed & Co**, at the time of an election, if their opponents happened to be in power, would produce a stringency in the money market, by calling in simultaneously (the Ring) all the city money which was usually on temporary loans in the Street. “*There is nothing so irritating to the disappointed speculator as the harassing doubt of where to fix the blame.*” Great efforts were made (by the Democrats, Peter Sweeney) to produce a panic in Wall Street. After having defeated the machinations of the Ring, Henry Clews originated the Vigilance Committee of Seventy (limit political plunder and tyranny). The property of the person offending the Boss (Richard Connolly, the N.Y. City Comptroller) would be marked up to an artificial value and his taxes accordingly increased (subtle system of blackmailing). Most of the city officials resigned and took their flight to parts unknown…

**CH 33 Hon. Samuel J. Tilden** (Governor of N.Y., 1814-1886).

Railroad wrecking and the reorganization of broken concerns… Quick to discern the tide in the affairs of men which, when taken at the flood, leads on to fortune… The tidal wave of reform… Counsellor (lawyer) to the Committee of Seventy. Lightning never strikes twice in the same place… in this sinful world! The toil attendant upon climbing above the heads of the great majority of the “masses” with a strong contingent of the envious “classes” always using their best efforts to pull a man down who attempts to aspire above a certain level. Even if there are few, if any, who have not had some murky clouds cast over their fair fame... A man who attains such eminent success has his Creator to thank for endowing him with the capacity to take advantage of the chances thrown in his way… In his will, he ordered that if the will should be contested by any of the beneficiaries each and all of the contesting parties should be disinherited.

**CH 34 Commodore Cornelius Vanderbilt. How his fortune was accumulated.**

Started form a row-boat of which he was the Captain. Plying between Staten Island and New York. Cornelius Vanderbilt (1794-1877) himself did the rowing… Started a line of steamers and ferry boats… “James Cross (son-in-law), as I can do better than that (leather business) myself in handling $50K, I will give you $5K a year hereafter, and you may consider yourself in my employ at that salary.” Hired Commodore Garrison to manage his steamboat business in San Francisco (Wild West). Then, sold out to the **Pacific Mail Company**. At one time, he had a fleet of sixty ships. Thereafter, he devoted his energies to the railroad business (**Harlem Railroad**: the members of the legislature were squeezed and had to settle up with him on his own terms). Played a higher game with **New York Central**. He kept working the stock up and down (~20% manipulations) until he “milked” the street very dry. He kept the tempting prize of a coming dividend glittering before the eyes of the dazzled imaginations of his friends… He accumulated the largest private fortune in the world (except for the Rothschilds who had the resources of the greatest monarchs of Europe…) In seventy years, the Commodore and his son arose from nothing to $90 M. The son made three times as much in seven years ($75 M) as his father in seventy! Comparatively, accumulations (in Europe) have usually been slow. Very few (Rothschilds, Astors…) have had any children capable of increasing their wealth. Jay Gould (1836-1892), with all the resources of the newspapers, politicians, lawyers, judges and courts at his will, has been left far behind. “*A fool can make money, but it takes a wise man to keep it...*” Every man has the privilege of walking in the footsteps of the two great Vanderbilts if he only has the ability… The announcement of this mammoth fortune at the time of William H. Vanderbilt’s death (1821-1885) had a most demoralizing effect upon a large number of the wealthy community…

**CH 35 William H. Vanderbilt.** (Son of Cornelius Vanderbilt 1821-1885)

He was more of an investor than a speculator… He built up instead of pulling down values. He paid due deference to public opinion. Bankrupt **Staten Island Railroad**, from $0 to $175 in two years. Acted as a co-worker with his exacting father (**Harlem Road**, **Hudson River Railroad**). He scrutinized every bill, check and voucher. When his father died in 1877 (at the age of 82) he possessed ~$90 M. He proposed a compromise with his employees (strike of 1877). His policy was entirely pacific, resorting to reason and arbitration. He was generous with his brother (Corneel) and his sisters. He considered it a filial duty to look after the increase and accumulation of the property left by his father. A major mistake on his part was to buy **Nickel Plate Road** a month too early… The magnificent Vanderbilt ball had the effect of drawing the Astors and the Vanderbilts into social union. All his attachments vanished in presence of his love for his horses. Although generally a man of few words… He probably was the best double team driver in America. His bequests were liberal and numerous (Universities, General Ulysses S. Grant…) While threatened (cranks, socialists and others) he never made a change to his program or his routine of business for the day. It was his profound respect for popular opinion against monopolies which induced him to sell a controlling interest in **New York Central** to a syndicate. “*I am working for my stockholders. (The public be damned…) If the public wants the train (fast mail train to Chicago) why don’t they support it.*” He resigned from his railroad duties in May 1883. He died on December 8, 1885.

**CH 36 “Young Corneel.”**

Cornelius Jeremiah Vanderbilt (1830-1882) was the brother of William H. Vanderbilt. Eccentric. His father used to get him of his troubles. He had the ability to catch the ear of prominent men (Schuyler Colfax and Horace Greeley). He died by his own hand. Corneel’s besetting sin: the gaming table. He was treated as a child by his father who, at a time, had him arrested and incarcerated in the Bloomingdale Lunatic Asylum.

**CH 37 The young Vanderbilts and their fortunes.**

Influence of the Hebrew religion. ~$200 M (~500 tons of gold) were distributed among the eight children of William H. Vanderbilt, son of the Commodore. Most was in U.S. bonds. All were above the average in regard to the manly and gentlemanly virtues. The Vanderbilt “system” employed 200,000 well paid people. The State was paid ~$1 for every $2.7 received by the stockholders. These four young men (Cornelius, William, Frederick, George) were shrewd and cautious financiers and generous philanthropists.

**CH 38 The Rothschilds.**

The original name of Rothschild (“Red Shield” sign over a little shop on Jews’ street in Frankfort-on-the-Main) was Bauer. Mayer Anselm Rothschild (1744-1812), founder of the house (He discounted bills, changed money, examined the quality of coins), used to say: “*I buys ‘sheep’ and sells ‘deer.*’” He became the agent of the kings and princes of Europe. “*Blood money*” was the original basis of his fortune (George III of England paid Frederic II $20 M for 17,000 Hessians to help whip George Washington and retain the American Colonies…) When Napoleon invaded Germany (War of the Sixth Coalition 1812–1814), old Rothschild hid $40 M in wine casks and after the peace his son Anselm returned to Prince William every dollar. He had five sons: Anselm (Frankfort); Solomon (Vienna); Nathan (London); Charles (Naples); and James (Paris). All the settlements were made at Frankfurt, based on the principles of union, harmony and consolidation. (“Socialistic” family tie rendered binding through the power of the Hebrew religion.) Nobody outside the family ever knew what their real wealth was (inviolable family secret!) The greatest speculator was Nathan. He manipulated the London Stock Exchange after the battle of Waterloo (“*A lie which is half a truth is a hard matter to fight*.”) and made $6 M. Being close to the Government, he gave his brothers on the continent a large amount of valuable and inside information on which to speculate with success. He used well trained carrier pigeons. He was tortured by the fear of enemies and thought misfortune was contagious… He made $6 M on a “corner” in quicksilver out the **Almaden mines** in Spain. He died in 1836 at the age of 59. His last words were: “*He is trying to kill me. Quick, quick, give me the gold.*”

**CH 39 William R. Travers.**

Usually on the bear side. Travers (1819-1887) did not believe that there was any value in any property. “*I think the oyster must have brains because it knows enough when to shut up…*” Started in the grocery business in Baltimore, where business misfortunes had overtaken him. “*Virtue is its own reward…*” To a group of brokers owning beautiful yachts: “*Where are the customers’ yachts?...*” With his partner (Leonard W. Jerome), he helped remove the social stigma from the turf, allowing the fair sex to enjoy one or the greatest pleasures of out-door recreations. Died in Bermuda, March 19, 1887 (Age 68). He made $3 M in Wall Street. He was charitable. He was a “*bon vivant*” and had one of the best cellars in New York. “*The world is my country; to do good is my religion…*”

**CH 40 Charles F. Woerishoffer.**

Woerishoffer (1843-1886) had the magnetic power of impressing people. He had the aptitude to take advantage of events and circumstances. He thoroughly calculated all the chances *pro* and *con* of a speculation. As a business man, he “*believed in nothing.*” He judged that the earning capacity of the roads would not equal expectations. He was a man of strong and tenacious purpose. Bought a seat in the Stock Exchange in 1868. He was on intimate terms with his great brother bear, Addison Cammack (1826-1901). He made enormous profits on the short side of the market. He organized a bear raid to take advantage of the shooting of President James A. Garfield in 1881, which led to the panic of 1884. Always employed many brokers, so that speculators were all at sea regarding what he was going to do. Was as famous for his generosity as James R. Keene (1838-1913). He was exceedingly generous with his employees. He died at the age of 43. He would play at roulette and poker for large stakes. He was a gigantic wrecker of values. His method was to destroy confidence, hammering the market until he got what he wanted.

**CH 41 Women as speculators.**

As speculators, women hitherto have been utter failures. When obliged to go alone, thrown upon their own resources, they are comparatively helpless. Wall Street is not a place for a lady to find either fortune or character. Women as brokers have singularly failed in every known instance of experience. It is probably only in the matrimonial line that women can become successful speculators. They are too impulsive and impressionable.

**CH 42 Western millionaires in New York.**

There is emphatically no place like New York. Some of the more famous financial powers of the West have either settled of recent years in New York or are frequently seen here.

Collis P. Huntington (66), worth $30 M. “*Business success is not usually attained without long and persistent efforts, and in spite of repeated discouragements.*” Organized the **Central Pacific Railroad** linking West and East.

Leland Stanford. Born in 1824, worth $40 M. Elected Governor of California in 1861. Became President of the **Central Pacific Railroad**. Elected as a Republican Senator in 1884. Founded a University (practical education).

Darius O. Mills, one of the boldest financiers. Stateman’s caution and conservatism when the march of events requires it. “*Discretion is the better part of valor.*” Worth $20 M. California gold fever (1849). Opened a store for the miners. Became President of the **Bank of California**. The marriages of his children strengthened his social position. He distributed his property generously while living. “*Never give carte blanche orders to decorators…*”

John W. Mackay, born in Dublin in 1835, now 52 (1887). Caught the gold fever. Through a partnership, controlled the **Hale & Norcross mine** (1866). Had little inclination for social triumphs. Worth $20 M.

James C. Flood. Opened a liquor saloon (“*gin mill*”) in San Francisco in 1849. Went into mining stocks (1862). Established the **Nevada Bank**.

W.S. O’Brien was associated with Mackay, Flood & Fair in developing mines (**Bonanza**).

James G. Fair. Born in 1831 in Belfast. Sound scientific and business education. Engaged in quartz mining in Calaveras, California. Began speculative buying of real estate in San Francisco in 1858. Elected to the US Senate in 1881. Worth $20 M.

William Sharon. Sagacious, self-reliant men. Kept cold when the **Bank of California** was forced to suspend, and never lost his courage.

Wm. C. Ralston. One of the financial giants of the Pacific Slope. Organized the **Bank of California** with Commodore Garrison. Overthrown by adverse fortune. His enterprises were too much spread out. Over-issued the stock of the Bank. Paid for his fault with his life.

John P. Jones. Made (mining, 1886) and lost (railroads) millions. Born in England in 1830. He had too many irons in the fire. His motto: “*Pick the flint* (silex) *and try again.*” Elected as a Republican Senator in 1872.

R. J. Baldwin, “*Lucky*”. 59. Went to California in 1853, as a merchant. Speculated in mines in Nevada. Once he was so badly worsted in this great game that he was compelled to mortgage all of his property. Worth $15 M.

William H. Stewart. US Senator. Went to California in 1850. Discovered the **Eureka** diggings. Appointed district Attorney of Nevada City (1852) and then Attorney General in San Francisco (1854). He thoroughly understood mining law. Rendered important services to mining interests and invested in mines.

James Lick. Went to California in 1796. Invested in real estate. Eccentric.

John W. Shaw. Invested in mines and mining stocks.

**The lesson**… Key success factors: a growing (**emerging**) sector (gold mines, river boats, railroads, real estate, banking) in a “rising” environment (California, Nevada…); credible partners at the start; education (law); marriage; Senate (politics); **patience, tenacity**.

**CH 43 Railroad investments.**

In 1884, the US (population: 54 M) had 125,380 miles of rail roads. Europe (Population, GB+F+D: 12 M) had 60,000 miles. Russia (Population, 85 M; 19,000 miles). Capitalization of US railroads: $3.7 B in bonds; $3.8 B of stock. This fictitious railroad capital (much more than the capital outlay in construction and equipment) is imposing an unjust tax on the people, retarding the growth of national commerce and creating a distinct millionaire class not without danger for the political system. The stock of a company usually about equals the amount of its bond issues. “*A low rate of interest is apt to prevail in countries where privileged or aristocratic classes have absorbed an undue proportion of the national wealth…*”

**CH 44 The silver question.**

At the present time, about one-half of the world’s metallic money consists of silver, and the other half of gold (The Latin Union). But, certain German theorists persuaded Chancellor Bismarck to commit Germany to the demonetization of silver. The coinage demand for silver being thus cut off, the price of silver bullion was cut loose... Some government debts are made expressly payable in gold... There is a danger of dissipating that broad substratum of gold which is the sole means (!...) of preventing our entire paper currency from depreciating…

**CH 45 The labor question.**

If the unions do occasionally get an advance in wages, it would have come by the natural laws of competition among the capitalists… (~John Stuart Mill, 1806-1873) One principle of the unions is exceedingly unjust to the workingmen to the last degree: workmen are not equal in their capacity as to the quality of service or work and the quantity of production. A workman wants to be the free ruler of his own destiny. In the spring of 1886, strikes were suddenly initiated among the Middle States. Employers refused to concede the demands made. The strike in the **Missouri Pacific**, instead of injuring Jay Gould (1836-1892) has done him inestimable service. “*Under the government of this nation, the effect is to elevate the standard of the human race and not to degrade it. In too many other nations it is the reverse.*” The tide of emigration to this country makes peaceful strikes perfectly harmless in themselves.

**CH 46 An important synopsis.**

**Key lessons**… learned from seventy years of observation of the markets:

* To avert panics, governments buy bonds (interest rates go down; money supply goes up; bank liquidity improves) and sell gold (money in circulation goes down)…
* “Corners” (bear short squeezes, or bull margin calls) are usually settled “under the rule” (between members, outside market hours, among gentlemen…) Usually, prices move up or down very fast (< 7 days…)
* Most of the time, large market overselling lead to sharp rallies…
* Marketing (new issuance, dilution, watering) of long stock generally causes declines…
* Overwhelming influence of monetary policy (yield curve spread) on market behavior…
* Cheap stocks (no dividend, no assets…) are regularly “boomed” by cliques (Today, internet-based hordes?)
* Frauds, failures, bankruptcies, and panics are recurrent… (uncertainty & indeterminacy is the normal state of the market…)

**CH 47 International significance of the Bartholdi Statue.**

Statue of Liberty. Interdependence of two great nations (pioneers of universal Republicanism) is clearly portrayed. Gift of the French people. Enlightens the world.

**CH 48 Large fortunes and their disposition.**

John Jacob Astor (1763-1848). Started life dealing in furs and then made large profits in real estate. George Peabody, John Hopkins, Alexander Stewart, Stephen Girard - “*A man can never become wealthy by hard manual labor…*”; “*Never had a friend, except the friend in the pocket, which is by all odds the most genuine.*” - James Lenox, Peter Cooper, Samuel Jones Tilden, the Vanderbilt family, James Lick…, were all great American philanthropists. For those benefactors of humanity, virtue was its own reward, even if most of the time they were misunderstood and abused by those who benefited most of their work (Funny! That’s what Napoleon used to say.)

**CH 49 Southern affairs in speculation.**

Civil war (1861-1865). The idea of encouraging a large exodus from other lands has been one of the great bulwarks of the US prosperity. The South attempted to break up the present form of government, trying to destroy its autonomy and cohesiveness. All the powers of Europe (under dynastic oppression) would have taken advantage of the chance of acquiring a slice of such a fine domain (Napoleon III, tried from Mexico). Henry Clews office was the headquarter of loyal Northern men (Union). He helped along harmony and reconstruction. The North was affected by its inflated currency and war prices, growing out of the large issue of paper money necessary to carry on the war, and consequent over-speculation as a natural result. Georgia, Alabama and North Carolina cheated Henry Clews out of his money and property. Probably due to Andrew Johnson (Democrat), who, after the assassination of Abraham Lincoln (Republican, 1865), became President of the US, and deceived the South – chronic hostility between the legislative and executive branches of the Government…

**CH 50 Western and southern financial leaders.**

Civil war (1861-1865). His will is law… He is wise… He seems to be a man of destiny… In this country, no one cares about ancestry… Integrity and ability stand a man in better stead in America than show of purple veins of Norman blood… But, great men do not always have great sons… Here, merit is the sole test… Birth is nothing… Intelligence and integrity…

**CH 51 Arbitration.**

Settling disputes and misunderstandings by arbitration (so successful in the NYSE). “*Jury fixing*” has become so common in the courts (bribing jurors…) Jurys are easily swayed by sentiment and prejudice, to the utter exclusion of the evidence... The evils of litigation (going to law) are far reaching (worry, wear and tear…) Slow, monotonous and expensive machinery (technicalities of law) of the law courts... “*You will never know what a jury will do!*”

**CH 52 New York as a financial center.**

Center for the settlement of financial transactions. The “reserve” laws in N.Y. are too restrictive (25% of deposits in lawful money: reserve “dead line”). If a panic occurs, the banks are compelled to contract loans and credit, and suspend payment to depositors, which creates a stringency in the money market. Hence, as the limit is approached, the reserve becomes the certain cause of panic and ruin… These rules have to be made more flexible if N.Y. aims at becoming the financial center of the U.S…

**CH 53 Earthquake theories and Wall Street affairs.**

Calamities are first felt in Wall Street... Most important risk: an earthquake as it happened in Charleston (1886, damage to 2,000 buildings), a locality so far removed from any volcano. Oil and mining plays are the most treacherous in their operations beneath the surface of the earth… (What about shale oil & gas today?) N.Y. was visited by an earthquake in 1884. Earthquakes are likely to become the great disasters of the future most to be dreaded (!…)

**CH 54 August Belmont (Age 68!).**

Reached the highest credit of any banker in the U.S. Representative (1837-1858) of the Rothschilds in the U.S. Europe does not afford the opportunities that so often arise in the U.S. Founder of the Manhattan Club.

**CH 55 The socialist objections to the present order of society examined.**

It has yet to be proven that there is any country in the civilized world where the wages of labor, estimated in articles of consumption, are declining. But there is a peculiar tendency of poverty to produce over-population. Any improvement is likely to be progressive if bad laws do not interfere with it…

**CH 56 Stock exchange celebrities.**

John Kirkner, tenacious of his opinions, whether contrary to generally accepted views or not. To push up the thorny and brambly path to wealth. Members of the stock Exchange (1100) are as exemplary a class of business men as can be found anywhere. There is not a more intelligent body of men in the world. Washington E. Connor, lieutenant of Mr. Gould, cool quick and adroit. George J. Gould (son of Jay), a reserved and quiet associate, always controlling his lines. Modern nobility springs from success in finance and commerce. Titles of nobility have become badges of imbecility, mediocrity and dishonor.

**CH 57 A look into the future.**

We do not realize how rapidly we (N.Y.) are going. People, rather than interfering with their neighbors, know nothing of what goes on around and about them, and care less. In one hundred years, N.Y. will be the money center of the world. Trains will run at the rate of one hundred miles an hour (as opposed to 40 mph today!). Electricity will be the one motive power (!…) Time is money, and the American idea is to save time. A stationary engine will be located at the mouth of coal mines and the power derived from the coal transmitted therefrom over an electric wire (Today’s production plants…). Abolition of railroads by pneumatic tubes (?). We make our own opportunities (Brooklyn bridge!)

**CH 58 Jay Gould.**

Jason “Jay” Gould (1836-1892) had probably the most difficulty in making the first thousand dollars of the amazing pile which he now controls. Bought out every business with which he had been connected. Father-in-law owned shares in a railroad which was in bad financial condition. Bought him out and obtained control of the entire property. He started buying and selling railroads: buying bad ones; putting them together under a new name; making large issues of bonds; making people believe in immense prospects; selling at a good price; and… buying back at a reduced price when the purchasers failed and were obliged to go into liquidation after a year or two. Usually used the law to his own advantage (Issuing new stock of the **Erie Railroad** to avoid Vanderbilt’s “corner”). When they met, the Commodore’s feint was evidently to try the courage and soften the heart of Mr. Gould, who never seemed to suspect that it was a mere hoax… Shakespeare: “*The evil that men do lives after them, the good is often interred with their bones.*” Finally, he was more of a builder up than a wrecker of values. The legislative action hurt their own interests... The Government repudiated their own contracts... Conflictual position of a director-investor... Built the **Southwest System of railroads**. Unexcitable manner; never speaks except in a low-pitched tone; listen quietly; strong advocate of method; dines and sleeps on board his car; quite modest in his demeanor; more polite than his employees. He also built the greatest telegraph monopoly in the world while consolidating the **Baltimore and Ohio Telegraph** with **Western Union**…

**CH 59 Men of mark.**

Cyrus W. Field. In 1854 was granted an exclusive right for fifty years to establish a telegraph line from America to Newfoundland (Ireland) and thence to Europe. Failed in 1857. Tried again in 1865-1866 despite incredulity, ridicule, indifference and strenuous opposition. Man of courtly manners with penetrating bluish-gray eyes.

Stephen V. White. (Age 54). Director in the **Western Union**. Quick and straightforward. Natural leader. Lawyer. Squeezed badly shorts in **Lackawanna**.

Austin Corbin. (Age 58). Reorganized the **Reading Railroad**. Studied at Harvard Law School. Established a banking house in N.Y.

Philip D. Armour. Never seems excited or disturbed. Accumulated a little capital in the gold fields (California). At the end of the war, he sold pork short in N.Y. ($40 > $18 a barrel). Made millions in grain speculations.

Levi P. Morton. From dry goods to banks. Shrewd, genial and successful. Lineal descendant of George Morton, one of the Pilgrim Fathers who came to this country in 1623. Minister to France. Free and generous entertainer.

John A. Stewart. President of the **U.S. Trust Company** (bank and trust corporation).

Anthony J. Drexel. (Age 55). From gold to banking business.

Addison Jerome. From dry goods to speculation. Ended as a financial shipwreck.

Leonard Jerome studied law (Princeton). Very successful on the short side of the market. The more he made, the more he gave. He was never happy but when making others happy.

Addison Cammack. (Age 60). After several partnerships, became an operator on his own account. Jumps form one side of the market to the other with celerity. Quickly changes his mind if he thinks he has been wrong.

Russell Sage. (Age 70). Senator. Director in the **Gould Telegraph and Railroad system**. King of puts and calls. In the panic of 1884, lost on his puts. Always kept a large cash balance. Quiet and simple, making no display.

Chauncey M. Depew. Friend of Wm. H. Vanderbilt since 1866. Studied law at Yale. Minister to Japan. President of one of the greatest trunk lines (**N.Y. Central**)

James M. Brown. (Age 63). Banker. Dry goods business. Converted into banking. Member of the Committee of Seventy which contributed to the downfall of the Tweed Ring in N.Y.

Edmund Clarence Stedman, the banker poet (**New York Tribune**). Studied at Yale.

Victor H. Newcomb. Cautious. Turns quickly when he thinks there is occasion. “*Only a fool never changes his mind.*”

Moses Taylor. Governed by intuition. A word and a blow. President of **City Bank**. Thinks the support of the Government was an imperative necessity (valuable aid to the Union cause during the war). He accumulated wealth very fast in the sugar business. Made millions buying for a few cents the shares (bankrupt) of **Delaware, Lackawanna & Western Coal**. Worked very hard.

Anthony W. Morse. While in England (During the war, he was convinced of the success of the South) he thought that whatever the currency would buy would advance (railroad stocks and bonds), while the currency itself would become nearly worthless. Treasury (Salmon P. Chase, Secretary of the Treasury in President Lincoln's cabinet from 1861 to 1864, during the Civil War) sold $10 M of gold to the highest bidder to prick the bubble. Panic followed. Morse failed. He paid the penalty of disloyalty.

Henry Keep. Great manipulator of railroad stocks (As its President, he had inside information on **Lake Shore Road**). Short sale via put options + new stock issuance to cover + treasury stock to protect value. It was a Waterloo for the Addison Jerome clique…

J. Pierpont Morgan. The railroad reorganizer… Partner of George Peabody (banking in London). Founded in N.Y. Drexel (Philadelphia family), Morgan & Co engaged in the reorganization of crippled railroads. They have been financial physicians, healing sick corporate bodies; monetary surgeons, skillful pruners of the vine… He is aggressive and strikes hard blows. He has the driving powers of a locomotive. Man of acts rather than words.

Thomas L. James. President of the **Lincoln National Bank**. Feels the tide of local affairs.

**CH 60 Two young men of promise.**

Charles M. Foster. Partner of Henry Clews. Started as a clerk at 13, with a small salary ($3/week).

James Blanchard Clews. Nephew. Jeffersonian principle, “*Is he capable? Is he honest?*” I would prefer giving an incompetent relative a pension outside of my establishment, where he would be powerless to do injury or make mischief, to having a sinecure inside…

**Conclusion.**

Some very brilliant financiers shun publicity and conduct their lives and operations with great reserve. They will appear in another book!