Twitter Thread by Kostas ■■■ ■ ■



Kostas ■■■ ■ ■
@itsKostasWithK

California Gold Rush, the biggest get-rich-quick scheme in American history

How Sam Brannan became the wealthiest man in California without selling a single ounce of gold

/THREAD/



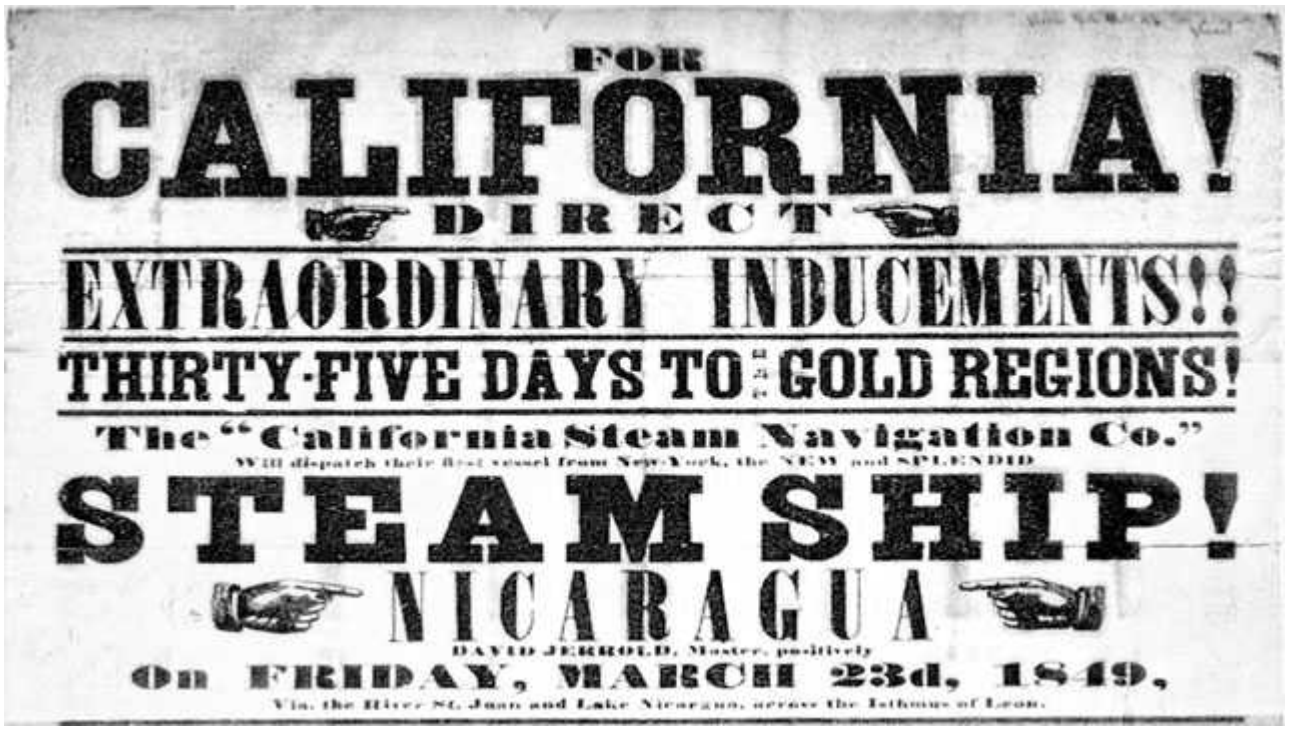
1/ On January 24, 1848, a carpenter named James W. Marshall discovered gold at John Sutter's Mill in Coloma California (close to present-day Sacramento), where he was employed.

Californian residents were the first to rush into the area in late 1848.



2/ By 1849, the word had spread around the world with almost 100,000 gold-seekers and merchants immigrating to California from across the US and abroad, being named forty-niners.

By 1855 the number reached 300,000. It was the biggest immigration movement at the time.



3/ The gold influx into the money supply system rejuvenated the country's economy giving statehood to California.

The rise in population led to an expansion in various sectors, such as agriculture, ranching, and merchandising.



4/ The San Francisco population exploded from 200 residents in 1846 to 30,000 in 1852.

Many cities and infrastructure was built across California.

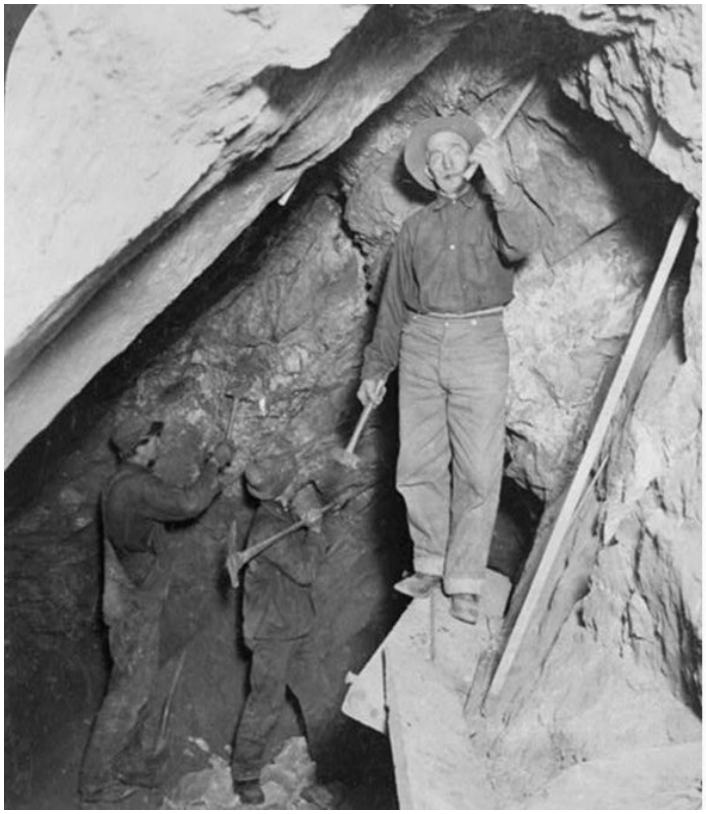
New methods of mining and transportation were developed creating a technological boom.

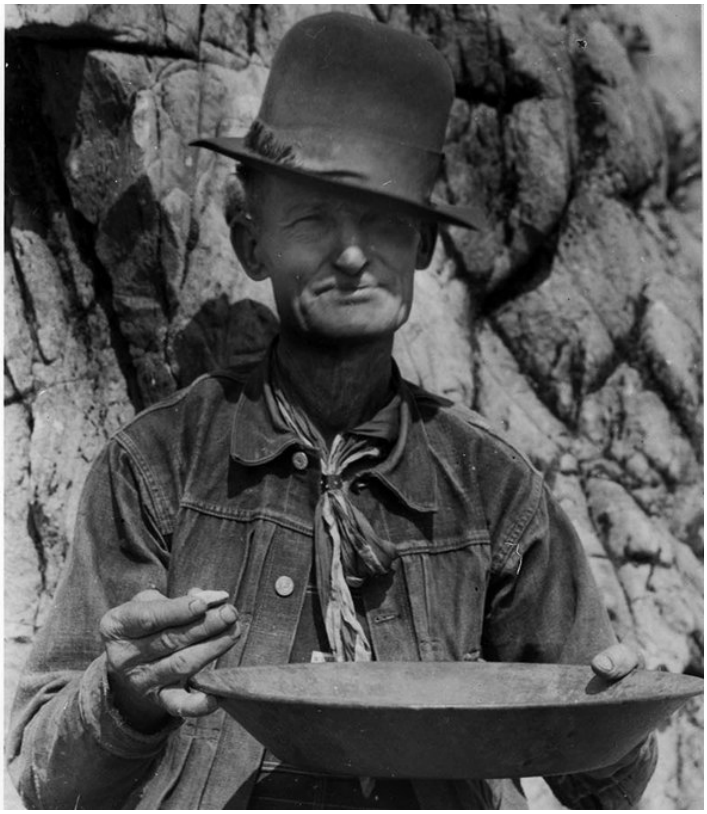


5/ Due to the increased demand, prices of goods skyrocketed.

In today's terms, a single egg cost $25, and a pair of second-hand boots more than $2,000.

Gold worth tens of billions of dollars (in today's terms) was recovered.





6/ Among the miners, only a small minority made a modest earning, with most barely breaking even due to taxes and the high operational costs.

Most of the profits were made by merchants and savvy entrepreneurs.



7/ One of them was Levi Strauss who sold denim overalls, that could withstand harsh conditions, to miners.

Others were industrialist Philip Armour, who was operating sluices controlling the water flow to the mined rivers.



8/ John Studebaker, who manufactured wheelbarrows.

Henry Wells and William Fargo, who started an enterprise that became one of the biggest financial institutions in the country.





9/ Most notable among them was Sam Brannan a merchant, businessman, and newspaper publisher.

He went around San Francisco shouting "Gold! Gold on the American River!" while waving a vial with a small amount of it.



10/ He then bought all the picks, shovels, and pans he could find and sold them at an immense markup to the incoming gold seekers.

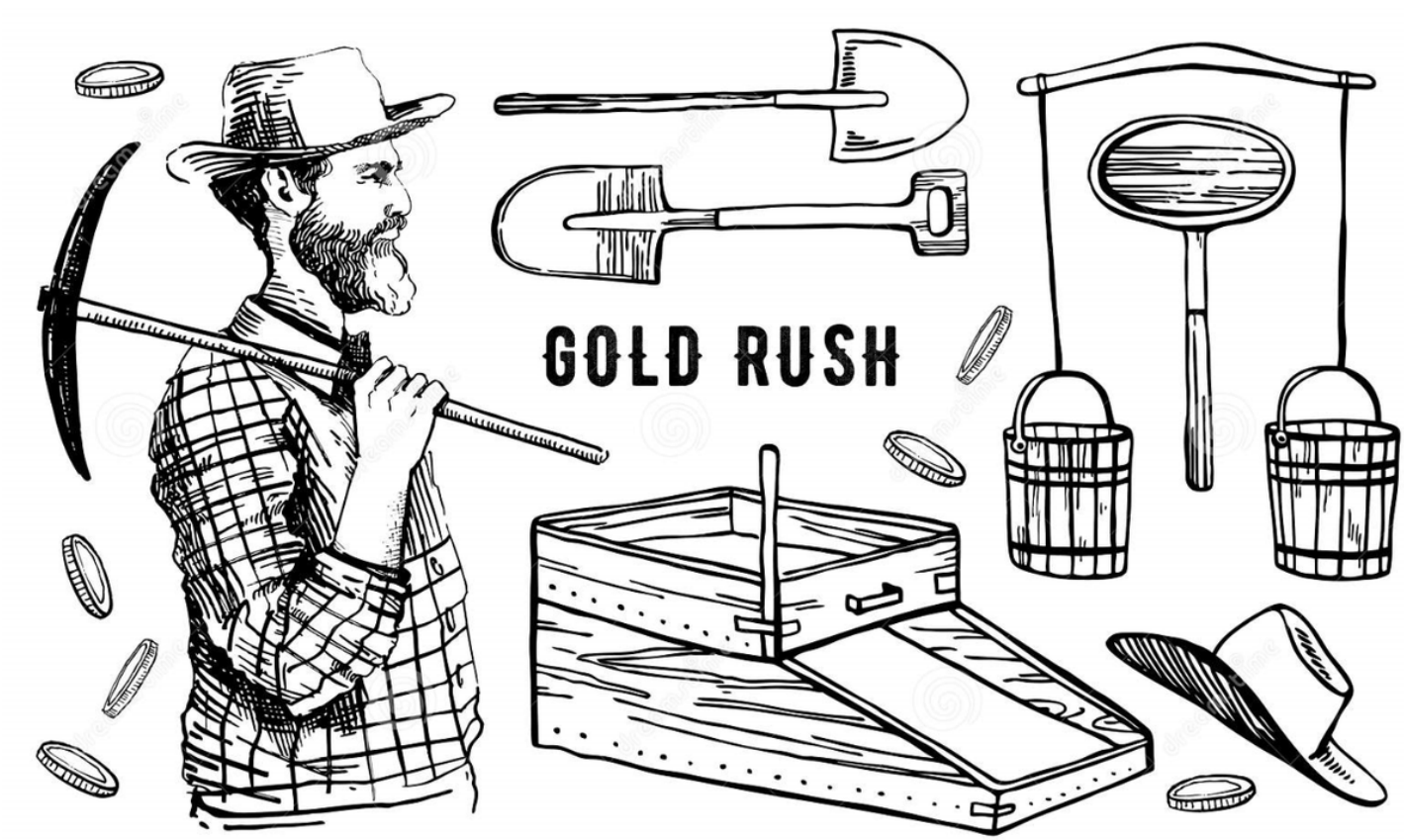
He was selling pans he bought for 20 cents each for up to $15 apiece, making more than $35,000 in 2 months.



11/ His stores earned hundreds of thousands of dollars during the entire Gold Rush, which ended in 1855.

That's how the saying "When everyone is looking for gold, sell shovels" came to life.

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