

Matthews G.<sup>1</sup>

## California gold, privateering, and the Russian navy: a story of the American Civil War

**Abstract.** In most accounts of the Civil War, California does not loom very large. No battles were fought there, and it was remote from the seat of government, hence the Golden State's golden contribution to the war effort has tended to be overlooked or downplayed. But in fact, California gold made a substantial contribution to the health of the Union's finances and to the provision of care for wounded soldiers. In my recent book, *The Golden State in the Civil War: Thomas Starr King, the Republican Party, and the Birth of Modern California*, I document this largely-forgotten historical fact. In this article, I will describe the dimensions of that contribution as well as the difficulties in protecting the shipments of the gold to the eastern seaboard and the reassuring role played by Russian naval vessels in 1863.

**Key words:** Civil War, Gold Rush, Californian History, Confederate sympathizers

УДК 94(73)"1861/1865"

### Калифорнийское золото, каперство и российский военно-морской флот: история американской гражданской войны

**Аннотация.** В большинстве исследований, посвященных Гражданской войне в США, Калифорнии не уделяется достаточного внимания. На территории этого штата не велись сражения, Калифорния была вдалеке от центров политической власти, поэтому вклад «золотого штата» в победу Севера в Гражданской войне долгое время не рассматривался вовсе или недооценивался. Однако золото, добываемое в Калифорнии, стало гарантией стабильного финансового положения Союза и сыграло важную роль в организации помощи раненым солдатам. В недавно опубликованной книге Гленны Мэтьюз «Золотой штат» во время Гражданской войны: Томас Стар Кинг, Республиканская партия, и рождения современной Калифорнии», на многочисленных архивных материалах восстановлена историческая справедливость и показана значимая роль Калифорнии в событиях Гражданской войны. В настоящей статье автор показывает различные аспекты участия Калифорнии в войне, а также непростую задачу обеспечить отправку золота на восточное побережье и значение визита судов российского военно-морского флота в Калифорнию в 1863 году.

**Ключевые слова:** Гражданская война, Золотая лихорадка, история Калифорнии, Южная Конфедерация

<sup>1</sup> **Matthews Glenna** – independent scholar, visiting scholar at the Starr King School for the Ministry in Berkeley (e-mail: glenna11@verizon.net)

The American Civil War was waged between 1861 and 1865. A dozen years before the secession of southern states that precipitated the outbreak of the war, there had taken place an event of world-historical significance: the discovery of gold in the American River in northern California. So abundant was the gold in the first years—years in which “the world rushed in” to participate in the frenzied mining—that between 1848 and 1863 some \$784,652,194 in gold was shipped from San Francisco harbor, according to the ships’ manifests. And this figure is in 19<sup>th</sup>-century dollars, (as are all the dollar amounts enumerated in the article). So the gold represented a staggering fortune, a fortune whose flow was maintained throughout the war years.

The United States had never waged a war on the scale that the Civil War entailed, and mobilization for the conflict strained every sinew of government, most especially the financial. How to meet the vast expenses was no easy challenge. In the first full year of the war, expenditures by the federal government were seven times more than they had been in the year immediately preceding. Foreseeing what was ahead, Lincoln’s Secretary of the Treasury Salmon P. Chase began to arrange for bank loans even before the Confederate firing on Fort Sumter in Charleston Harbor in April 1861, the event that was the catalyst for the start of actual hostilities. Heretofore the government had relied on a tariff for most of its revenues, but this was clearly inadequate to the new needs. Yet there was initial reluctance to institute other tax measures, with the consequence that the need to borrow became intense.

How, then, did California gold help deal with this critical problem? The federal government had established a branch of the U.S. Mint in San Francisco in 1854, so as to convert the gold being mined into coinage and ingots. As the war broke out, a steamer was departing from San Francisco every two weeks, each time carrying about three tons of gold to the isthmus of Panama. There it would be transported across the narrow strip of land and picked up by another steamer that carried it to New York. These shipments built up the gold reserves of eastern banks, arriving to settle accounts that had been contracted using paper instruments. The banks were then in a better position to extend loans to the government. Even at that, the expenses were so vast, and the need for government borrowing so immense, that the money markets began to be nervous about the possible need for the suspension of specie payments. As one scholar puts it, “the New York banks’ receipts of gold from California, amounting to something less than three millions a month, were still keeping the banks’ heads above water but could only postpone suspension, not prevent it.” And so the Union went off the gold standard in December 1861.

Although the California gold did not solve the long-term problems, what it did do was buy time for Secretary Chase and Congress to begin to find the way to workable solutions, solutions that included higher tariffs, the introduction of the first income tax, and a well-organized bond program run by the financier Jay Cooke, as well as the suspension of specie payments. Westward expansion further contributed to solving financial difficulties because it brought new and mineral-rich territories, such as Nevada, which became a state in 1864, more fully under the sway of the federal government. In general historians have given Chase and the

Republicans high marks for meeting the crisis with courage and determination. As the historian Heather Cox Richardson puts it, “during the war, the Republicans created an army and navy of more than one million men, invented national taxation and national money, distributed land to settlers and state governments for colleges, and protected American production.” And California gold helped both materially—in backing up loans to the government in the early stages of the war—and psychologically—in helping to convince both the Americans and the Europeans who bought bonds that the Union would remain solvent.

Before going on to discuss the safety of the shipments of this enormous treasure, it is important to discuss the other way in which California gold helped the Union cause, though in this case, because the funds were wired across the country on the transcontinental telegraph completed in October 1861, they were initially less vulnerable to possible Confederate interference--while ultimately requiring the shipment of ingots to make good the paper promises embodied in the telegrams. This second important contribution lay in bank-rolling the U.S. Sanitary Commission, the American antecedent to the Red Cross.

When the war began, not only was the financial infrastructure of the North in no condition to be deployed to wage a mighty contest, but so, too, was the medical infrastructure of the military in no shape for dealing with the carnage that would ensue. Worried about this and what it portended for the survival of loved ones, and inspired by the example of Florence Nightingale during the Crimean War, a group of women—and a few men—met in New York City less than two weeks after Sumter to begin planning for a soldiers’ relief organization. At first there was reluctance by the military and even by President Lincoln to endorse the evolving organization, but soon the need was too great for such reluctance to prevail. In June 1861 Secretary of War Simon Cameron issued an order setting up the U.S. Sanitary Commission and appointing the Unitarian clergyman Henry Whitney Bellows as president.

Bellows and the other men who were the commission’s officers were to serve without pay, though eventually there would be a paid staff. In consequence, the very public duties of providing medical supplies for wounded men, of visiting battlefields, of inspecting hospitals, and in general of monitoring the well-being of convalescents fell to an organization headed by volunteers and with no public funding.

Headed by elite men and headquartered in New York City, the Sanitary Commission relied on the efforts of women from all classes to perform its life-saving work. Some 7000 soldiers’ aid societies were organized throughout most of the northern states, and women sewed hospital gowns and donated other supplies which were then funneled to a few major cities, such as Chicago, to be sent to the various fronts. The estimated value of all the stores that were distributed to the army during the war was \$15 million, four fifths of which represented in-kind contributions—gifts of goods and services as opposed to cash--from American homes. In the Chicago office alone, the two women running it attested that they had sent 77,660 packages of in-kind donations to hospitals and battlefields.

But even with this massive outpouring, the commission still needed cash to distribute the goods and to

pay a staff. By mid-1862, the treasury in New York City was running very low in funds. Enter California. By a fortuitous circumstance, a protégé and colleague of Bellows's, another Unitarian clergyman by the name of Thomas Starr King, had recently taken a position in San Francisco, by far the biggest city in California at the time. During the late summer of 1862 he began to persuade the business community of the city that they should get involved in the charitable effort. Within a week that September they had raised \$100,000, a sum wired to the surprised and delighted leaders of the commission in New York. And there was much more to come. Letters, clippings, and a scrapbook in the New York Public Library document the immense effort that went into fund-raising in the Golden State. During King's life-time he was a human whirlwind, speaking on behalf of the Sanitary Commission in large and small towns in many parts of northern California. After his death in March 1864, the leaders of the commission decided to hire paid agents to take up the cause and travel throughout the state to organize the effort in a truly systematic fashion. The result was that California gave a total of \$1.2 million, far more than did any other state.

The letters to the Sanitary Commission in San Francisco, all of which are in the New York Public Library, came from Gold Rush-towns, such as Rough and Ready and You Bet, from tiny hamlets, and from actual cities. They document donations from Catholics and Jews as well as Protestants, Chinese merchants who could not become citizens under American law, women and men, the wealthy and those who were struggling economically. All in all, it was a massive civic effort from a state too remote in the years before the completion of the transcontinental railroad to be able send in-kind contributions to wounded soldiers.

Not surprisingly, those shipments of gold ingots that underwrote all of this beneficence and that helped to shore up Union finances inspired conspiratorial fantasies on the part of Confederate sympathizers on the West Coast and considerable anxiety on the part of the constituted authorities charged with protecting the gold. Both sentiments owed their power to the fact that the gold was lightly protected. Six small wooden vessels, with a total tonnage of less than 7,000, fewer than 100 guns in all, and fewer than 1,000 men on board constituted the Pacific Squadron as the war began. These ships and their crews patrolled the coast from San Francisco to Panama, although they occasionally sailed as far north as Alaska and as far south as Chile. Had the Confederacy possessed the naval might to stage marauding raids, these shipments would have been easy prey. But this was not possible for a government even more strained than was the Union. What *was* possible was informal activity by Confederate sympathizers who might privately equip ships in concert with the Confederacy, in short, privateering.

We cannot know with precision the extent of Confederate activity in California and the West Coast more generally. What we do know is that a secret organization, the Knights of the Golden Circle existed, though we don't know with any certitude what the size of its membership might have been. We know that Confederate leaders, above all President Jefferson Davis, coveted the precious metals being mined in California and being discovered in other western states. In fact, at one point the Confederacy invaded what is now New Mexico,

moving west from Texas with the acquisition of precious metals in mind. The secessionist troops were then defeated at the Battle of Glorieta Pass in northern New Mexico in late March of 1862.

Evidence exists of a possible plot being hatched on the west coast of Canada, in Victoria, Vancouver Island, during the war. (This was before the organization of the province of British Columbia as it is now constituted). The St. Nicholas Hotel on Government St. had become a meeting place for Confederate sympathizers. Rumors swirled of a Confederate commodore arriving in Victoria to purchase an English vessel and outfit it as a privateer. The U.S. government took the rumors seriously enough that Secretary of State William Seward wrote to the British ambassador Lord Lyons to say that there was reliable information about such a plot. Lord Lyons then wired the British consul in San Francisco and asked him to write to the governor of Vancouver Island “in order to obtain assurance that all attempts at privateering would be stopped.”

The plot that came the closest to fruition unfolded in 1862 and early 1863 and involved a bizarre character named Asbury Harpending. Born in Kentucky, Harpending began his career of adventure-seeking at the age of 15, when he ran away from college to join William Walker’s filibustering expedition in Nicaragua. This undertaking having proved to be a failure, his father, a large landowner, gave permission for the young man to try his fortune in California. From the Golden State he went to Mexico to mine. He tells us in his memoir: “In the fall of 1860 I returned to San Francisco, as I thought, for a brief trip.... I wasn’t quite 20, couldn’t vote, couldn’t make a contract, yet I had over a quarter of a million in hard cash.” Young, rash, Southern, and with more money than most people accrued in a lifetime, Harpending was well-equipped to make trouble. He made his way to the Confederate capital of Richmond, Virginia via Mexico after the war broke out, and obtained a Letter of Marque from President Davis. This is a document whereby a government can authorize a private individual to prey on the shipping of another government. Conveniently, the Confederate attorney general, Judah Benjamin, had issued an opinion that this would be consistent with international law, but to be safe, Davis also commissioned Harpending as a captain in the Confederate Navy. Davis, says Harpending, “fully realized the importance of shutting off the great gold shipments to the East from California. President Davis said it would be more important than many victories in the field.”

By July 1862, Harpending was back in California and was putting together a conspiracy. His two chief collaborators were a man by the name of Ridgely Greathouse and a young Englishman named Alfred Rubery. The goal was to prey on gold shipments. At first the men thought of going to Victoria to procure a vessel, but correspondents informed them that there was nothing available. Hence the trio purchased the San Francisco-based schooner *J. M. Chapman*. The plan was to leave the harbor by stealth, sail to Mexico, outfit the schooner as a fighting ship, and proceed to Manzanillo, where Harpending could show his Letter of Marque and his commission to the authorities. The *Chapman* would then lie in wait for a Pacific Mail steamer carrying that fabled gold. The men anticipated that they could intercept at least two steamers before the word leaked out.

In March 1863 the conspirators, who were putting the finishing touches on their preparations, were

apprehended while the schooner was still anchored in San Francisco Bay. Harpending's version of what happened was that the man they had hired as a navigator betrayed them. The conspirators had gone to sleep on their ship, awaiting the navigator, and had awakened to find men from the USS *Cyane* on board. Another source provides an alternate view: "The conspirators made only feeble attempts to cover up their activity.... They discussed the plan in public taverns, and Harpending bragged about his commission in the Confederate Navy." Arrested, the men were convicted of treason, but served only a brief time before being released on Lincoln's issuing a proclamation of general amnesty on December 8, 1863.

Thus the anxiety about privateering was not a mere paranoid fantasy, but rather it was based on a real event. San Francisco residents began to be very fearful about the exposed state of the harbor. And those responsible for the shipments of gold took stronger measures. The steamers began to carry a contingent of California troops, and the officers of the ship were armed. Moreover, all the passengers were ordered to deliver their arms during the passage, and they were searched in order to guarantee compliance.

This, then, is the background for a largely forgotten event, but one that created what we now call a media splash when it occurred: the arrival of several Russian Navy vessels in San Francisco harbor in late 1863, not much more than six months after the *Chapman* episode. That Russian vessels visited New York at about the same time was apparently no coincidence. American historians have argued that this deployment into two American harbors was caused by tensions between Russia on the one hand and France and Britain on the other—and the Russian desire to protect its navy from the fate suffered by naval vessels in the Black Sea during the Crimean War. The ships' arrival may have owed to Russian interests, but it served American interests as well for a variety of reasons, as we shall see.

The Russian presence in San Francisco began in September, and at full strength constituted six ships of the country's Pacific Squadron. Socializing soon began between the ships and California dignitaries, and then on October 23 Russian sailors made themselves immediately useful, because a "great conflagration" broke out in San Francisco, a city with a terrible history of devastating fires in this early period. Admiral Popov ordered a group of his men to land and to help with fire-fighting, with a few sustaining serious injuries in the course of performing their duties. Already a subject of local interest, they became bona fide heroes, following this episode.

In November there came the climax of the socializing. A group of wealthy San Franciscans decided to hold a ball in honor of the visitors, not to be outdone by their counterparts in New York who had already done the same. (First Lady Mary Lincoln even visited the Russian frigate *Oслиaba* while it was anchored in New York harbor, a good indication of the spirit with which the Russians were welcomed). Attended by some 2000 people, the California celebration was a grand and extravagant affair. "The invitations were engraved in fine style with the letters 'U.S.' at the top and the letter 'R' between them and interwoven with them....," reported the *Daily Alta California*. Portraits of George Washington, Alexander II, and the czarina graced the hall, and the decorations

featured both the Imperial arms of Russia and the Stars and Stripes. On the banquet table were ices representing the Kremlin, a “Temple of Liberty” and a “Temple representative of the alliance between Russia and America ornamented with National flags.” California dignitaries in attendance included, among others, Governor-elect Frederick Low, Mayor of San Francisco H. P. Coon, and the Commander of the Department of Pacific Gen. George Wright. In short, neither expense nor effort was spared.

The *Daily Alta California* explained why Russian friendship meant so much: “Just now our country is struggling for its life, and Russia alone of the three great European powers has given no comfort to the rebels.” Moreover, “the two nations are alike in many respects. Both of them have risen within the last fifty years to occupy places among nations of the first class.” And finally, a commonality that was very current: “Russia, like America, has issued a great decree of emancipation, and both countries are to be free from serfdom and slavery.”

The first stated reason encapsulates the foreign policy rationale for welcoming the Russians with open arms. The first years of the Civil War saw intricate maneuvering by Secretary of State Seward to keep Britain and France from granting diplomatic recognition to the Confederacy—not always skilfully, it should be noted. Making the situation even more difficult was Napoleon III’s support for a colonial endeavor by Maximilian and Carlotta in Mexico. Russia was not part of this equation, and Americans were clearly grateful. Implied, at least, by the deployment was an informal alliance between Russia and the Union.

But San Franciscans had their own special reason for lavishing their Russian visitors with attention: the Russian naval presence made them feel safer. As one historian put it, the people of New York may have been glad to see a friendly fleet, but “across the continent in San Francisco, another Russian squadron was welcomed as a protection against Confederate corsairs threatening that city.”

Unhappily, the events in California during the Civil War have not been part of the national narrative—though this may be changing. Therefore, this remarkable set of developments—the shipments of gold, the would-be privateering, and the sense of security conferred by the Russian Navy in the wake of the privateering—are known to very few Californians, let alone to other Americans.

### **Bibliography:**

1. Benjamin F. Gilbert, “Welcome to the Czar’s Fleet: An Incident of Civil War Days in San Francisco,” *California Historical Society Quarterly* XXVI (March 1947): 13-19.
2. Bray Hammond, *Sovereignty and an Empty Purse: Banks and Politics in the Civil War* (Princeton, NJ: Princeton University Press, 1970).
3. Aurora Hunt, *The Army of the Pacific, 1860-1866*, with a new introduction by Robert A. Clark, (Mechanicsburg, PA: Stackpole Books, 2004).

4. Asbury Harpending, *The Great Diamond Hoax and other Stirring Incidents in the Life of Asbury Harpending*, ed. by James Wilkins, with a foreword by Glen Dawson (Norman: University of Oklahoma Press, 1958).
5. Paul Kens, *Justice Stephen Field: Shaping Liberty from the Gold Rush to the Gilded Age* (Lawrence, KS: University Press of Kansas, 1997).
6. Heather Cox Richardson, *West from Appomattox: The Reconstruction of America after the Civil War* (New Haven: Yale University Press, 2007).
7. Daily Alta California of March 16 and March 17, 1863
8. Rick Beard, “The Russians Are Coming!” Opinionator Blog, New York Times, November 8, 2013.