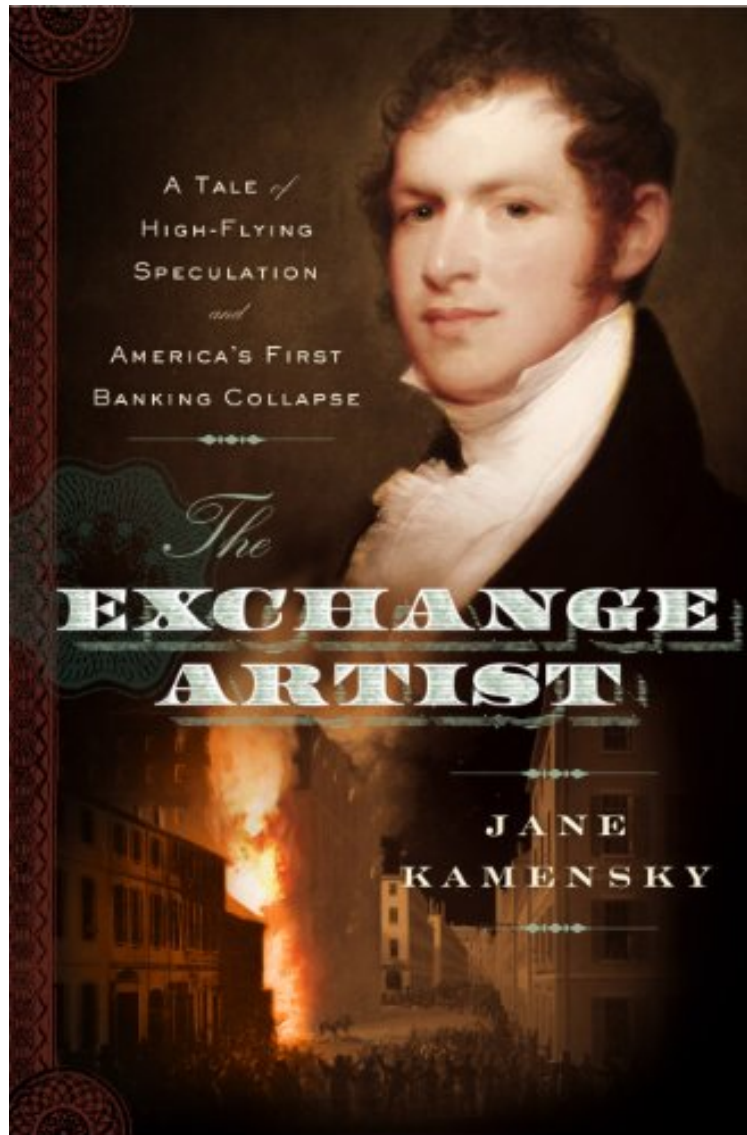


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The Exchange Artist: A Tale of High-Flying Speculation and America's First Banking Collapse

Jane Kamensky

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Jane Kamensky : The Exchange Artist: A Tale of High-Flying Speculation and America's First Banking Collapse before purchasing it in order to gage whether or not it would be worth my time, and all praised The Exchange Artist: A Tale of High-Flying Speculation and America's First Banking Collapse:

0 of 0 people found the following review helpful. Excellent!By Neil J. LehtoA great story focusing on an unbelievable post-Revolutionary War banking scam. Professor Kamensky writes with a style closer to Hunter

Thompson than Doris Kearns Goodwin. Well-researched with plentiful notes. 10 of 11 people found the following review helpful. 4.5 stars-Speculation leads to widespread destruction By Michael Emmett Brady Kamensky has done an excellent job in this book. The book is a detailed study of the events leading up to the first bank failure in American history. In March, 1809, the Farmers Exchange Bank of Gloucester, Rhode Island, collapsed. The story starts in late 1807 as a real estate speculator named Andrew Dexter, Jr., is able to convincingly persuade many investors to financially back his Exchange Coffee House, a gigantic seven story building which will supposedly allow financial and commercial interests to conduct their business affairs in comfort and style, with easy access to other members of the Boston financial community, instead of haphazard meetings spread out over a number of different street corners. At this point in time the failure of Dexter's speculative "house of cards" would have had a relatively small impact. It is here that Dexter is able to use the completed but practically empty building as collateral to buy a controlling interest in a number of banks. He then used the banks currency creation power to further leverage his own speculations. Dexter's banks did not have anywhere near the necessary required reserves in gold and silver. Suspicious merchants finally started taking the notes in to redeem them for the claimed metallic backing. It was soon realized that there was no such backing. The collapse of Dexter's speculative endeavor now led to a panic and crash that severely impacted businesses that had accepted the now worthless bank notes as payment. The most important part of the book is an implicit generalization that can be universally observed in all speculative bubbles. In order for the bubble to grow and cause great damage in the future when it deflates, bankers must extend credit to the speculators, allowing them to leverage their own precarious debt position many times over. Without banker complicity (many times the bankers themselves begin to engage in speculative behavior, compounding the damages already done through their loan commitments to speculators in the first place) the speculative bubble can't grow. I have deducted one half of a star because the author is not aware of the extensive warnings made by Adam Smith, in 1776 in his *The Wealth of Nations*, about the extreme dangers to economic growth and welfare if bankers are allowed to make loans to speculators. Smith's conclusion, that the savings will be wasted and destroyed, is as true today, as we witness the destruction being wrought by the banker financed and directed sub prime mortgage backed bonds fiasco.

2 of 2 people found the following review helpful. Lively history of an original con man By Rolf Dobelli Andrew Dexter Jr. is the villain of historian Jane Kamensky's book on America's first bank failure, which occurred in the early 1800s. He used worthless banknotes to finance construction of Boston's Exchange Coffee House, at seven stories then America's tallest building. In the process, he financially ruined hundreds of laborers who worked on the project. By the time they learned that his banknotes were bogus, Dexter was long gone. Kamensky deftly tells his tale with fascinating detail and little-known facts. In brilliant writing she traces the rise of "speculative capitalism." She offers the bittersweet saga of a man with little conscience and big dreams he never fulfilled. getAbstract finds that her book compellingly depicts America's early financial history - and, perhaps, one facet of its emerging fiscal personality - through the tale of this colorful charlatan.

The riveting story of the country's first banking scandal in the first decades of the American republic This enthralling historical narrative of the birth of speculative capitalism in America opens in the 1790s when financial pioneer-turned-confidence-man Andrew Dexter, Jr. created a pyramid scheme founded on real estate speculation and the greed of banks, who freely printed the paper money he needed to finance the then tallest building in the United States-the Exchange Coffee House, a 153-room, seven-story colossus in downtown Boston. The story of Dexter's rise and eventual collapse offered an object lesson to the rising young nation, and presents striking parallels to the subprime mortgage meltdown and looming economic collapse of today.