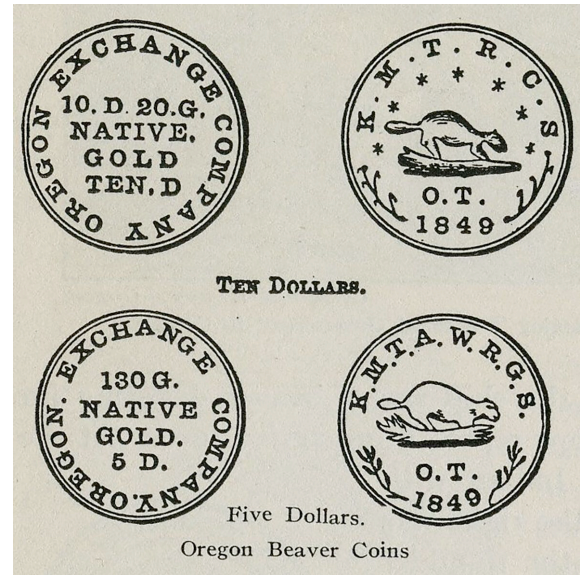
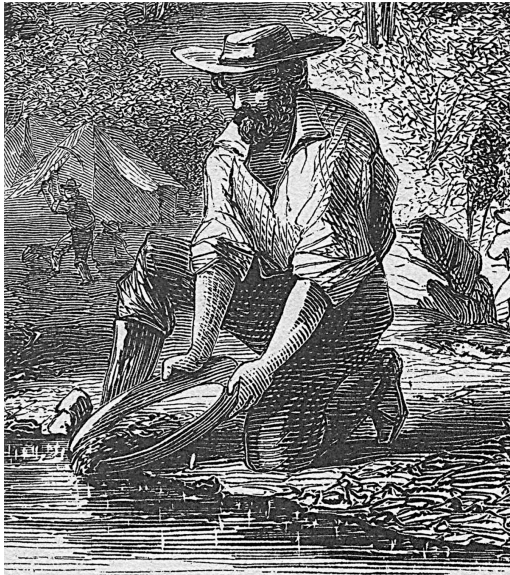


Offbeat Oregon: Oregon residents had the jump on California Gold Rush

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If you'd been lucky enough to live in Portland in July of 1848, you would have been able to say, literally, that your ship had come in.

The ship in question was the sailing ship Honolulu. And, funny thing: she arrived in port in ballast, with her cargo holds empty.

That raised some eyebrows. At the time, Oregon was not even part of the U.S.A. yet — just a vast extranational territory jointly claimed by the U.S. and Britain. There was no national government authority to issue money, nor was there any gold or silver around to make money with. Wheat was officially legal tender there; but, there wasn't much wheat being harvested in July. All of Oregon was on a barter economy. Down in Oregon City, Provisional Governor George Abernethy was actually using specially marked pebbles, known as "Abernethy Rocks," as fungible I.O.U.s in the Methodist mission merchantile store that he was in charge of.

Presumably the captain of the Honolulu would not be interested in investing in Abernethy Rocks. So, what was he going to do in Portland with nothing to trade with?

The answer wasn't long in coming. The skipper headed straight into town almost the moment the Honolulu was at the dock. He raced from one store to another, snapping up every pick, shovel, and washpan he could get his hands on.

And paying for them with gold dust.

He told everyone who cared to listen — after he'd bought all their digging equipment, of course — that he was planning on bringing all of it straight to San Francisco, where he would make a killing selling it for dollars on the penny to gold prospectors.

And that was how the residents of Portland learned what had happened at Sutter's Mill, down in what a few months before had been Mexico. The California Gold Rush had broken out. And it was going to make most of them rich, because they had a good ten-month head start on the rest of the world.

Within just a few weeks, the Willamette Valley was virtually depopulated. Crops rotted in the ground. According to the census the next year, the population of the entire territory — which at the time included

what's now Washington and Idaho, along with parts of Montana and Wyoming — was less than 8,800 people.

So, by the time the New York Herald got the word and splashed it all over its front page on Aug. 19, putting the Eastern Seaboard on notice of the strike, Oregonians had been pouring over the border for a whole month already.

They raced southward as quickly as they could, knowing most of the mining would have to be done during the summer and fall. And yes, some of them did get skunked; but most of them did not. After all, this was the biggest gold rush in history, before or since. In its early days, miners were washing big nuggets out of streambeds with gold pans, and virtually anyone could make a fortune there.

And by the time the first ships crammed with gold-rushers from back east arrived in San Francisco, some eight months later, Oregon's gold-rushers had already spent a very productive season scrounging up the "easy pickin's" and staking out their pick of high-grade mining claims.

When they returned to their neglected farms, these Oregonian "miner forty-eighters" had thousands of dollars' worth of gold in their pockets, but the people who'd stayed home and worked their farms, they learned, had done almost as well. The thing was, one could not eat gold. Someone had to grow food, and so many of the people who usually do that had skipped out to look for gold instead that food was in short supply. Consequently prices were astronomical.

Soon ship after ship was headed out over the Columbia River Bar loaded with Willamette Valley wheat and other foods, and coming back with even more gold.

But now Oregon had a new economic crisis, and one that was the complete opposite of the situation six months earlier. Back then, people had been on a barter system, swapping bushels of wheat for wagon tires and paying for groceries with Abernethy Rocks. Now the whole state was knee-deep in gold dust, but it was really hard to pay for stuff with gold dust. Most merchants didn't have scales to weigh it with, and none were available for sale. One could jerry-rig a balance scale, of course, but how would anyone know your "one-ounce" weight was really an ounce, or that your home-built scale was even accurate?

Also, swindlers very quickly figured out that mixing fine yellow sand in with gold could stretch it very nicely. So merchants started getting stiffed. In response, they lowered their exchange rates to compensate. From about \$16 an ounce, gold dust value dropped to about \$11.

Some Oregonians tried buying Central American money for use in trade. The problem with that was, those countries were already famous for debasing their coinage. A Mexican coin nominally worth half a dollar's worth of pesos might only contain ten or twenty cents' worth of silver. This didn't seem like much of an improvement on the Abernethy Rock system.

With that in mind, a group of Portland and Oregon City business leaders, including Abernethy himself, started minting their own coins.

They formed a private company, bought up gold dust, melted it down, and minted it into \$5 and \$10 gold pieces using strikers made from old wagon tires.

These coins had all the business leaders' initials stamped into them in a giant, cryptic row across the top of one side, along with a picture of a beaver, to function as a sort of personal certification. They made the decision to make the coins out of pure gold, unalloyed, even though that meant they would be super soft and would wear poorly. That was because everyone knew that Oregon was on the verge of being accepted into the United States as a territory, and after that happened the "beaver money" would no longer be legal tender. It would be a lot easier for holders of the coins to sell them as raw gold and get all their money back if they were pure.

The beaver money worked like magic. Within a month or two, some \$58,500 worth of them had been struck and sold, and business got a lot easier to do.

Cutting gold dust with sand got a lot less viable as a money-saving option for crooks, too, because now instead of just having to fool the guy at the corner market, they were having to bring their gold dust in to a professional assayer to exchange it for beaver coins. So the gold-dust con died instantly, and the market prices for gold dust shot back up from \$11 to \$16 an ounce.

Then, about a month later, the Oregon Territory was officially added to the United States, and the beaver money mint became unconstitutional. It was shut down forthwith, and soon afterward a shipment of real U.S. currency arrived from back east.

Today, beaver money is super rare. Because it was made with pure gold rather than the 10% alloy metals that government mints added to their coinage for durability, they were worth more than their face value; so most people who ended up holding them either melted them down, or sold them on the gold markets.

For most Oregonians, the years following the gold strike were lucrative ones. Most of them got back to work growing food to sell at inflated prices to miners; some still had claims in California that they were traveling regularly to work.

But one thing would never be the same: Gold and gold mining were now an intrinsic part of Oregon culture. And it remains that way even to this day.

And something else changed, too: In 1848, there were fewer than 1,000 non-Native American residents in all of California, and Portland was the biggest city on the West Coast. By the following year, that had changed, and the new population leader was San Francisco. Oregon would never again have a bigger population than its sunnier southerly neighbor.

(Sources: "Pioneer Gold Money, 1849, an article by Leslie M. Scott published in the March 1932 issue of Oregon Historical Quarterly; "The Oregon Gold Rush," an article by Dick Pintarich published in Great Moments in Oregon History, a historical anthology published in 1988 by New Oregon Publishers; Hiking Oregon's History, a book by William L. Sullivan published in 2006 by Navillus Press)

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