Business Adventures: Twelve Classic Tales from the World of Wall Street

By John Brooks

Daily Book, Episode 30 — From Bill Gates' favorites (via Warren Buffett)

Book in 60 Seconds

Business Adventures is a collection of twelve essays John Brooks wrote for *The New Yorker*, first published as a book in 1969, about money, companies, and the people who run them — and misrun them. There is no single plot and no thesis in the usual business-book sense. Instead there are twelve self-contained stories from Wall Street and corporate America in the nineteen fifties and nineteen sixties: a sudden stock market crash in May nineteen sixty-two; Ford's catastrophic Edsel, a car researched almost to death and rejected almost on sight; the federal income tax, treated as a human institution full of loopholes and resentments; an insider trading scandal at Texas Gulf Sulphur, where men who knew of a rich mineral discovery bought stock before the public did; the rise of Xerox and its nine fourteen copier, a machine so good it created a company faster than the company could manage; a defence of the pound sterling in November nineteen sixty-four; and a stock corner from nineteen twenty-three in which Clarence Saunders, founder of Piggly Wiggly, tried to punish the professionals betting against him and very nearly succeeded. Warren Buffett lent the book to Bill Gates in the early nineteen nineties, and Gates later called it the best business book he had ever read. Long after its companies, tickers, and tax rules have changed beyond recognition, it stays in print for one reason: almost everything in it is about behavior, and behavior has not dated at all.

The Story

John Brooks was a longtime staff writer at *The New Yorker*, and the pieces collected here appeared in that magazine through the nineteen fifties and nineteen sixties. That origin explains the book's manner. *The New Yorker* prized patient, deeply sourced, quietly funny reporting that treated its subjects as fully human rather than as case studies. Brooks applied that treatment to a world business writing usually handled as either breathless celebration of tycoons or dry summary of markets. He did neither. He went to stock exchanges, courtrooms, annual meetings, tax offices, and executive suites, and came back with stories about people deciding under pressure, with incomplete information, more confidence than the situation justified, and institutions whose rules quietly shaped what they did.

The twelve tales are not arranged as a history, and Brooks never pretends they add up to a theory. What connects them is a sensibility. Again and again he is drawn to the same moments: a market discovering that prices rested on mood rather than knowledge; a large, competent corporation discovering that all its research cannot manufacture desire; a clever man discovering that a rule he thought he could bend was the load-bearing wall; a quiet room of central bankers discovering that a currency is worth only what frightened people believe it is worth. Business, in Brooks's telling, is human nature conducted with other people's money, and he writes about it attentively — to vanity, fear, loyalty, self-deception, and the comedy that results when intelligent people talk themselves into trouble.

His world needs a little orientation. This is Wall Street before computers ran the trading, before index funds and cable financial news, before the Securities and Exchange Commission had tested many of its powers in court. Prices moved on ticker tape and telephone calls. Annual meetings were physical gatherings where small shareholders could harangue famous chairmen in person. The pound sterling still mattered enormously, and its defence could occupy the Federal Reserve and the Bank of England for weeks, inside a fixed exchange rate system that now feels as remote as the gold standard. Cars were the supreme American consumer product, and a failed launch could cost a great company hundreds of millions of dollars and a piece of its pride.

Key Ideas Explained Plainly

1. The Fluctuation: markets run on mood before they run on facts. The opening essay reconstructs the sharp break in the stock market in May nineteen sixty-two, when prices fell steeply over a few sessions and then recovered almost as mysteriously as they had fallen. Brooks interviews the specialists, brokers, and investors who lived through it, and the striking finding is how little anyone knew while it was happening. The ticker ran late, so traders reacted to prices that were already old; rumours moved faster than facts; and selling fed on itself because other people were selling. Brooks does not mock his subjects. His point is that a market is not a calculating machine but a crowd of professionals operating in fog, and that in a panic the crowd thinks with its nerves. Every later crash, however electronic its plumbing, has rerun the same psychology: fear is contagious, information arrives late and incomplete, and prices can rest on mood for far longer than any model says they should.

2. The Fate of the Edsel: research cannot rescue a product nobody wants. Ford spent years and an enormous sum developing a new car line between its ordinary Fords and its luxury Lincolns, researched the market exhaustively, tested names elaborately, built a separate division, and launched the Edsel in nineteen fifty-seven with one of the great promotional campaigns in American industrial history. The public largely declined to buy it. The car was discontinued in nineteen fifty-nine, and losses ran into the hundreds of millions of dollars. Brooks resists the simple explanations — that the car was merely ugly, though its styling became a joke, or merely badly timed, though a cooling economy and a shift toward smaller, cheaper cars hurt badly. His deeper point is about process. At every stage, intelligent, well-paid people had incentives to keep the project moving and none to say the fatal sentence: perhaps the middle of the market, defined so carefully on paper, does not correspond to a customer who actually exists. The failure required no villain and no fool — only a large organization doing, step by reasonable step, exactly what large organizations do.

3. The Federal Income Tax: a tax system is a portrait of a society's compromises. In the book's quietest and in some ways most astonishing essay, Brooks simply goes and looks at the income tax as an institution — its history, enforcers, loopholes, and the professionals who live by interpreting it. Writing when top rates were far higher than today's and the code was riddled with accumulated deductions and exclusions, he shows how a system that began as a simple levy became a vast negotiation between the state and its citizens, in which the written rate and the paid rate were often distant relatives. The plain idea still matters: a tax code is never just a revenue machine. It is an incentive system, a lobbying battleground, and a record of every favor a legislature has ever done, wearing the disguise of arithmetic. The drama underneath — a complex system gamed by the sophisticated and borne by the unsophisticated — has never gone away, even as particular provisions have been reformed and repealed.

4. A Reasonable Amount of Time: the insider trading case that drew a line. Texas Gulf Sulphur's exploratory drilling in Ontario struck an extraordinarily rich deposit of copper, zinc, and silver in nineteen sixty-three. While the discovery was confirmed but not yet announced, insiders and people connected to them bought the company's stock and call options. When the news became public the price soared, and those quiet purchases became the foundation of a landmark Securities and Exchange Commission enforcement action. The case turned partly on a misleadingly cautious company statement issued while rumors circulated, and partly on how long insiders must wait after information is released before trading — the reasonable amount of time of the title. Brooks explains the law by dramatizing the temptation. The men involved did not think of themselves as criminals; they thought of themselves as people who happened to know something and saw no reason the knowledge should go unrewarded. The essay remains the clearest narrative introduction to why securities law disagrees: a market where insiders trade freely on secrets is one outsiders will eventually refuse to join, so the fairness rule protects the institution itself, not just individual investors.

5. Xerox Xerox Xerox Xerox: a great product creates problems money cannot immediately solve. The repeated word mimics the machine's magic. Brooks tells how a small photographic paper company from Rochester bet itself on a plain-paper copying process, and how the Xerox nine fourteen, introduced in nineteen fifty-nine, became one of the most successful products in American business history. Offices that had made do with carbon paper and messy copying methods suddenly had a fast, clean machine on a rental plan, and demand exploded beyond every forecast. Characteristically, Brooks is interested less in the invention than in the aftermath: a modest, conservative company transformed almost overnight into a giant, coping with manufacturing strain, service networks, soaring expectations, and the moral questions that arrive with sudden wealth, including substantial giving that puzzled Wall Street. The lesson is a bookend to the Edsel's. Failure can come from a product nobody wants; danger can also come from a product everybody wants, delivered by an organization that must grow up in public, at speed, while the market prices it for perfection.

6. Making the Customers Whole: what a firm owes people when it has failed them. This shorter piece turns to a brokerage scandal and its aftermath — a firm whose misconduct and collapse left customers harmed, and the efforts, driven by the exchange and the industry, to make those customers whole. Brooks examines something rarely stated plainly: a financial system's real capital is not its buildings or listings but the willingness of ordinary people to hand it their savings. That willingness is fragile, and when things go wrong it is maintained by visible restitution. The essay is an early, lucid account of an idea that recurs in every later financial crisis, up to the great rescues of two thousand and eight: the argument, at once moral and ruthlessly practical, that confidence is an asset worth paying to preserve, and that letting small customers be wiped out by fraud is not merely unjust but bad for business itself.

7. The Impacted Philosophers: when executives stop talking to each other. With dry comedy, Brooks reconstructs the electrical industry price-fixing scandal, in which executives from major manufacturers, including General Electric and Westinghouse, conspired to fix prices and rig bids on heavy electrical equipment sold to utilities and governments — a conspiracy that sent executives to jail in nineteen sixty-one. The title points to a revealing feature: within General Electric, which prided itself on clear directives against exactly this conduct, communication had broken down so completely that policy stated at the top and practice tolerated in the middle coexisted without ever honestly meeting. Men received the philosophy; the philosophy somehow failed to reach the decisions. The plain point is uncomfortable for every large organization. A company does not have the ethics of its policy manual. It has the ethics of whatever its middle layers believe will be rewarded and whatever its senior layers actually ask about. When communication becomes ritual — directives issued, acknowledged, filed — conspiracy can grow in the gap, staffed by loyal employees who sincerely believe they are helping the firm.

8. The Last Great Corner: the founder who took on the exchange itself. The oldest story in the book is its most operatic. Clarence Saunders founded Piggly Wiggly in nineteen sixteen — the first true self-service grocery store, an innovation in its own right — and in nineteen twenty-three, after professional traders began shorting his company's stock, he resolved to punish them by engineering a corner: buying up the available shares until the shorts could only cover by buying from him, at his price. For a time it worked spectacularly. The price soared, the shorts were trapped, and Saunders seemed to have beaten Wall Street at its oldest game. Then the New York Stock Exchange intervened, changing the timetable and terms on which the cornered shorts had to settle, and the ground moved under him. The corner collapsed and Saunders was ruined. The plain idea is permanent: markets have rules, but rules are enforced by institutions, and institutions, when sufficiently frightened, will interpret their rules to save themselves. Anyone who has watched a modern short squeeze — and seen trading in a stock suddenly restricted at the moment of maximum pain — has watched Saunders's story in modern dress.

9. A Second Sort of Life: the executive who walked away. David Lilienthal had been a famous public servant, head of the Tennessee Valley Authority and first chairman of the Atomic Energy Commission, before remaking himself as a successful private businessman and development consultant. In Brooks's profile he becomes a study in a question most business books never ask: what is a career for? His journals and reflections reveal a man consciously examining ambition, public purpose, money, and the emptiness that can arrive with success in any single arena. Set among crashes, conspiracies, and corners, the essay argues by example that the examined business life includes asking whether the game, however well played, is the only game — and that a second sort of life, built deliberately in middle age, is a possibility rather than a retirement fantasy. It is the book's most reflective chapter, and the one that lingers longest with readers who are themselves mid-career and quietly doing arithmetic about meaning.

10. Stockholder Season: democracy, theatre, and sandwiches at the annual meeting. Each spring, Brooks explains, American corporations held their annual meetings, and he attends a season of them the way a drama critic attends openings. What he finds is a ritual at once genuine and absurd. Small shareholders — some earnest, some eccentric, some professional gadflies who attended dozens of meetings a year and were known by name to chairmen across the country — rose to question powerful executives about dividends, pay, plant locations, and occasionally the fate of the republic. Chairmen deployed charm, procedure, and the occasional free lunch to keep the ritual within bounds. Brooks's point survives the era of virtual meetings and proxy advisers: the annual meeting was the one place where the abstract idea of shareholder ownership became physically true, where owners, however small, could look management in the eye. That the encounter was often theatre does not make it meaningless. Theatre, in corporate governance as in politics, is sometimes how accountability rehearses itself.

11. One Free Bite: what an employee carries away in his head. Brooks turns to the law again, for a story about the boundary between a person and a firm: an employee who leaves a company and takes its hard-won knowledge with him, where the former employer argues that the expertise and secrets in his memory are company property, not his to sell to a competitor. The title borrows the old legal saying that every dog is allowed one free bite, and Brooks asks how forgiving the law should be the first time knowledge walks out of the door. The question has only grown sharper. In an economy where a company's value increasingly lives inside people's heads rather than in its factories, where does a career end and a trade secret begin? Brooks refuses to settle it with a slogan. He shows the genuine claims on both sides — the firm's investment in what the man learned, and the man's right to earn a living with the only skills he has — and lets the reader feel why courts still wrestle with the line. Read today, it is an early dispatch from the age of the non-compete clause, the departing executive, and the laptop full of files.

12. In Defense of Sterling: the quiet room where a currency is saved, or not. The closing essay narrows to a few weeks in the autumn of nineteen sixty-four, when a new British government inherited a large payments deficit and speculators began betting that the pound would be devalued. Brooks follows the defence hour by hour: the Bank of England raising its rate, and the Federal Reserve and allied central banks assembling a support package of three billion dollars so that London would not face the market alone. The defence worked, for the moment, and Brooks lets the reader feel both why it worked and why it could not last. A currency under a fixed exchange rate is ultimately a promise, and a promise is worth what frightened people believe it is worth; confidence must therefore be answered visibly and extravagantly, with size, speed, and unanimity. Sterling was devalued anyway in nineteen sixty-seven, and the whole fixed-rate system collapsed a few years later. The essay is the book in miniature: skilled, courteous professionals, telephones, incomplete information — and history moving underneath them regardless.

How to Approach It

Read this as twelve magazine pieces, not a textbook, and let the variety be the pleasure it was designed to be. There is no need to march cover to cover, though the printed order builds nicely from the market crash through the corporate tales to the sterling finale. If time is short, begin with the famous pair — the Edsel and Xerox — which between them contain the book's twin lessons about failure and success. Then read Texas Gulf Sulphur for the law, and the sterling chapter for the sheer pleasure of watching a crisis narrated hour by hour. Save the tax essay for when you are feeling patient; readers who bounce off it early often find on a second attempt that it is among the funniest and most quietly radical pieces in the book.

Adjust your expectations about surface details. Prices are in nineteen sixties dollars, so multiply loosely in your head: a million-dollar loss then was a headline the way a billion-dollar loss is now. The market's plumbing — specialists, ticker tape, floor brokers — has been replaced by electronics, and the fixed exchange rate system behind the sterling defence was dismantled in the early nineteen seventies. Annual meetings have largely moved online. None of this requires homework; Brooks explains every mechanism as he goes, in plain language, at the moment the story needs it. It helps to accept once that you are reading dispatches from a related but vanished financial civilization, rather than pausing to be annoyed that the natives use telephones instead of apps.

Pay attention to Brooks's sentences as much as to his subjects. Part of the book's reputation — the part Gates's endorsement points to — is that it is simply better written than business books are supposed to be. Brooks is patient with exposition, merciless with pomposity, and funny in a dry, sidelong way that sneaks up on you. His technique is worth stealing for any professional reading: reconstruct exactly what each participant knew at each moment. Again and again the catastrophe in these tales is caused not by ignorance in general but by a specific gap between what one room knew and what another room assumed. Reading with that question in mind — who knows what, and when did they know it — turns even the quieter essays into detective stories.

Memorable Lines

It belongs to Bill Gates, who, having been lent the book by Warren Buffett, later wrote that more than two decades after Buffett first lent it to him, *Business Adventures* remained, in his judgment, the best business book he had ever read. That single endorsement did more to return the book to print and to readers than any marketing campaign could have, and it is noted here briefly, and attributed to its author, because the book's modern fame rests upon it.

Within the essays, readers carry away Brooks's handling of the Edsel's launch — his observation, paraphrased rather than reproduced, that the car arrived trailing the largest, most carefully engineered expectations in Detroit's history and then met the one jury no corporation can instruct: the public, walking past the showroom. The sterling defence is remembered less for any single sentence than for its governing image, again paraphrased: a currency held up, in the end, by a chain of telephone calls between men who understood that confidence, once visibly doubted, must be visibly and extravagantly answered. If one posture stands for Brooks's method, it is the one behind all twelve tales, demonstrated on every page rather than stated as a slogan: that business history, watched closely at the level of the people actually deciding, is indistinguishable from human comedy — and occasionally, as in the corner that ruined Clarence Saunders, from tragedy wearing a comic mask.

Fair Criticisms

No book this praised benefits from pretending it is flawless, and *Business Adventures* has attracted a consistent set of reservations worth knowing before you read — several of which Gates himself has cheerfully acknowledged.

The most obvious is that the book is dated in its particulars, because it could not be otherwise. The stock market Brooks describes has been transformed by electronic trading, deregulation, index investing, and high-frequency firms; the tax code he walks through has been repeatedly reformed; the sterling crisis belongs to a fixed-rate monetary world that ended decades ago; the Edsel, Xerox's miracle machine, and Piggly Wiggly's corner are history. A reader who comes for current instruction — how markets work now, how products launch now — will find the facts antique, and some readers, particularly younger ones, report an adjustment period before the period charm becomes a feature rather than an obstacle.

Second, there is no thesis, and the absence is deliberate but real. Brooks never extracts a framework, a checklist, or a set of management principles, and he never tells you what to do on Monday morning. Readers formed by modern business literature, with its models and takeaways, can finish twelve superb essays and feel oddly unbriefed — entertained and enlightened without being equipped. The defense, that judgment is the equipment and stories build it better than slogans, is a good defense, but it asks the reader to do the final work, and not every reader wants to.

Third, the book's world is narrow in ways a modern reader will notice. It is overwhelmingly the world of large American corporations, the New York financial establishment, and the men — almost entirely men, reflecting its era — who ran them. Women appear mostly at the margins, and the voices of ordinary workers, as opposed to executives, shareholders, and professionals, are heard less often than a contemporary writer would arrange. It is the mid-century corporate republic, drawn from inside with great intelligence, but from inside all the same.

Fourth, Brooks's virtues carry a cost in pace. His method is thorough, digressive, and unhurried, and a few essays — the tax piece and the annual meetings survey in particular — demand more stamina than the Edsel and sterling chapters do. What one reader experiences as richness, another experiences as a very long magazine piece about a subject they did not know they were supposed to care about. Both readers are partly right, which is why this summary suggests sampling the famous chapters first.

Finally, there is the risk created by the book's own legend. When the most successful investor of the age lends it and the most successful technology founder of the age calls it the best business book he has ever read, expectations inflate beyond what any essay collection can bear. Some new readers arrive expecting a secret — a formula for investing genius hidden in the tales — and are disappointed to find literature instead. That disappointment says more about the legend than the book, but it is a real and recurring response, and it is fair to warn of it in advance: the value here is wisdom about behavior, delivered slowly, not an edge you can trade on tomorrow.

Why It's on the List

This book is on the list, in the most literal sense, because of a loan. Bill Gates has explained that when he first met Warren Buffett in nineteen ninety-one, he asked Buffett to recommend his favorite book about business. Buffett did not hesitate, and he did something more persuasive than recommending it: he lent Gates his own copy of *Business Adventures* and told him to return it when he had finished. Gates read it, concluded that Buffett was right, and has said so publicly ever since, most prominently in a piece explaining why decades-old journalism had taught him more about running a company than the contemporary management shelf.

The endorsement's weight also reflects the endorser's own experience. Gates spent his career inside one of the great success stories in business history, and Microsoft's history includes product triumphs, antitrust peril, and the slow dangers of monopoly success — experiences that rhyme, from a great distance, with several of Brooks's tales. When a reader with that biography says the deepest lessons are in a book of stories rather than a book of systems, other executives listen. The result is that *Business Adventures* has become a kind of password among serious business readers: less assigned than handed over, exactly as it was handed to Gates, with the implicit promise that the borrower will understand something about the lender's values — patience, behavioral realism, respect for history — by the time it is returned.

What to Read Next

If you finish Brooks wanting more of the same voice, stay with Brooks. His *The Go-Go Years*, on the wild nineteen sixties market, the nineteen seventy-three to seventy-four bear market, and the institutional transformation of Wall Street, extends this collection's world into its next decade and is the natural second volume. Readers who loved the sterling chapter should pair it with a modern account of central banking in crisis: the literature on the two thousand and eight financial crisis and the Federal Reserve's emergency lending reads, after Brooks, like his final essay rewritten at global scale — the same courteous men on telephones, now with spreadsheets.

Finally, read a classic of financial history or market psychology from any era, chosen on the principle that made Buffett lend this one: the older the episode, the clearer its human machinery stands out, stripped of the reader's own investments and opinions. And when you have finished *Business Adventures* itself, do what its two most famous readers did. Lend it to someone whose judgment you respect, and tell them to take their time returning it. That is how this book has traveled for fifty years, and on the evidence of its twelve tales, the hand-to-hand network remains the most reliable distribution system in publishing.