Transactions of the RHS 12 (2002), pp. 141–65 © 2002 Royal Historical Society
DOI: 10.1017/S0080440102000051 Printed in the United Kingdom

THE MYTHS OF THE SOUTH SEA BUBBLE

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READ 18 MAY 2001

ABSTRACT. The South Sea Bubble of 1720 looms large in popular depictions of eighteenth-century Britain. But in many respects it is seriously misunderstood. This article begins by exploring mythic 'facts' about the events of 1720, but is also concerned to explore why the Bubble was mythologised long after the event. On several levels, therefore, the Bubble has itself been bubbled.

THERE is something very familiar about the South Sea Bubble of 1720. It is that rare thing, a label given to an eighteenth-century occurrence that has entered reasonably common usage. *The Times*, for example, referred to it twelve times in 2000, the *Guardian* seventeen times and the *Independent* thirteen times.[1] In recent years a facsimile edition of Bubble playing cards from 1720 has been sold on the high street, and the Bubble is on the BBC's web site timeline for British history.[2] In such places the Bubble is obviously employed with reference to the financial crisis of 1720, so brilliantly evoked in Hogarth's famous depiction of frenzied irrationality, economic chaos, religious corruption and sexual dissipation, all in pursuit of lucre and luxury. But so familiar is the Bubble that it is also used as a fanciful allusion or metaphor, as in Noël Coward's *South Sea Bubble: A Comedy in Three Acts* (1956) which is actually about the twilight of the British empire in the Pacific. In short, the Bubble has attained legendary status, at once familiar if distant, to be used confidently and freely. Yet this familiarity has two mythical aspects: the Bubble has suffered from considerable myopia and misunderstanding, such that some of its long-lived evocations often need to be considered mythologically, with their own origins and dynamics.

The Bubble, which was blown and burst in 1720, centred upon the joint-stock South Sea Company which had been founded in 1711 with monopoly trading rights to much of South America, even though the well-established Spanish and Portuguese empires there made the region

[1] Figures produced by searching for 'South Sea Bubble' on the CD editions of these newspapers. The respective figures for 1999 were thirteen, fifteen and sixteen.

[2] www.bbc.co.uk/history.

Plate 1 W. Hogarth, untitled allegory on the South Sea Bubble, 1721. Copyright Guildhall Library, Corporation of London.

largely out-of-bounds. In fact, trade was always of minor importance to the company, for it had been established to help the Tory government organise the national debt and exploit public credit after nearly twenty years of expensive warfare. Its political origins, as a counterweight to the Whiggish Bank of England and East India Company, were fundamental. As such it was a vital part of the 'financial revolution' that took place in the generation after the Glorious Revolution of 1688–9.[3] That revolution centred upon how the government established a permanent and funded national debt by employing parliamentary promises of future tax revenues to repay what had been borrowed. But initially there was much about this that was uncertain and experimental. Some of those problems were mainly administrative and organisational, but some were political, not least because of the potential threat to creditors of a Jacobite restoration. Consequently, very high interest rates often had to be offered in order to attract lenders. After the successful peace of 1713, which reconfirmed the Revolution settlement

[3] P. G. M. Dickson, *The Financial Revolution in England: A Study in the Development of Public Credit, 1688–1756* (1967) is the definitive account. I am very indebted to it.

of 1689 and the Hanoverian succession, and when interest rates were now much lower, governments naturally looked for ways to renegotiate the debts of the 1690s and 1700s so as to lessen their burden.

In 1719, mimicking events in Paris, the South Sea Company submitted a comprehensive scheme to do this, offering its own equity to those public creditors who surrendered their original assets. This provoked a counter-proposal from the Bank of England, with the South Sea Company winning the bidding war with the Treasury by offering £7.5 million, though there was also considerable bribery and treating, both at court and in parliament, to obtain the necessary political backing. Moreover, to get public creditors to exchange their assets for stock, the Company lured them less with the prospect of dividend income, which would have required a profitable trade in goods, than by a rising share price achieved by offering stock on extended terms, by hyperbole and, it is likely, by insider trading.[4] In this it succeeded handsomely and soon its shares began to rise sharply in price. As Figure 1 shows, about the start of 1720 the price stood at 130 but rose to nearly 1,000 in June, a seven-fold rise. Given the modest trading prospects of the Company such a rise was generated largely by the self-fulfilling expectation amongst investors and potential investors that the price would rise, a state of mind that rested on a particular form of confidence or faith. But that confidence waned and slumped in August and September 1720 as more and more investors questioned the Company's medium- and long-term prospects. Quite suddenly it was found that 'all is floating, all falling'.[5] By October the share price was around 200, where it hovered until the full story began to emerge in the spring of 1721 from an investigation by a House of Commons Secret Committee.

At one level that was the South Sea Bubble; it was the spectacular rise and precipitous collapse of one company's share price. But as Figure 1 suggests, the stock market was more generally disordered in 1720. The East India Company share price also surged by over 100 per cent and even that of the Bank rose by about 60 per cent, both then falling back. In fact, speculation took place very widely. Though the details are very hazy, perhaps 190 separate joint-stock projects were launched in 1719 and 1720, with a collective nominal capital of £93.6 million by one report, £300 million by another, an unprecedented level

[4] For detailed accounts of the scheme see Dickson, *Financial Revolution*, chapters 5–6; J. Carswell, *The South Sea Bubble* (revised edn, Stroud, 1993). J. G. Sperling, *The South Sea Company: An Historical Essay and Bibliographical Finding List* (Boston, MA, 1962) is an invaluable guide to much of the available literature.

[5] Historical Manuscripts Commission [hereafter HMC], *Calendar of the Manuscripts of the Marquis of Bath*, III (1908), 489.

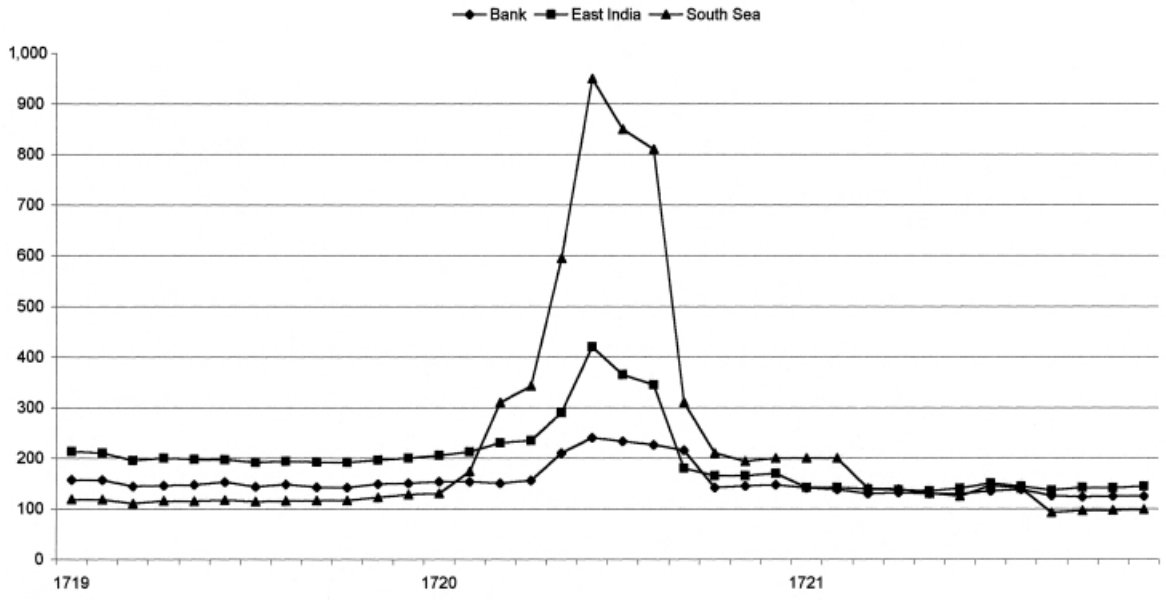

Figure 1 Three share prices, monthly, 1719–21
Source: L. D. Neal, *The Rise of Financial Capitalism: International Capital Markets in the Age of Reason* (Cambridge, 1990), 234.

of activity.[6] Most were very fanciful, never raised much money and sunk quickly without trace, the passage of the so-called Bubble Act in June 1720 and the issuing of writs against four of them in August effectively putting an end to such a frenzy.[7]

I turn now to consider three commonplace views which show the types of misunderstandings and myopia the Bubble has been prey to: first, that investors came from far and wide, but blindly left behind all reason and prudence, scepticism and caution; second, that it produced considerable social mobility by enriching many and impoverishing more still; and, third, that its collapse led to widespread and profound economic dislocation.

It is not hard to find contemporary expressions of each of these views, views that have proved highly resilient. In March 1720, even before the scheme had been approved, Robert Harley, the earl of Oxford, was told by his daughter that 'The town is quite mad about the South Sea, some losers, many great gainers, one can hear nothing else talked of.'[8] By May his son reported that 'The madness of stock-jobbing is inconceivable. This wildness was beyond my thought' and in the following month that 'The demon of stock-jobbing is the genius of this place. This fills all hearts, tongues, and thoughts, and nothing is so like Bedlam as the present humour which has seized all parties, Whigs, Tories, Jacobites, Papists, and all sects.'[9] The social mobility bemoaned was especially of the accumulation of fortunes by those of lowly and foreign birth and the loss of wealth and place by old families. The *Worcester Post-Man* newspaper, for example, reported that 'a certain Wharfinger … has gain'd 15,000 l. … by selling South-Sea', that the Canton of Berne made £1 million by trading in South Sea stock, and that 'Mrs Oldfield and Mrs Porter, the two celebrated Actresses, have quitted the Stage, having made their Fortunes by South-Sea-Stock'.[10] After the event, Sir Gilbert Heathcote, former lord mayor of London and a commercial and financial colossus, 'was sorry to see great Estates acquired by Miscreants, who, twelve Months ago, were not fit to be

[6] A. Hammond, *A Modest Apology, Occasion'd by the Late Unhappy Turn of Affairs, with Relation to Publick Credit* (1721), 28; *Historical Register*, 5 (1720), 290–6. Very little evidence about these companies survives. W. R. Scott provides information on the advertised capitalisation of 111 of them, totalling £221,118,000: *The Constitution and Finance of English, Scottish and Irish Joint-Stock Companies to 1720* (3 vols., Cambridge, 1910–12), III, 445–58. Actual amounts raised are unknown, but after most were suppressed by the Bubble Act it was claimed that 'no less than a Million and a half … will be lost': *Northampton Mercury*, 27 June 1720, 107.

[7] The Bubble Act was, therefore, a cause of the financial crisis not, as is often thought, a consequence.

[8] HMC, *The Manuscripts of His Grace the Duke of Portland*, V (1899), 593.

[9] *Ibid.*, 599.

[10] 25 Mar.–1 Apr. 1720, 2; 24 June–1 July 1720, 3; 30 Sept.–7 Oct. 1720, 5.

Valets to the Gentlemen they have ruin'd'.[11] That the pricking of the Bubble was ruinous to the whole economy is similarly well attested. Contemporaries frequently remarked that the confusions of the corporate economy reverberated across the nation quickly and generally. By one report, for example,

> What I reckon the Evil, which affects the Nation in general, is the Decay and Loss of private Credit; which is absolutely necessary to carry on Commerce, to prevent the Nation's losing Millions every Year, to support the Government, to pay the Proprietor of the Funds his Interest, the Landed-Man his Rent, to set the Manufacturer at work, and clothe and feed the Poor.[12]

If the effects of the stock market collapse crossed different sectors of the economy this was also held to have taken place quickly and to have continued for some months. So, for example, the government was told in October 1720 that 'the scarcity of money is a general complaint' and the earl of Oxford in February 1721 that 'paper credit languishes ... All credit in trade is stopped.'[13]

These powerfully expressed views were, however, sometimes founded on quicksand. The first point, which has often been forgotten, though Dickson made it clear, is that the South Sea scheme was subjected to considerable debate from an early date. Most obviously the Bank of England's counter-proposals gained support in both the Commons and the Lords, such that the South Sea scheme suffered from searching criticism both inside and outside of parliament well *before* it was given statutory form on 7 April 1720. In the Commons there were significant divisions against the proposals, though we lack details of the debates to know just what happened. In the Lords it was complained on 4 April that the South Sea Company's proposal 'was unjust in its nature, and might prove fatal in its consequences; since it seemed calculated for the enriching of a few, and the impoverishing of a great many, and not only made way for, but countenanced and authorised the fraudulent and pernicious practice of Stock-jobbing'.[14] Here Lord North and Grey was repeating a critique that had been well developed by two MPs outside the Commons. The best known of these was by Sir Richard Steele, first in *The Crisis of Property*, then in *A Nation a Family* and lastly in his periodical *The Theatre*, each produced early in 1720. In the last he warned of the risks to public creditors of exchanging their assets for South Sea stock. He doubted that the Company had good

[11] *Historical Register*, 5 (1720), 382.

[12] *Considerations on the Present State of the Nation, as to Publick Credit, Stocks, the Landed and Trading Interests* (1720), 3–4.

[13] Public Record Office, SP 35/23/104; HMC, *Portland*, v, 614.

[14] *The Parliamentary History of England*, ed. W. Cobbett (1714–22), VII (1811), col. 646.

trading prospects and, consequently, believed that 'the Managers of this Stock will be … like the Bank at a Gaming-Table, who sit in greater Security, and swallow by insensible degrees the Cash of the unfortunate Adventurers round the Board'. He was sure that the whole scheme was nothing but 'a bulky Phantom'.[15] Steele's pen was characteristically powerful, but like as not it rested upon the hard thinking and tireless arithmetic of Archibald Hutcheson, who had for several years made detailed enquiries into the national debt and become a backbencher of considerable knowledge and weight on the subject. At the end of March 1720, for example, he produced a pamphlet attacking the South Sea scheme, concluding that 'there is no real Foundation for the present, much less for the further expected, high Price of South-Sea Stock'.[16] Steele and Hutcheson were far from lone voices, for a number of pamphlets complained that because the Company's trading prospects were poor, public creditors could be tempted to surrender their original rights only by share prices being manipulated upwards, what contemporaries called stock-jobbing. As one concluded on 8 March 1720, 'it is pretty certain the Nation will be deceived if they trust to the *South-Sea* Company's Generosity to the Annuitants'.[17]

Clearly the weaknesses of the South Sea scheme were carefully detailed in February and March 1720, before it gained statutory authority. Those criticisms were powerfully and widely voiced, such that those who embraced the scheme would often have had to set aside such criticisms or been persuaded of the merits of the Company's proposal. Doubtless avarice and dreams of luxury played their part in encouraging people to invest in the scheme, but other motives were surely at work as well. One was that for a time the scheme looked like a legitimate and sensible investment. For *several* months the gradually rising share price drew in investors, and that was fact not fiction. Just as important, the governor of the Company was the king, the scheme had been championed by the chancellor of the Exchequer and endorsed by parliament, and even some 'professional' investors invested in it, including the Bank of England, the East India Company and the Million Bank. With such weighty supporters was it really so foolish of the wider public to embrace it given the information they had? Indeed,

[15] *The Theatre*, ed. J. Loftis (Oxford, 1962), 8 Mar. 1720, 89.

[16] 'Some Calculations Relating to the Proposals Made by the South-Sea Company, and the Bank of England, to the House of Commons; Shewing, the Loss to the New Subscribers, at the Several Rates in the Said Computations', in A. Hutcheson, *A Collection of Treatises Relating to the National Debts & Funds … and also a Collection of Treatises Relating to the South-Sea Stock and Scheme* (1721), 8.

[17] *A Further Examination and Explanation of the South-Sea Company's Scheme*, 2nd edn (1720), 35.

investing in it was partly a patriotic and a constitutional act – one for the good of buoying a scheme to reduce national burdens. For sure other motives were also at work. Lady Pembroke, for example, complained that 'nobody likes the thing yet … estates are got by it' and so the already financially strapped duke of Portland invested heavily, 'thinking to retrieve himself by the South Sea' but only succeeded in completing his ruin.[18] Yet the perilous basis of the rising share price was appreciated early, with the mob insulting new coaches in the ring at Hyde Park in April with 'the Cry of *South-Sea-Stock*, *Stock-Jobbers*, & c.'.[19] Moreover, many investors were fully aware that the share price had to peak and, at least, stagnate at some point, so that what was critical was selling at the right time or, more realistically, not selling at the wrong time. As Alexander Pope noted in late September 1720: 'Most people thought the time wou'd come, but no man prepar'd for it; no man consider'd it would come *like a Thief in the night*.'[20] This element of gambling may not only have been widely appreciated but even relished. Indeed, the distinction sometimes drawn between 'rational' investment and 'irrational' gambling is not very robust; buying stock could be undertaken for reasons of consumption as well as of investment.[21] Certainly there is evidence of cautious investors selling up before the slide of share prices set in during August, most notably the duchess of Marlborough, Jacob Tonson the publisher and Thomas Guy the bookseller – though sadly those many public creditors who embraced the scheme and surrendered their annuities were unable to do the same because the Company only issued their stock to trade on 30 December 1720. Investing, therefore, was undertaken for a range of reasons, some of which were credible. Other potential investors, perhaps persuaded by the likes of Steele and Hutcheson, gave the whole affair a wide berth, possibly in significant numbers. There were those who lacked 'Courage or Ability' as one newspaper put it; and perhaps many were like Harley's daughter who was very clear that 'It is being very unfashionable not to be in the South Sea. I am sorry to say, I am out of fashion.'[22]

Looking again at Figure 1, it is clear that if you had invested in the Company in January 1720 and held fast through the Bubble to the end of December then your holdings would have risen in value by 50 per

[18] *The Wentworth Papers 1705–1739, Selected from the Private and Family Correspondence of Thomas Wentworth, Lord Raby*, ed. J. J. Cartwright (1883), 450.

[19] F. Harris, *A Passion for Government: The Life of Sarah Duchess of Marlborough* (Oxford, 1991), 228; *Worcester Post-Man*, no. 564, 8–15 Apr. 1720, 3.

[20] *The Correspondence of Alexander Pope*, ed. G. Sherburn, II: *1719–1728* (Oxford, 1956), 53.

[21] G. Clark, *Betting on Lives: The Culture of Life Insurance in England, 1695–1775* (Manchester, 1999).

[22] *Northampton Mercury*, 27 June 1720, 103; HMC, *Portland*, V, 593.

cent, an excellent rate of return. The effect of the Bubble on stockholders, in other words, rested heavily upon the specific timing of investment decisions. And here it is reasonable to suppose that few invested heavily after the peak in prices was clearly over, say from early August. Moreover, if the Bubble mainly entailed losses for those who bought or obtained shares in the rise of March to June they were not left asset-less when the Company's share price collapsed in the autumn. A further refinement to this point is that as the Company expanded the number of its shares in the market through the four money subscriptions (or stock offers) so it asked for an initial payment followed by a number of subsequent payments spread over months and years. So, for example, John Gay the poet bought £10,000 of stock in the third subscription in June 1720 by making an immediate payment of £1,000 which was to be followed by nine further payments of £1,000 spread over nearly five years. With the collapse of the scheme in the autumn of 1720 such commitments were cancelled and share owners issued with new stock at no cost. Gay therefore only ever paid for one tenth of his investment, of which he recovered £400. This was a loss to be sure, and though in July his paper worth was said to have been £20,000, his real loss should properly be put at £600. Quite what fraction of his wealth this represented is unknown, but again many investors would have committed only some of their funds to the scheme – much of their wealth was held in other forms. In terms of proportions, though not of absolutes, this is probably the order of magnitude of losses of most investors in the scheme.[23] Obviously such losses did not simply disappear into the ether, they filled the pockets of the well informed, the duplicitous and the lucky, perhaps to be hoarded, more likely to be spent and invested. Inevitably one person's loss was another's gain.

Cases such as Gay's can be multiplied. So, for example, though it is often said that Sir Isaac Newton lost £20,000 in the Bubble the evidence to support this is very inconclusive and certainly he was not immiserated by it.[24] Similarly the Canton of Berne did not make £1 million out of the Bubble, but kept its holding, which dated back to a loan it had made in 1710.[25] Is it, however, possible to get beyond this case-by-case approach to uncover who bought into the company and how much they committed? It is not possible to answer that with any precision, for much evidence has not survived and that which has often looks

[23] D. Noakes, *John Gay: A Profession of Friendship* (Oxford, 1995), 311–13.

[24] For an example of the report see J. K. Galbraith, *A Short History of Financial Euphoria* (Harmondsworth, 1994), 44. Its perilous basis is made clear in R. S. Westfall, *Never at Rest: A Biography of Isaac Newton* (Cambridge, 1990), 861–2, and *The Correspondence of Isaac Newton*, VII: *1718–1727*, ed. A. R. Hall and L. Tilling (Cambridge, 1977), 96–7.

[25] Dickson, *Financial Revolution*, 280.

suspect, but early in 1721 the House of Lords received details of the four money subscriptions. We can begin by looking at Table 1.

Table 1 *The South Sea Company's four money subscriptions (stock issues), 1720*

	Stock issued	Total cost, £	Number of subscribers	Average total to pay £	Average first payment, £
1st, 14 April	2,250,000	6,750,000	1,473	4,582	917
2nd, 29 April	1,500,000	6,000,000	1,786	3,359	336
3rd, 17 June	5,000,000	50,000,000	5,135	8,569	857
4th, 24 August	1,250,000	12,500,000	2,590	4,633	927

Sources: House of Lords RO, Parchment Collection, B57–63; P. G. M. Dickson, *The Financial Revolution in England: A Study in the Development of Public Credit, 1688–1756* (1967), 124–5.

A number of points arise from this. The first is that investors in these issues were committing very substantial sums – the averages do not hide a long tail of small subscribers. Consequently, at a time when the annual income of prosperous merchants was reckoned in hundreds not thousands of pounds, when clergymen typically enjoyed incomes of £60 and army and navy officers usually little more, it is clear that initial investors in the subscriptions were from the very wealthiest members of society, rarely from the middling sort and probably never from the base of society. Second it is clear, as has long been recognised, that the scheme was underpinned by massive backing by the political elite – in the first subscription the royal family put down for 40,000 shares, and Stanhope and Sunderland, the leading ministers in the government, 4,000 each. As against that, only 6 per cent of investors in this first subscription were women, well short of the 20 per cent figure for women's holdings in loans of the Bank of England and East India Companies at much the same time.[26] The dominant impression gained by looking at the first three subscriptions is of their political complexion, from the royal family, through the peerage, senior judiciary and MPs to members of the urban and county elites, all translating *some* of their considerable wealth into South Sea stock. As Dickson has shown, around three-quarters of members of the Commons and the Lords were subscribers.[27]

It is worth remembering that the first three subscriptions were directly controlled by lists kept by the Company's twenty-nine directors, by its sub and deputy governor and through a handful of members of the government – just thirty-five individuals for the third and largest subscription. Each of these was given a finite amount of stock to distribute, such that to invest required not only substantial funds, but

[26] *Ibid.*, 282.
[27] *Ibid.*, 107–8.

also connections and introductions, condemning even some high-status individuals to disappointment. Of course, a secondary market in the stock issued by the first three subscriptions developed, but only the fourth was placed on the open market, though even here investors were likely to have been people of considerable substance. Where investors more generally were involved was with the exchange by public creditors of their annuities for lower-bearing South Sea assets. Even so, the direct evidence supports one contemporary view, voiced in October 1720, that 'The loss would fall chiefly on the persons of quality.'[28] Put another way, contemporary reports of the hurly burly of Exchange Alley in 1720 need to be treated sceptically, indeed too many investors pursuing too few shares might cause such bustle. No hard evidence survives of the volume of shares being traded, only of their price.

From this pattern of investment activity there is good reason to question whether the Bubble produced considerable social mobility. Certainly cases of fortunes being made or lost can be found, but like as not this tended to be within a fairly narrow section of society. Again for want of evidence it is unclear how common gains and losses were, though given the close relationship between land and status some indications are provided by considering what was happening to the land market. Looking at land prices there initially seems to have been a significant effect. Clay has pieced together tidbits of information to conclude that in 1720 there was 'an extraordinary explosion of prices' but that 'These unprecedented prices lasted no longer than the speculative boom in South Sea securities', a view confirmed by Habakkuk.[29] Such short-term price variations were caused by increasing demand for land from those who had seen their paper fortunes rise in London, not least amongst directors of the South Sea Company itself, and an unwillingness amongst the landed to sell. That unwillingness was partly socially driven, partly consequent upon the growth of the legal device of strict settlements since the Restoration. This can usefully be put in the context of evidence of transactions implied by deed registrations in Middlesex and the East and West Ridings of Yorkshire, though as this is of numbers of deeds registered rather than the value or acreage of land exchanged, it needs to be interpreted cautiously. In Middlesex, annual deed registrations rose continuously and by 122 per cent between 1715 and 1720. There was a decline of 15 per cent in 1721, but from 1722 the upward march of numbers was resumed. In the Yorkshire, by contrast, a rise of 48 per cent lasted from 1716 to 1719, and was followed

[28] HMC, *The Manuscripts of the Earl of Dartmouth* (1887), 326.

[29] C. Clay, 'The Price of Freehold Land in the Later Seventeenth and Early Eighteenth Centuries', *Economic History Review*, 27 (1974), 177; J. Habakkuk, *Marriage, Debt and the Estates System: English Landownership, 1650–1950* (Oxford, 1994), 510–11.

by a fall of 6 per cent in 1720 and two more years of stagnation. In neither Middlesex nor the Yorkshire does the Bubble appear to have led to a collapse of the land market and in the former, where the effects were probably most direct, the consequences were distinctly ephemeral.[30] Such evidence is, of course, quite general but it can be complemented with much more specific evidence. French and Hoyle have recently concluded two detailed studies of all land transactions through the period at Slaidburn in Lancashire and Earls Colne in Essex and in both places the years around 1720 were unremarkable; land transactions were no more and no less frequent than in the early eighteenth century as a whole.[31] The suggestion from all of this is that those estates bought and sold because of the Bubble were few rather than many and, by extrapolation, that social mobility amongst the landed was limited and specific.

I turn now to consider briefly how far the South Sea Bubble disrupted the wider economy. To test this precisely ideally one would want to call upon statistics of investment, output, employment and income either side of 1720. In practice the economic indicators to hand are occasional and often imperfect, such that one is driven to use rough and ready proxies. For example, we have no year-by-year figures of gross domestic product or output, and if historians have compiled yearly indices of industrial output they have clear limitations – though it is interesting to note that neither of the main indices show the Bubble having any impact whatsoever.[32] So where can one turn? Overseas trade is one obvious resort, for the government had since 1696 collected reasonably good data here. Again they show no marked effect in 1721 or 1722, as imports and domestic exports fell by only 3 and 2 per cent respectively from 1720 to 1721 and re-exports grew by nearly 17 per cent. Excise data tell a similar tale of mixed fortunes amongst industries. For example, output of spirits and candles grew between 1720 and 1721, but fell for starch, soap and printed goods.[33] So neither trade nor

[30] F. Sheppard, V. Belcher and P. Cottrell, 'The Middlesex and Yorkshire Deeds Registries and the Study of Building Fluctuations', *London Journal*, 5 (1979), 209.

[31] H. R. French and R. W. Hoyle, 'The Land Market of a Pennine Manor: Slaidburn, 1650–1780', *Continuity and Change*, 14 (1999), 349–83. I am very grateful to Dr French for making available to me as yet unpublished research on Earls Colne.

[32] W. G. Hoffmann, *British Industry, 1700–1950* (Oxford, 1955), Table 54 (between 330–1); N. F. R. Crafts, S. J. Leybourne and T. C. Mills, 'Trends and Cycles in British Industrial Production, 1700–1913', *Journal of the Royal Statistical Society*, 152 (1989), 58. On problems of surviving evidence see J. Hoppit, 'Counting the Industrial Revolution', *Economic History Review*, 43 (1990), 173–93.

[33] E. B. Schumpeter, *English Overseas Trade Statistics 1697–1808* (Oxford, 1960), 15–16, 18; B. Mitchell, *British Historical Statistics* (Cambridge, 1988), 407, 412, 414–15; T. S. Ashton, *An Economic History of England: The Eighteenth Century* (1972), 248.

industry was universally or dramatically upset by the chaos of the summer and autumn of 1720.

For the largest sector of the economy, agriculture, statistical evidence is especially creaky for any year-by-year analysis. That said, there is no reason to suppose that the Bubble would have directly or significantly affected the agricultural economy – the harvest of 1720 was sown prior to the crisis, that of 1721 largely after it and, as ever, the weather took its own course. Hoskins judged that for wheat those harvests were 'average' and 'good' respectively.[34] Certainly prices for agricultural goods, generally low in this period, fell for many products between 1720 and 1721 – by nearly 6 per cent for wheat, 16 per cent for cattle and 22 per cent for hops for example – but whether that was caused by a slump in demand and/or a growth supply is impossible to say.[35] However, other things being equal, such falls would have increased expenditure on non-food items and lowered raw material costs for many industries, both effects helping to stimulate the wider economy.

Some indicators of the effect upon the business and investment environment are also available. For example, there was no overwhelming surge of the number of bankrupts in the wake of the Bubble. Annual totals for the three years 1719, 1720 and 1721 were 193, 206 and 226, a rise to be sure, but hardly a meteoric one. Statistically speaking, for bankruptcy the long-forgotten crises of 1710–11 and 1727–9 were more significant.[36] Similarly, Muldrew's important study of everyday credit and court action over debt provides no evidence of the impact of the Bubble.[37] That said, there is some statistical evidence that domestically liquidity was sought as the Bubble burst, but it is not very compelling. This is most clearly suggested by the rise in the price of gold, the once traditional bolt hole for the nervous investors. In the year prior to the summer of 1720 it was very steady at £3.90 an ounce, but for the last four months of the year was generally 5 per cent higher.[38]

By available statistical data there is reason to doubt the depth and breadth of the economic effect of the Bubble within Britain. Trade, industry and agriculture were their usual medley of success and failure. Some of the qualitative evidence suggests just the same. From complete

[34] W. G. Hoskins, 'Harvest Fluctuations and English Economic History, 1620–1759', *Agricultural History Review*, 16 (1968), 30.

[35] P. J. Bowden, 'Statistics', in *Agrarian History of England and Wales*, v, part ii, 1640–1750, *Agrarian Change*, ed. J. Thirsk (Cambridge, 1985), 831, 839.

[36] J. Hoppit, 'Financial Crises in Eighteenth-Century England', *Economic History Review*, 39 (1986), 47–8.

[37] C. Muldrew, *The Economy of Obligation: The Culture of Credit and Social Relations in Early Modern England* (Basingstoke, 1998), 222, 224.

[38] 'An Account of the Market Prices of Standard Gold in Bars', *Parliamentary Papers*, 1810–11, x, 197–8.

runs of the *Northampton Mercury*, *Worcester Post-Man* and *Newcastle Weekly Courant* newspapers for the period, it is clear that though all carried news drawn from the London papers of the crisis, none made note of decay or depression in local industries or trade brought on by that crisis. They reported the Bubble as very much a metropolitan phenomenon, albeit one with links to Paris and Amsterdam, and were preoccupied after October 1720 with how the government and parliament handled the catastrophe. Their silence on the local economy, though in keeping with their usual perspective, is as striking as the absence of evidence ever can be. Elsewhere one occasionally comes across positive evidence that the Bubble's provincial impact was inconsiderable. William Stout, the Lancaster merchant, noted that 'It did not afect this country much, but the Lord Lonsdall lost most of his estate.'[39] He was clear that local floods in October 1720 were much more destructive, though he did note monetary dislocation in the following year.

Apparently powerful evidence of local disruption is provided by eighty-seven petitions, submitted to the House of Commons in the parliamentary session after the Bubble, complaining in some way about the crisis. These came either from counties as a whole or from particular urban centres across Britain, from Caithness in the far north to Southampton in the south, and from Pembrokeshire in the west to Aldeburgh in the east. By the standards of the day this was a significant expression of public opinion. Moreover, the petitioners sang from the same hymn book. Birmingham, for example, complained that 'Trade amongst them is wonderfully decayed … they want Money to carry it on, and to pay the poor Workmen for their Labour … wholly owing to the Decay of publick Credit, occasioned by the Mismanagement, Avarice, and fatal Contrivances, of the late Directors of the *South Sea* Company.'[40] Rochester in Kent lamented 'the general Decay of Commerce, Trade, Manufactures, and publick Credit, and from the Misery and Ruin which vast Numbers of his Majesty's faithful and innocent Subjects now labour under; occasioned chiefly by the wicked and detestable Contrivances, Artifices, and Mismanagement of the late Directors of the *South Sea* Company'.[41]

There is no question that these petitions are powerful statements: their language is keen, their positions unequivocal. But they may not be quite what they seem. First, the parliament they were submitted to opened in December 1720 (and closed in July 1721) but seventy-five

[39] *The Autobiography of William Stout of Lancaster, 1665–1752*, ed. J. D. Marshall (Manchester, 1967), 180.

[40] *Journals of the House of Commons*, 19 (1718–21), 530.

[41] *Ibid.*, 507.

of the eighty-seven petitions were submitted in just six weeks between mid-April and late May 1721, fully nine months after the Bubble burst. Most of them immediately followed the receipt by the Commons of detailed inventories of the estates of the directors of the South Sea Company and immediately preceded the decisions begun on 26 May of how much of those estates were to be confiscated. Second, many of them employed strikingly similar language (hinting at an organised campaign) and particularly asked for the Company's directors and their cronies to be punished fully. In only two is there meaningful detail about local circumstances. Third, the signatories of the petitions were rarely groups of manufacturers or traders, much more frequently gentlemen and leading citizens, often meeting at assizes, quarter sessions or as corporations. Fourth, of the sixty-three sent by urban centres fifty-nine (94 per cent) came from parliamentary boroughs. Finally, it is interesting to note that no petitions were submitted to the House of Lords or the Privy Council. These points suggest that the petitions were reactions to the political rather than the economic aftermath of the Bubble, especially to the enquiry then underway in the Commons. They were less expressions of actual economic experience than exhortations to MPs to keep on the straight and narrow in their work of retribution and repair. This particular context has often been lost sight of, with the petitions and similar evidence frequently being read simply as statements of economic reality. But the politico-cultural consequences of the Bubble were driven by their own imperatives that were attached to the economy in a very confusing way.

There are good reasons to doubt that the Bubble generally disrupted the British economy in the eighteen months after it burst in the late summer of 1720. Much data suggests that at that general level its effects were relatively modest and that other apparently powerful evidence of disruption was often politically inspired. But undeniably there was a profound crisis that turned some peoples' lives upside down. Some idea of the particular effects is provided by looking three exchange rates in the period (see Figure 2). From this it is clear that the London on Paris rate changed dramatically from late 1719 to mid-1720. Ashton long ago pointed out that sharp shifts in exchange rates often indicated financial crises – in his words 'one of the earliest signs of impending crisis was often … an adverse movement of the foreign exchanges. Paradoxical as it may appear … when crisis came there was usually a sudden … upward, or "favourable" movement', which he explained in terms of the demand for holding sterling in cash.[42] Certainly the graph of exchange rates needs to be put in the context of reports from contemporaries noting the flow of English funds into Paris and the

[42] T. S. Ashton, *Economic Fluctuations in England, 1700–1800* (Oxford, 1959), 113.

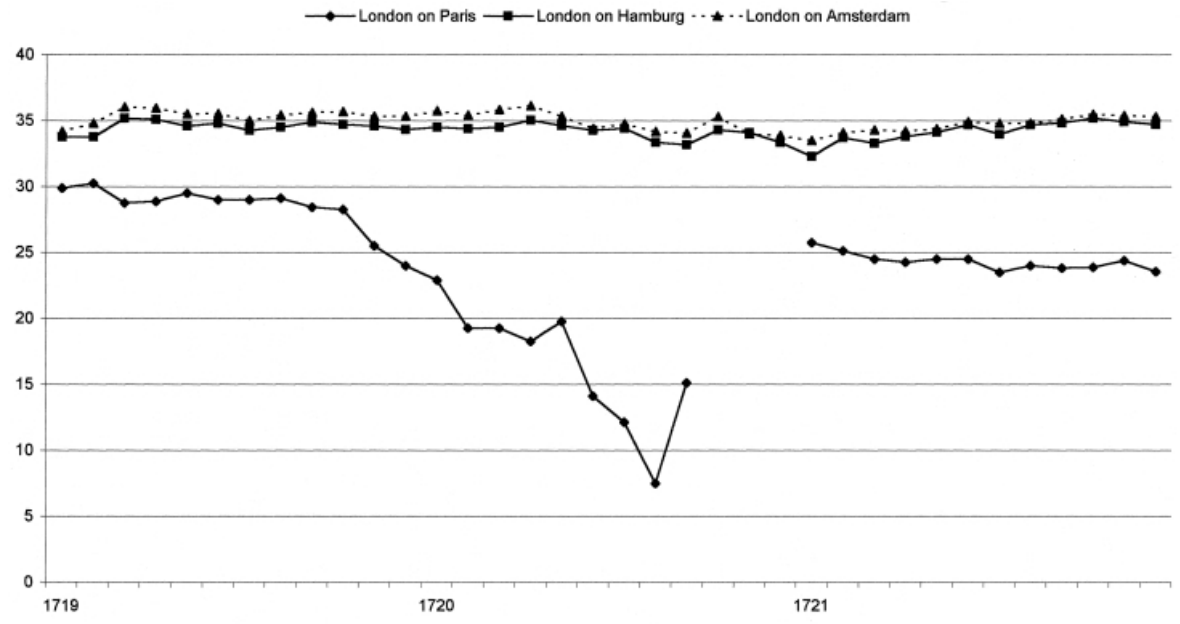

Figure 2 Three exchange rates, monthly, 1719–21 (various denominations)
Source: J. J. McCusker, *Money and Exchange in Europe and America, 1660–1775* (1978), 58, 77, 95.

Mississippi scheme in 1719 and the return of much of those funds and some French capital besides into London and the South Sea scheme in 1720. In June 1720, for example, it was reported that 'Abundance of Mississippians and other Forreigners are come over to Negotiate in Exchange-Alley.'[43] Though this graph apparently shows no particular effects with regards to Amsterdam or Hamburg, with which London was closely connected at the time, this is partly a question of the scale used, for both rates fell by about 7 or 8 per cent through much of 1720 and rose about 6 per cent from January to October 1721. Again, this bears out contemporary comments about the international movement of funds, of the flow of investments into Britain as the South Sea scheme unfolded and a flow out after the Bubble had burst, though there were also reports of some English money being invested in Dutch schemes. Deposits at the Bank of Amsterdam, which we would expect to have been a bolthole for nervous investors seeking solidity, rose from 20 million guilders in 1720 to 29 million in 1721, though of course much of this would have been from domestic Dutch investors.[44] Such international flows would have influenced liquidity within overseas trade and it is interesting to note that within England numbers of merchants going bankrupt did double between 1719 and 1721.[45] If the Bubble did not disrupt general trading patterns, the flow and ebb of funds across the Channel helps to demonstrate, as Neal has shown, one particular form of credit – international settlements between major financial centres – that was deeply disordered in 1720 and 1721.[46] But, of course, such disorder was only partly provoked by events in London. The failure of the Mississippi scheme in Paris is well known, but there was also a rash of speculative insurance flotations in Amsterdam and northern Germany in 1720 that foundered. In part the South Sea Bubble was an international as much as a national phenomenon, to the extent that its label is rather misleading.

Problems within the sphere of international finance were linked to those of domestic high finance. Well-grounded reports can be found of runs on some banks and of others shutting shop, even going bankrupt. In September 1720 it was said that 'four goldsmiths walked off', the South Sea Company's own bank, the Sword Blade Company, closed its doors, in October the bank of Midford and Martins in Cornhill

[43] *Worcester Post-Man*, no. 572, 3–10 June 1720, 3.

[44] J. G. van Dillen, 'De Amsterdamasche Wisselbank, Mede Gedeele Door', *Economisch-Historisch Jaarboek* (1925), 245–8.

[45] Public Record Office, B4/3.

[46] L. D. Neal, *The Rise of Financial Capitalism: International Capital Markets in the Age of Reason* (Cambridge, 1990), chapter 5; E. S. Schubert, 'Innovation, Debts, and Bubbles: International Integration of Financial Markets in Western Europe, 1688–1720', *Journal of Economic History*, 48 (1988), 299–306.

reportedly collapsed, perhaps owing £170,000 to some 400 creditors, and in December Wanley, a banker at Temple Bar, allegedly lost £100,0000 in the chaos.[47] It is certainly notable that numbers of suicides in London were 40 per cent above trend levels in 1721.[48] Collapses of goldsmiths and bankers must have strained liquidity beyond London, but much depended upon the specific connections involved. So, Bishop Nicolson was told (probably wrongly) that Ulster 'sensibly felt' the disruption and that by early December 'Our Trade, of all kinds, is at a stand', and if Cork was affected Dublin was not.[49]

The Bubble's effects were not generally felt across Britain and Ireland partly because of the continued symbolic support for the Bank of England from the king and prince of Wales (via Spencer Compton, speaker of the Commons), partly because in turn the Bank of England made strenuous efforts to support credit and partly because the Treasury raised the interest on Exchequer bills to build confidence in them as financial instruments. Similarly, in Scotland the Bank of Scotland acted early to stop a drain of coin to London, such that the collapse of the Bubble does not appear to have had much impact there.[50]

The argument so far has been three-fold. First, that people invested in the Bubble for a variety of reasons, not mere acquisitiveness, and were often more aware of the perils involved than is usually thought. Second, that probably most purchasers of new South Sea stock came from society's patrician heights in both town and county, such that the social mobility between winners and losers involved a narrow band of society. Finally, that the Bubble's economic effects were more specific yet more international than is often allowed. Undeniably it was a catastrophe, but it was blown by particular people and its bursting hit particular people. Fundamentally the Bubble was about high politics, high finance and high society.

These three points are not especially original, but they have often been lost sight of. They also pose something of a problem, for how is the huge impact that the Bubble had at the time and in subsequent interpretations to be explained? If, so to speak, some of the Bubble's

[47] HMC, *Bath*, III, 489; *Northampton Mercury*, 31 Oct. 1720, 320, 12 Dec. 1720, 391.

[48] London *Bills of Mortality*, counts of those said to have 'made away themselves', 'self murder'd' or 'kill'd themselves'. M. Macdonald and T. R. Murphy argue, in *Sleepless Souls: Suicide in Early Modern England* (Oxford, 1990), 276–8, that this surge in numbers of suicides in the wake of the Bubble was a decisive final stage of a very gradual shift in attitudes away from viewing suicide only as self-murder.

[49] F. G. James, 'Derry in the Time of George I: Selections from Bishop Nicolson's Letters, 1718–22', *Ulster Journal of Archaeology*, 3rd series, 16 (1953), 181–2; L. M. Cullen, 'Economic Development, 1691–1750', in *A New History of Ireland*, IV: *Eighteenth Century, 1691–1800*, ed. T. W. Moody and W. E. Vaughan (Oxford, 1986), 144–5. I am grateful to David Hayton for advice on this point.

[50] R. Saville, *Bank of Scotland: A History 1695–1995* (Edinburgh, 1996), 89.

stature has been argued away, why did it make such an impact upon contemporaries and why does it continue to be provide such an alluring reference point? I turn now to consider how this has taken place, to do which it is helpful (if necessarily artificial) to distinguish four phases in the development of perceptions of the South Sea Bubble. These phases differed in scale and significance, but separating them allows the history of the myths of the South Sea Bubble to be sketched.

The first phase constituted the reactions of 1720 and 1721, which, in turn, took two main forms. The first was concerned with the political corruption and ill judgement that had allowed the South Sea Company to win out over the Bank in early 1720 and then manipulate its share price in the spring and summer. The Bubble was in considerable measure caused by a dramatic failure of the political process to act for the public good, thereby providing ammunition for opponents of the Hanoverian succession and Whig one-party rule (the religious credentials of which were already suspect to their opponents because of the recent repeal of the treasured Schism and Occasional Conformity acts, as well as Convocation's suspension).[51] Much of this reaction concentrated upon those human frailties among particular individuals that had allowed the innocent majority to be misled. Corruption and cronyism were blasted, its perpetrators hunted down in a passionate quest for punishment. But the political reaction also involved questions of power and property, for at its heart the Company's scheme aimed to undermine the value and integrity of earlier holdings of the national debt. From one perspective 'The owners … of this Property, who step out of the Rank of common Subjects, with their Fortunes in their Hands, and gave them to the Faith of the Legislature, are exempt from any Act of Legislature.'[52] But proponents of the scheme had to argue that such property was not sacrosanct: 'There are in England various Properties equally secure with us; and yet we daily see the Legislature breaking in upon them, and giving the Possessors valuable Considerations; as in the Case of making Rivers Navigable, Publick Roads, Erecting of Forts, and other Publick Edifices.'[53] Put most simply, this central part of the South Sea scheme was absolutely about liberty and property and consequently, given their totemic significance, could not but cause a storm. But it also involved profound questions about definitions of 'public' and 'private' interest, about monopolies and individual rights and queried the distinction hitherto all too happily employed between the landed and the monied interest. And if the capacity for share prices to fluctuate markedly was confirmed by the

[51] J. Hoppit, *A Land of Liberty? England 1689–1727* (Oxford, 2000), 235.
[52] R. Steele, *The Crisis of Property* (1720), 18–19.
[53] *The Crisis of Honesty: Being an Answer to the Crisis of Property* (1720), 9.

Bubble, underlining its peculiarity as wealth, ideas that land had an intrinsic value were also shattered by the surge in its price in 1720, it too 'had taken its Frisk with the rest'.[54] In short, the Bubble blurred many traditional categories of political action and expectation, provoking considerable angst in the process.

Political reactions to the Bubble took place alongside what can best be called moral ones (there was no clear distinction between them). A good deal of this was explicitly religious in language and sentiment, with many clergymen blasting the whole affair from the pulpit. Of more lasting significance has been the satiric reaction. It is a commonplace that the period between the Restoration and the second quarter of the eighteenth century was a golden age of satire and, given the commercial basis of publishing at the time, the Bubble provided its practitioners with an irresistible target. Poems and ballads, plays and pamphlets, engravings and woodcuts were all employed. For many nothing better encapsulates the Bubble than Hogarth's famous representation, completed in 1721. It is indeed a compelling, articulate and rich work that has powerfully influenced interpretations of the Bubble. As Plates 2 and 3 show, other remarkable visual satires were also produced, though it is worth noting that domestic productions were numerically dwarfed by those from Holland and might, as in Plate 3, simply translate foreign engravings into an English setting.[55] To literary satirists the Bubble was no less of a godsend, from Thomas d'Urfey's 'Hubble bubble' ballad, to Jonathan Swift's 'The run upon the bankers', John Gay's mock panegyric to the goldsmith Mr Thomas Snow and Alexander Pope's later 'Epistle to Lord Bathurst'.

Considerable ink has been spilt interpreting this outpouring, not merely as art and literature but as windows into public opinion.[56] Undoubtedly this route has achieved much, but there are obvious dangers because satire is both polemic and caricature. It makes no pretence to factual objectivity or principled subjectivity, for it is an argument and a hope: as Defoe baldly put it 'The end of Satyr is reformation.'[57] But what exactly needed reforming? Bishop Berkeley was sure that 'The South-Sea affair … is not the original evil, or the

[54] *A True State of the Contracts Relating to the Third Money-Subscription Taken by the South-Sea Company* (1721), 12–13; J. G. A. Pocock, *Virtue, Commerce and History: Essays on Political Thought and History, Chiefly in the Eighteenth Century* (Cambridge, 1985), chapter 6.

[55] For the Dutch prints see A. H. Cole, *The Great Mirror of Folly (Het Groote Tafereel der Dwaashed): An Economic-Bibliographic Study* (Boston, MA, 1949). The English prints are discussed in M. Hallett, *The Spectacle of Difference: Graphic Satire in the Age of Hogarth* (1999), 57–68.

[56] The best studies are S. Stratmann, *'South Sea's at Best a Mighty* BUBBLE.' The Literization of a National Trauma (Trier, 1996), and T. Seymour, 'Literature and the South Sea Bubble' (PhD thesis, University of North Carolina, 1955).

[57] D. Defoe, *The True-Born Englishman and Other Writings*, ed. P. N. Furbank and W. R. Owens (1997), 24.

Plate 2 Anon., 'The Bubblers Medley', 1720. Copyright Guildhall Library, Corporation of London.

great source of our misfortunes; it is but the natural effect of those principles which for many years have been propagated with great industry.'[58] In this analysis, which was made by others, the South Sea

[58] *The Works of George Berkeley Bishop of Cloyne*, ed. T. E. Jessop, IV (1953), 84.

Plate 3 B. Picart, 'A Monument Dedicated to Posterity in Commemoration of Ye Incredible Folly Transacted in the Year 1720', 1720. Copyright Guildhall Library, Corporation of London.

Bubble could be viewed as a symptom of wider problems, where luxury had infected society and atheism was rampant. One sign of that was the alarming rise of highway robberies about London and of masquerades and a debauched stage within – it is ironic that Steele's attacks on the South Sea scheme were in his periodical *The Theatre* that defended the stage from moralisers.[59] It is worth recalling that in March 1721 there was a Privy Council proclamation against the so-called Hell Fire clubs, that in April a bill against blasphemy was introduced into the Lords, though it was not enacted, and that at much the same time a campaign was underway by justices in Westminster to suppress gaming houses.[60] Thus, it might appear providential that the plague broke out in southern France in the autumn of 1720, prompting quarantine measures to keep it and God's wrath at bay. There were, therefore, a range of issues of concern to the socially and religiously nervous in 1720 and 1721 and the Bubble needs to be put in that wider moral-reform context. Contemporary reactions to the Bubble were

[59] Hoppit, *A Land of Liberty?*, 449, 485.

[60] *London Gazette*, 25–9 Mar. 1721; *Failed Legislation, 1660–1800: Extracted from the Commons and Lords Journals*, ed. J. Hoppit (1997), 296 (57.025); R. B. Shoemaker, *Prosecution and Punishment: Petty Crime and the Law in London and Rural Middlesex, c. 1660–1725* (Cambridge, 1991), 265.

often less about the Bubble itself than much wider perceived failings in the politico-religious order. That is essential in understanding the force of reactions to it.

The second phase of the development of myths of the Bubble took place in 1771, when the term 'South Sea Bubble' was used for the first time in the original edition of the *Encyclopaedia Britannica* (volume III, p. 632).[61] Until then the main crisis of 1720 was invariably called the South Sea 'scheme' or 'affair' – and through the whole eighteenth century the phrase 'South Sea Bubble' was never used in the title of any published work, including, it would seem, Hogarth's engraving. The bubbles of 1720 – lower case and plural – were those 190 or so joint-stock ventures mentioned earlier. In 1720 and 1721 only very rarely was the South Sea scheme called a bubble at all, and in the many works I have consulted it was *never* called the South Sea Bubble. Consequently, the 'South Sea Bubble' is not in Johnson's *Dictionary*, Smolett's *History* or Postlethwayt's *Universal Dictionary of Trade and Commerce*, all published in the 1750s. What happened in 1771 was that a concept was invented to make sense of the confused events of 1720, but ever since this single label has suggested a unity to what were three different if interrelated events: the South Sea scheme, the 190 joint-stock bubbles and the crisis in international finance that began in Paris. Furthermore, words matter here because of what they hint at. A bubble is all puff, waiting to be pricked whereas a scheme suggests more care, though perhaps no less artifice. Contemporaries were clear that the 190 bubbles were mere ephemera, but that the South Sea scheme was much more substantial and serious. So to speak of the South Sea Bubble involves anachronism and elision, avoiding the care taken at the time to distinguish very different things.

The third phase in the unfolding mythology of the South Sea Bubble took place in the second quarter of the nineteenth century when the events of 1720 became the subject of historical enquiry or reflection. If this partly rested upon earlier work by the likes of Adam Anderson, who had been a clerk of the South Sea Company in 1720, and by Archdeacon Coxe in his study of Walpole, there began in 1825, the powerful tradition of comparing financial crises of the day (1825–6 was very severe) to that of 1720 – a connection encouraged by the repeal of the Bubble Act in that year.[62] In this view there is a long history of

[61] Given the Scottish origins of the *Encyclopaedia* it is interesting to note that the Scottish economy was showing distinct signs of over-heating in 1771 and suffered a major collapse in credit in the following year. See H. Hamilton, 'The Failure of the Ayr Bank, 1772', *Economic History Review*, 8 (1955–6), 405–17. I am very grateful to Peter Marshall for this suggestion.

[62] A. Anderson, *An Historical and Chronological Deduction of the Origin of Commerce* (2 vols., 1764); W. Coxe, *Memoirs of the Life and Administration of Sir Robert Walpole, Earl of Orford* (3

crises of which the Bubble was the first British instance (it is invariably linked with the Dutch Tulip mania of 1637 and the French Mississippi debacle of 1719-20). This link between the past and the present was explicitly made in the title of an anonymous book of that year: *The South Sea Bubble, and the Numerous Fraudulent Projects to Which it Gave Rise in 1720, Historically Detailed as a Beacon to the Unwary against Modern Schemes … Equally Visionary and Nefarious*. This approach reached a climax in Charles Mackay's famous book of 1841, *Extraordinary Popular Delusions and the Madness of Crowds*, a work that has been in print for much of the past 160 years and which has inspired many successors, including J. K. Galbraith.[63] Such an approach is prey to two objections: once again the anachronism and the elision of identifying a single and unitary Bubble; and a certain teleology and de-contextualisation. In such approaches the peculiarities of the South Sea Bubble tend to be passed over, and its modernity and timelessness emphasised. It might almost be said that the Bubble has been a victim of a type of Whig history.

Mackay and the railway mania of the 1840s helped to embed the South Sea Bubble in both dictionaries and a wider literary consciousness. Indeed, it soon began to resonate more widely, and this constituted the final stage in the mythologising of the Bubble. As is well known, concerns to avoid indebtedness and bankruptcy were central to so-called middle-class values in nineteenth-century Britain.[64] In such an environment the South Sea Bubble provided a particular potent and apparently unambiguous negative exemplar in the cultural sphere. In 1847, for example, Matthew Ward completed a major oil painting called 'The South Sea Bubble, a scene at Change Alley in 1720', now owned by the Tate.[65] In 1868 the Bubble was the subject of an historical novel and had become so commonplace that in 1872 the fanciful uses of the term began in earnest with a travel book called *South Sea Bubbles*.[66] The lure of the Pacific, which was in any case very strong at this time, has often proved irresistible in this context, to the extent that the Latin American aspect of the South Sea Bubble is often

vols., 1798). For the crisis of 1825–6 see A. D. Gayer, W. W. Rostow and A. Schwartz, *The Growth and Fluctuation of the British Economy, 1790–1850* (2 vols., Oxford, 1953), I, 205–7. The 'Bubble Act' was not the name given to the original statute of 1720 but, once again, a much later invention.

[63] Most recently surveyed in *Great Bubbles: Reactions to the South Sea Bubble, the Mississippi Scheme and the Tulip Mania Affair*, ed. R. B. Emmett (3 vols., 2000).

[64] B. Weiss, *The Hell of the English: Bankruptcy and the Victorian Novel* (Cranbury, NJ, 1986); G. R. Searle, *Morality and the Market in Victorian Britain* (Oxford, 1998).

[65] And so was part of 'the great age of history painting': R. Strong, *And When Did You Last See Your Father? The Victorian Painter and British History* (1978), 42.

[66] W. H. Ainsworth, *The South Sea Bubble* (published in parts in 1868 and as a book in 1871); Earl of Pembroke and G. H. Kingsley, *South Sea Bubbles* (1872).

either overlooked or unknown.[67] Either way, to use the South Sea Bubble in such ways, as in Noël Coward's play, is merely allusive, merely suggestive. That would not matter, but what is being alluded to and suggested melds, often unconsciously, fact and fiction indiscriminately.

Frivolous familiarity is unlikely to be the handmaiden of good history and so it is unsurprising that for many years the South Sea Bubble has been subjected to scholarly rigour. In that sense this paper contributes to a long line of studies, stretching back to W. R. Scott in 1910-12, through Carswell and Dickson and including, since 1990, the highly rationalist accounts of Neal, Garber and Harris.[68] It has emphasised the need to approach the Bubble with an open mind: to use hindsight cautiously; to recognise the biases in contemporary evidence; to appreciate silences as well as noise; to employ appropriate concepts; to pay close attention to specific chronologies; and to place the Bubble in its full context. Too often contemporary lamentations of the Bubble have been taken at face value; too often second- or third-hand gossip has been preferred to first-hand evidence; too often vibrant satires and colourful jeremiads have been isolated from the discipline of counting; too often those aspects of the Bubble which were timeless have cast a dark shadow over its peculiarities.[69] In short, the South Sea Bubble needs to be rid of some of its myths. But such rationalism has its limits, for myths can be so powerful. As has been seen, the Bubble played a major role in the early 1720s in contemplating the consequences of subtle yet profound politico-religious changes; as a label it was invented by 'enlightened' conceptualisation; then (and ever since) it became the benchmark for moments of intense financial speculation, in the process becoming so light and airy as an idea that writers could use it almost unthinkingly. The result is that the South Sea Bubble is a highly potent symbol or mode of communication, too much part of everyday discourse for its meaning to be easily changed by a mere muttering historian.[70] After all, if the myths of the South Sea Bubble were 150 years in the making, so perhaps putting good history back in will take just as long.

[67] R. Edmond, *Representing the South Pacific: Colonial Discourse from Cook to Gaugin* (Cambridge, 1997).

[68] Scott, *Constitution and Finance*; Carswell, *The South Sea Bubble*; Dickson, *Financial Revolution*; Neal, *Financial Capitalism*; P. Garber, *Famous First Bubbles* (Cambridge, MA, 2000); R. Harris, 'The Bubble Act: Its Passage and its Effects on Business Organization', *Journal of Economic History*, 54 (1994), 610–27.

[69] My thinking on these issues has been greatly helped by P. U. Bonomi, *The Lord Cornbury Scandal: The Politics of Reputation in British America* (Chapel Hill, 1998).

[70] On these issues see *The Myths We Live By*, ed. R. Samuel and P. Thompson (1990).