

The South Sea Bubble

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Introduction

In the summer of 2010, the British statesman George Osborne accepted the title of Chancellor of the Exchequer with optimism and a sense of purpose. Vowing to tackle budget deficits, Osborne spent the next four years diligently tracking tax evasion by the wealthy while also limiting excessive borrowing and spending.¹ Even four years of experience, however, could not have prepared him for the challenge he was to undertake in 2014. Osborne resolved to focus on the daunting task of repaying debts from the South Sea Bubble — an early 18th century economic disaster with repercussions so profound that they still affect today's economy.²

The South Sea Bubble was a stock market crash that is often attributed to widespread stock market manipulation and naïve investors. Historian and economist Peter Garber characterized the fateful events of 1720 as an “outburst of irrationality.”³ However, the real causes of the bubble and its inevitable explosion are more nuanced. Specifically, Garber along with other esteemed historians including Hans-Joachim Voth and Richard S. Dale fail to emphasize the importance of the government's actions in the South Sea Bubble.

This paper traces the causes and aftermath of the South Sea Bubble, focusing on the role of the British government in precipitating the economic crisis. This paper then argues that it was the British government's failed state lottery and the government's subsequent involvement in the fraudulent South Sea Company, rather than simply irrational investor behavior, that were the principal catalysts for the development and transformative aftermath of the South Sea Bubble.

Origins of the State Lottery

At the start of the 18th century, England was a nation that had been at war constantly, whether this entailed fighting with the French across the English Channel, quelling internal unrest during the English Civil War, or sparring with the Dutch. The costs of ships, muskets, cannons, and other supplies depleted the English treasury. Between 1702 and 1713, the treasury had exhausted 72% of its funds on “military expenditures.”⁴ The English debt quickly transformed from an economic inconvenience to a calamity as funds were directed towards the War of Spanish Succession with France and the Great Northern War with the Swedes.⁵

In 1710, Robert Harley, an experienced statesman, became Chancellor of the Exchequer. By this time, England had accumulated over nine million (and possibly greater than thirty million) pounds of debt—an astounding sum that was becoming a “growing fear” among the government and the public.⁶ Shortly after taking his position, Harley submitted a financial request to the Bank of England, seeking the capital England so desperately needed.

Unfortunately, the Bank of England was controlled by the Whig Party, while Harley had recently changed his political affiliation to the Torie Party.⁷ In the aftermath of the English Civil War (1642–1651), the Exclusion Crisis (1679–1681), and the deposition of the Catholic King James II under the Glorious Revolution only twenty years prior to Harley’s inauguration, “party strife” remained at unprecedented levels.⁸ Perhaps the best depiction of this long-lasting partisan tension is shown in J. Aitken’s 1789 etching depicting a tug of war scene between the Tories and the Whigs both vying for dominant influence over King George III, who was ill at the time.⁹ The title of Aitken’s work, *The Tories and the Whigs pulling for a Crown*, illustrates the partisan tensions that led to the Bank of England promptly rejecting Harley’s request.¹⁰

Harley persisted in his mission and requested funds from foreign lenders. These efforts also proved to be fruitless since England still owed money to several countries, an issue that was clearly hindering Harley’s ability to secure more loans.¹¹ Furthermore, England had been at war with nearly every major European power over the prior century, making it difficult to convince any of them to help the English cause. Without any form of legitimate institutional support, Harley’s only chance to secure nine million pounds was the private sector—an arena that unfortunately caused Harley to intersect with a crafty, Machiavellian, and surprisingly largely forgotten man named John Blunt.

When Robert Harley learned of John Blunt, Harley discovered a possible solution to the English debt. Blunt was an experienced stock market manipulator who had recently executed an intricate insider trading scheme that secured his company (the Hollow Sword Blades Company) land in Ireland.¹² Blunt’s success in generating profit out of nothing and value from the worthless intrigued Harley; he decided to place Blunt in charge of the English state lottery.¹³ The state lottery had existed since the 17th century, and its role was to raise funds for the English government.¹⁴ Harley hoped Blunt’s financial adeptness would be enough to make a large profit off of the lottery. These profits would be used by Harley to pay back some of the English debt.

Blunt exceeded expectations. Blunt revised the lottery, to make it more appealing to people who were not willing to take on the financial risk of buying a lottery ticket. He promised all participants that 10 percent of their ticket prices would be returned, win, or lose.¹⁵ Parliament was interested in this new idea, and a bill to organize Blunt’s lottery was proposed. A book written in 1711 regarding English politics states, “On the 7th of May Mr. Conyers presented to bill to raise the House of Commons, a bill for raifing [raffling] 1,500,000...The scheme whereof had, by...Mr. John Blunt who had likewise formed the scheme of the lottery...”¹⁶

This new promotion turned a once unsuccessful lottery into a national frenzy, and its popularity would last for years to come. “The success [of the first lottery] was shortly followed by another much larger lottery.”¹⁷ This “larger lottery” is best described in a 1739 engraving by an anonymous artist. It displays an illustration of the state lottery depicting widespread participation among all social classes.¹⁸ It is accompanied by a series of descriptive verses that supports this notion.

The name of a lottery the nation bewitches
And city and county run mad after riches
My lord who already had thousands a year
Thinks to double his income by venturing it here

...

For tickets to gain him the Ten Thousand Pounds

...

The cook wench determined by one lucky hit
 To free her hands from the pothooks and spit
 The chamber maid struts in her Indies craft gown
 And hopes to be dubbed the top toaft of the town
 But Fortune alas will have a small share of thanks
 When all their high wishes are buries in blanks

...

They reckoned their chickens before they hatched¹⁹

These lines show not only the lottery's newfound popularity, but they indicate that most participants were left disappointed. Although Blunt guaranteed participants that 10 percent of their ticket prices would be returned, this was a promise he did not have the means to keep. The English government was pushed even further into a chasm of debt since they not only owed money to foreign lenders, but now they owed money to thousands of citizens.²⁰ Robert Harley's job was now all the more difficult. He needed to generate a large sum of money very quickly; otherwise, the economic and political stability of England would be severely threatened. And in 18th century England, the best way to secure large sums of money quickly was the stock market.

Although Harley was a decorated English statesman, he had little experience in the stock market. Without any other options, Harley once again assigned Blunt to devise a plan to eliminate the English debt.²¹ Blunt undertook this challenge using deceptive stock market manipulation. Before this scheme can be introduced, it is important to explore the historical context that permitted Blunt to execute such a plan.

As previously mentioned, during this period, the stock market was becoming accessible to all social classes (not just the wealthy) due to the "emergence of a nascent middle class in early eighteenth-century London."²² This is clearly illustrated in records from the Bank of England which date back to the 17th century. One document from 1694 lists all the people who held stock in the Bank of England and their occupations. Even by looking at the first page, the pattern is clear.

Addy, William; London; Merchant
 Aime, Issac; Covent Garden; Chirurgeon

...

She, The Lady Mary; Twickenham; Widow
 Ashurst, Sir William; London; Lord Mayor of London

...

Atkey, Oliver; London; Tailor
 Atkison, Richard; London; Skinner
 Atlee, Roger; London; Stationer²³

Women and members of the middle and lower classes accounted for nearly 70 percent of all shareholders in the Bank of England.²⁴ This may seem like a positive statistic since a more diverse group of shareholders allowed for more social mobility. It is important to realize, nonetheless, that most of the lower classes who invested in the stock market had no prior experience in finance since trading was a privilege once reserved exclusively for the wealthy. Inexperienced investors are more likely to speculate or try to guess stock patterns.²⁵ Speculators often are characterized as "herding" cattle since they graze for stock "passively from one place to

another, following the leader, without scouting the grass for themselves.”²⁶ When a large group of investors speculates, they become vulnerable to stock market manipulators like Blunt. These “foolish cattle” were easy scapegoats, explaining why they are so often blamed for the South Sea Bubble in the historical literature.

In other words, irrational investor behavior cannot be fully blamed for Blunt’s largely fraudulent state lottery that further complicated British finances. A government so heavily entangled in lottery schemes (devised by a man the likes of John Blunt no less) was a recipe for disaster from the start. Anyhow, the weight of the vast British debt once again fell upon Robert Harley, who was certainly beginning to question his wit.

The Establishment of the South Sea Company

There are many forms of stock market manipulation, but the type concerning this situation is the creation of an economic bubble, a concept that can be best explained by the actions of John Blunt between 1711 and 1720. To finally eliminate England’s debt, Blunt would create a joint-stock company called the South Sea Company, and it would be advertised much like the British East India Company—a successful English joint-stock company established a century prior. Blunt said he would fund overseas expeditions, promising all investors a portion of the great treasures acquired. Knowing the East India Company was asserting its dominance in the Eastern Hemisphere, Blunt told his investors that his company would trade in the South Seas (South America) and gain a monopoly over the slave trade in the region.²⁷ On paper, this seemed like a good idea, and it certainly seemed appetizing for investors. With a monopoly over the slave trade, Blunt could bring his investors revenue while also using profits to pay back the English debt. Unfortunately for investors, John Blunt’s intricate plans rarely corresponded with reality.

Firstly, Blunt did not have the means to fund or organize any expeditions.²⁸ Blunt did not have a position of great political influence, and he was only the owner of a private company. Even if Blunt did have the supplies to organize an expedition to the South Seas, it would have been impossible for him to trade or make any profits. The Spanish had full control of the slave trade in the South Seas. Since a Spanish-backed French coalition was still at war with England in the War of Spanish Succession, English ships were not even permitted in Spanish ports.²⁹ Perfectly aware that trade in the Spanish South Seas would prove to be fruitless, Blunt did not plan expeditions of any kind.

Instead of sending ships across the Atlantic, Blunt released fraudulent statements and “propaganda” that stated he already had ships in the South Seas, and that he had established a full monopoly over the slave trade.³⁰ He guaranteed that all investors would get plentiful returns. Of course, these statements could not be further from the truth, but that did not prevent a wave of investment in the South Sea Company. Inexperienced investors witnessing the great success of the British East India Company speculated that the South Sea Company would bring similar monetary returns. Once people saw others investing in the company, they did not want to miss out, so thousands more started to invest.³¹ Blunt’s scheme is best summarized by Robert Markley who states, “John Carsewell argues that the Company’s directors led by John Blunt, ‘meant to use its privileges as a facade behind which they could continue the business of financial manipulation’; ‘as a business proposition,’ he continues, the Company ‘was from the first a sham’.”³² It is important to emphasize, however, the company could not survive solely on

investor speculation—in fact, without any source of credibility, Blunt’s clever scheme should have disintegrated within months.

The future of Blunt’s company indeed seemed bleak until members of Parliament started to invest in the company. This not only boosted the company’s finances, but it bolstered the legitimacy of the company.³³ In total, which economist Peter Garber describes as the “purchase of Parliament,” the South Sea Company distributed 1.3 million pounds of bribes to government officials resulting in men in power accounting for 17% of all additional stock issued.³⁴ With prominent figures buying shares, even conservative investors were tricked into purchasing South Sea stock. As money poured into the company, the South Sea stock price rose exponentially.³⁵ Blunt then transferred a portion of the company’s funds obtained from stock purchases to the English Exchequer to pay back debts. He would use the money left over to supplement his personal income and to reinvest in the company which drove stock prices even higher; there was a 900% increase in the South Sea Stock price within six months.³⁶ This is all capital that investors thought Blunt was using to bring them returns through the South Seas slave trade. There is evidence to show how Blunt fooled not only Parliament but most of England. A map by Herman Moll created in 1720 depicts a potential trading plan for the South Sea Company accompanied with a brief description.

A new and exact map of the coasts, countries and islands within the limits of the South Sea Company, from the River Aranoca to Terra del Fuego, and from thence through the South Sea, to the northern part of California and with a view of the general and coasting trade winds and particular draughts of the most important bays, ports etc. according to the newest observations, by Herman Moll, Geographer.³⁷

Moll himself not only was tricked by Blunt’s false statements, but his map further legitimized the South Sea Company and encouraged more investment. One of these deceived investors was the prolific writer and trader Daniel Defoe, author of *Robinson Crusoe*. In a letter to Robert Harley written in 1711, he expresses his interest in the South Sea Company. Defoe proposes that the company establish a trading colony in Chile and coerce the native peoples into extracting gold for the South Sea Company. He notes Chile is perfectly located far away from other Spanish colonies making Spanish interference in the proposed colony unlikely.

The collonys of Spaniards being so remote and the countries between them and Chili being and the line itself and all the way between the tropicks, it will be impracticable for them to march beyond to attack our collony...natives remain, and are very numerous...The plenty of gold in Chili...permit them to encourage the natives to bring it [gold] in...The wealth of places in gold [is] incredible.³⁸

Moll’s work may have influenced investors to some extent, but it was the British government that inflated the economic bubble—a phenomenon in which the market value of a company is priced significantly higher than its true worth.³⁹ The South Sea Company was worthless since it generated no profits from overseas expeditions. Furthermore, Blunt paid many people to buy stock causing the South Sea stock price to reflect bribery rather than success. The stock price continued to rise due to widespread speculative investment—a direct result of foolish government intervention. This scheme did generate Blunt and the English government profit for some time, but the scheme could only survive if the South Sea stock price remained high. If the

price fell, investors would stop buying stock, leaving the company without the means to generate profit. Of course, this method of business is unsustainable since stock prices are bound to eventually fall. But facts did not discourage Blunt who now had Parliament at his disposal. He would keep the South Sea Company alive by working tirelessly to maintain the rise of the South Sea stock price. Each year, Blunt generated more and more profits, but he also magnified the scale of the inevitable crash to come.

The Development of the South Sea Bubble

The activities of the South Sea Company from 1713 to 1720 reinforce the idea that “Bubbles lie at the intersection between finance, economics, and psychology.”⁴⁰ Furthermore, in this case, government intervention had a vital role as well. John Blunt continued to manipulate speculative investors to keep the South Sea stock price on the rise. He was able to do this for several years through the aid of an English government actively investing in and supporting the company. Evidence for the government’s direct involvement in the South Sea Company can be found in documents from the House of Lords in 1713 that state, “[The South Sea Company] Should pay in from time to time all future payments of money necessary for carrying on the contract...[House of Lords] was pleased to name 20% of $\frac{2}{5}$ of 400,000 pounds computed to be the joint-stock for the first years.”⁴¹ It is clear that there was an agreement between Blunt and Parliament where a portion of the funds from stock purchases should be transferred directly to the House of Lords. These funds were supposed to finance overseas expeditions. And any profits gained from these expeditions should have been distributed among investors, not members of government. This blatantly unethical agreement was possibly initiated through bribery on Blunt’s part, but it nonetheless illustrates how Parliamentary intervention prolonged the existence of the South Sea Company.

Blunt not only bribed members of Parliament to invest in the company, but he even convinced King George I to invest royal funds; it is noted that the King had “significant holdings in the company.”⁴² Soon after, Robert Harley’s ties with the South Sea Company were severed, and the King would soon take Harley’s position in the company.⁴³ Harley had been disposed of as Chancellor of the Exchequer under Queen Anne (the predecessor of George I) causing Harley’s political career to come to an end.⁴⁴ This meant he had no power to stop the rapidly inflating South Sea Bubble. Without Harley, Blunt was largely left unsupervised by treasury officials allowing him to transfer more stock purchase revenue to his own pocket. Astonishingly, one man could now easily manipulate the most powerful monarchy of the 18th century.

The British Parliament and the King did not suspect any corruption within the company over the next five years since Blunt made sure his wealthy patrons were getting their regular returns and bribes. This temporarily diverted suspicions. Overall, the South Sea Company’s purpose had shifted from dealing with the national debt to making an already wealthy upper class wealthier. Blunt only provided monetary returns for the wealthy and those who had political influence. This allowed him to continue his scheme without opposition, leaving members of the lower and middle class vulnerable to the burst of the South Sea Bubble.

With royal and Parliamentary support, the South Sea Company also now had a vast range of resources at its disposal to finally fund expeditions. The King encouraged these initiatives because he was personally invested in the company and, due to a policy instituted by his predecessor Queen Anne, he would personally receive one-quarter of all profits.⁴⁵

Attempts at Profit in the South Seas

Much like Robert Harley when he first gained his position at the Exchequer, Blunt was optimistic, and for good reason. The House of Lords declared that “the management of the Assiento Contract may remain solely in the [South Sea] Company.”⁴⁶ The government granted Blunt and the South Sea Company rights to roam the South Seas, ensuring it would be the only English company with permission to access ports in the region. Trading with a formidable empire the likes of Spain was challenging to say the least. Firstly, the Assiento Contract only allowed one ship per year to the Spanish South Seas.⁴⁷ In comparison, the British East India Company sent eleven to twenty ships to India annually.⁴⁸ Furthermore, the Spanish imposed a heavy tax on English ships possibly due to remaining tensions from War of Spanish Succession where England had opposed the Bourbon cause.⁴⁹ Anglo-Spanish tensions amidst pleasant Franco-Spanish relations caused fears of “Spain [becoming] a satellite of France” to reemerge.⁵⁰ Nonetheless, from 1713 to 1720, the South Sea Company attempted expeditions to the South Seas, but they ended up making no profit.⁵¹ It is important to note that even though these expeditions were unsuccessful, many investors started to see Blunt’s boats finally crossing the Atlantic after several years of inactivity. Anticipating great success, these investors continued to blindly buy shares in the company and keep the stock price of the company high, without investigating how much profit Blunt was truly making from overseas trade. These boats would have never set sail, however, if Parliament had not allowed Blunt to negotiate a contract in a manner that fulfilled his own economic motives rather than the prosperity of his country.

In 1719, Blunt requested that the English government transfer full control of the government debt to the South Sea Company, seeking to allow investors to trade debts in exchange for shares in the company.⁵² After bribing members of Parliament, Blunt secured enough votes for his drastic proposal to be approved. With this new power, and in the absence of government regulation or supervision, Blunt orchestrated a “debt for equity swap.”⁵³ Since much of English debt lay untraced within the private sector, Blunt claimed that if people bought South Sea shares, their debt would be canceled.⁵⁴ Blunt thought this would get rid of the English debt while also giving people an incentive to buy and in turn increase the value of South Sea shares. Of course, debt cannot just be completely canceled, since debts from the private sector could be traced back to loans taken from foreign lenders who clearly would not permit a cancellation of owed capital.

Despite the fallacy of the plan, this new promotion led to a rapid increase in investment. Despite no success in the South Seas, the stock price of the company rose causing a company with no material value to be valued at a modern-day equivalent of four trillion American dollars by 1720.⁵⁵ To keep up this preposterous evaluation, Blunt encouraged inexperienced investors to buy South Sea stock on credit while also accepting loans from the English government to reinvest in the company.⁵⁶ A financial document describing the King loaning the company a considerable sum states, “Gerog. Regis for making forth new exchequer bills not exceeding one million; and for lending the name of the South Sea Company.”⁵⁷

But, in the end, even Blunt’s crafty schemes could not save the South Sea Company. Eventually, Blunt and his faithful government ran out of funds to reinvest in the company. The company’s lack of success in the South Seas caused many investors to realize their mistake. By 1720, there was a panic to sell South Sea stock, and the company returned to its fundamental value: nothing.

The Public Reaction to the Burst of the South Sea Bubble: An Analysis of Archival Documents

The public reaction to the South Sea Bubble clearly implicates the British government, corroborating the evidence presented previously. As South Sea stock plummeted south, investors who failed to sell their stock when the stock price had peaked and those who had bought stock on credit all lost their fortunes. England fell into a state of frenzy as high-profile individuals such as Isaac Newton accompanied the lower classes in bankruptcy. In hindsight, it might appear unfathomable that a single company could have such an impact on an entire nation, so it is important to emphasize the wealth of archival documents that describe the burst of the South Sea Bubble. Several sarcastic and humorous songs written in 1720 vividly describe the vanishing of fortunes. This sentiment is best described in the “South-Sea Ballad” which reads, “Five hundred millions, notes and bonds our stocks are worth in value...Of mighty wealth we vapour, when all the riches that we boaft confits in scraps of paper.”⁵⁸ How quickly the immense wealth of which investors once boasted vanished is well-articulated in this song.

Although there is plenty of reading material from 1720 and beyond merely describing the economic impact of the South Sea Bubble (including a set of playing cards recounting the series of events), it is perhaps more telling to analyze who the public blamed for the creation and burst of the South Sea Bubble. After an economic collapse, there is often anger directed at a specific person or organization. In 1929, it was Herbert Hoover, while in 2008, it was the large investment banks. Where was anger directed towards in England in 1720?

A medley of archival documents shows that the answer to this question varies by the document. Some blamed foolish investors who were easily lured into investing in Blunt’s company which had no established plan. One passage mocks these investors saying, “Ye fools in Great Britain, repent in your folly.”⁵⁹ Although in historical hindsight this claim lacks support, it is fathomable for people to scapegoat the investors. Others, however, blamed specifically female investors for allegedly interfering with the stock market. As mentioned previously, during this time, the stock market was becoming more accessible to all groups, including women. When the bubble burst, the resentment against women entering the stock exchange resurfaced, and frustrations boiled over. One song calls these female investors “Stock Jobbing Ladies” and blamed them for their “coufening tricks.”⁶⁰ Unlike the previous claim, the assertion that women were responsible for the South Sea Bubble is downright preposterous. John Blunt, an exclusively male Parliament, and a male-dominated investor pool were the principal actors in the South Sea Bubble, and historical debate regarding who to blame for the South Sea Bubble among these parties is at the very least, plausible. It is also interesting, however, that through searching pages upon pages of texts after the crash, not once does the name John Blunt appear.

Although women and investors, in general, are criticized throughout texts from 1720, the backlash these groups faced is relatively inconsequential compared to the immense disapproval directed at another group. This group, given the name “bubble lords,” included the detested upper class. These “bubble lords” included people with great political and economic power, so it is no surprise that members of Parliament and even the King came under significant criticism. One picture engraved shortly after the economic collapse depicts a mob of middle and lower-class citizens crowding around a “dying bubble lord” sprawled across the ground in his lavish attire.⁶¹ But perhaps the best characterization of public anger directed against the bubble lords and larger establishment is depicted in one of the most influential works of this time period: the very first political cartoon.

Although Ben Franklin's "Join or Die" cartoon is often remembered as the first political cartoon, William Hogarth's engraving created in 1721 preceded it by over three decades. Titled "The South Sea Scheme", Hogarth depicts the public reaction to the South Sea Bubble through several symbols hidden throughout a busy London crowd. This crowd is gathering to look at a grand monument labeled, "This monument was erected in memory of the destruction of the city by the South Sea in 1720," alluding that the engraving is an allegory to describe life in London after a great economic disaster. Among the crowd, there is a man who is being beaten. This man is not only a symbol for the lower and middle classes who were hit the hardest by the crash, but he is a representation of the honesty and good that quickly disappeared amidst the widespread corruption associated with the South Sea Bubble. There is also a characterization of a devil who sits above the crowd which reinforces the artist's belief that the South Sea Company has turned London into a place of evil, greediness, and dishonesty.⁶²

Towering over the entire crowd is a large wooden merry-go-round suspended above the chaos within the crowd. Riding the merry-go-round are representations of the bubble lords, people Hogarth identifies as the source of all this corruption and evil. He believes that it was the actions of wealthy elites who are responsible for the economic collapse that financially ruined the lower and middle classes. These wealthy elites often held positions in Parliament or influenced other aspects of political life. Hogarth also blames these bubble lords for the deaths of the financially ruined, who committed suicide following the crash. To reference these deaths, a section of the engraving depicts women standing in a line leading into a large house auctioning off new husbands.⁶³

Hogarth would also confront religious corruption in his engraving—a radical stance during a time when faith remained a significant force in society. This further emphasizes just how impactful the burst of the South Sea Bubble was in influencing public opinion and British society. In the engraving, religious leaders are shown gambling, a clear representation of corruption. Hogarth deemed the Catholic and Anglican Churches along with Jewish religious leaders as corrupt because they too had accepted bribes from the South Sea Company. The anti-corruption sentiment directed against the Church in 1720 mirrors the very same sentiment that was shared by Europeans during the Protestant Reformation starting in 1517. This secular point of view, which was only temporarily quelled by the Catholic Reformation, had resurfaced. As secularism grew, so did anti-establishment opinions since the wealthy bubble lords often were connected to politics and the monarchy. Secular and anti-establishment opinions quickly manifested into wholesale movements. A virtually identical situation of market manipulation and investor speculation in a company claiming to conduct trade in the New World created the Mississippi Bubble in France during this period under John Law; the public reactions to the scheme were similar, but far more extreme in France, and the burst of the Mississippi bubble would be a cause of the French Revolution. Nevertheless, these major sequences of events in English history can be traced back to John Blunt and his South Sea Company.

The Aftermath of the Bubble and its Consequences for the British Government

The public reaction to the South Sea Bubble is best summarized by British historian Julian Hoppit who states, "Contemporary reactions to the Bubble were often less about the Bubble itself than much wider perceived failings in the politico-religious order."⁶⁴ The events that followed the economic disaster support this assertion and expose the government rather than individual investors as the culprits for the aftermath of the South Sea Bubble.

Protests that all shared an anti-monarchy and anti-Parliament sentiment swept across England.⁶⁵ Protesters demanded that all financial transactions of the South Sea Company be turned over to the public, so they could see who had aided Blunt in his manipulative schemes. These transactions were recorded within the company's financial ledger—a collection of documents that provided incriminating evidence regarding the British government's corrupt dealings with the South Sea Company. These documents, however, were conveniently in Blunt's possession, and the ledger would quickly transform a source of truth and honesty into yet another pawn in Blunt's deceitful practices.

The ledger recorded several bribes accepted by members of the royal family and Parliament across both houses: The House of Lords and The House of Commons.⁶⁶ It is clear, however, that the House of Lords aided Blunt significantly more since it was the House of Lords that granted the company trading rights in the Spanish South Seas which, in turn, tricked investors into feeding an already large bubble. Blunt would use this to his advantage. He betrayed his loyal supporters at the House of Lords and started to release the names of all people who had been involved in the South Sea Company from this branch of Parliament to the angry public. He did not release the names of members of the House of Commons, although 462 members were involved in the bubble, to gain their support in future political endeavors.⁶⁷ By only releasing part of the financial ledger, Blunt successfully diverted anger from him and The House of Commons towards The House of Lords. Blunt's actions also helped the cause of a man named Robert Walpole, who ironically had been briefly imprisoned under the now deposed Robert Harley nearly a decade earlier.

Public protest directed at the House of Lords was just what Robert Walpole had hoped for. Walpole was the leader of the House of Commons, and he utilized the public frustration with the establishment to rise to power.⁶⁸ Walpole supported the public's cry for the resignation and prosecution of members of the House of Lords who were involved in the South Sea Bubble.⁶⁹ It was this support for the public that granted Walpole public support in return. However, there was a problem for Walpole. He had accepted bribes and was greatly involved in the South Sea Company.⁷⁰ Since he was from the House of Commons, Blunt had not released his name, but if someone were to release the entire ledger, his political aspirations would be crushed by public backlash.

To worsen Walpole's problem, Blunt's financial manager named Robert Knight knew that Walpole, among many others from the House of Commons, had schemed with Blunt since Knight had his own copies of the company's financial transactions.⁷¹ The public demanded Knight be questioned as they suspected they were not getting the entire truth from Blunt. To delay Knight's arrest and questioning, Walpole intentionally hindered the Parliamentary process to capture Knight to avoid the full ledger from being released. Walpole was able to delay the process by creating the Committee of Secrecy that focused on impeaching Tory officials rather than Knight's apprehension.⁷² This gave Walpole time to utilize his growing influence and convince Knight to doctor financial documents from the South Sea Company.⁷³ It has been speculated that Walpole erased his own name from financial transactions while also adding the names of political opponents to some of the company's documents.⁷⁴

Knight controlled the company's finances, meaning he was also responsible for all bribes and stock sales. Fearing his own arrest, Knight fled to Calais and then to the Austrian-Netherlands, a nation where England did not have extradition rights. Knight took the company's financial ledger with him, and, once he arrived in the Austrian Netherlands, he hid the ledger.⁷⁵

Knight's disappearance was revealed in Parliament's sixth session under George I. A description was written recording the discussion within the House of Commons on January 23, 1720.

The Committee of Secrecy has receiv'd information that Mr. Robert Knight, Cashier of the South-Sea Company, after having been examin'd by the said Committee two Days before, was gone off...to issue a Proclamation, with a Reward for discovering, apprehending, and detaining the said Robert Knight, that he may be brought to justice.⁷⁶

Furthermore, Knight left behind a letter that was recovered by the House of Commons.

I write this from a true sense of obligation I am under to make up my accounts with the Company and pay them their full demand...I am not conscious to myself of having done any one thing that I can reproach myself for as relates to an honest sincere intention and zeal for the Company; but I can, and do, charge myself with a great many indiscretions, and am (besides the concern I must be under for leaving my own family, friends, etc.) very sensibly touched...I write this at a distance from home, and under a great deal of concern...I have herewith sent Mr. Surman the keys of my desks...⁷⁷

Not only does Knight refuse to take responsibility for dishonest practices within the company, but the desks that he left keys for conveniently did not contain the company's financial transactions. Knight was caught soon after his escape, but legally, he could only be detained within the Austrian-Netherlands. His capture is noted in Parliament: "Mr. Robert Knight, late Cashier of the South-Sea Company, was taken, and was in Custody in the Castle of Antwerp."⁷⁸ Although the ledger was far from the hands of Parliament, Walpole and the King still feared Knight would reveal the extent of their involvement in the company. If Knight returned to England and underwent a Parliamentary investigation, he could reveal just how involved Walpole and the King were in the company. This paired with an already unstable anti-establishment public sentiment could lead to significant political upheaval at levels paralleling the radical and violent reaction to the Mississippi Bubble in France.

It is important to remember that Blunt, as the owner of the company, also knew who was involved with the company so it may seem strange that Parliament and the public would go to the trouble of capturing Knight who was 300 miles away. The reason for this may be that Blunt and Walpole publicly supported the capture of Knight knowing England had no right to capture him in the Austrian-Netherlands.⁷⁹ By scapegoating Knight, the public attention was diverted away from themselves.⁸⁰ At the same time, Blunt and Walpole did not actually want Knight to be interrogated since their names would be exposed. Nevertheless, Walpole succeeded in diverting anger towards Robert Knight. In a drawing created in 1721 titled "Lucipher's new row-berge", Knight is shown surrounded by devil figures with a description that sarcastically comments, "Go on vile traytors I glory in your sins, and grow profusely rich by wicked means."⁸¹ The public wanted Knight to be prosecuted since he had profited greatly from the South Sea scheme at the expense of thousands of investors who lost their life savings.

With public pressure mounting for Knight to be returned to England for questioning, the King (who also did not want Knight to be interrogated for the same reasons as Walpole) was forced to send a convoy to bring Knight back to England. This reluctant royal order was mentioned in Parliament in February. "His Majesty would give Orders to his ministers residing in the Courts of Vienna and Brussels... that said Mr. Robert Knight's being brought into Great

Britain, that he forthwith delivered and put into Custody of the Serjeant at Arms attending the House.”⁸²

This convoy was secretly instructed, most likely by the King and Walpole, to request that Knight *not* be returned to England.⁸³ When members of Parliament traveled to the Austrian-Netherlands to interrogate Knight themselves, Walpole allegedly collaborated with Austrian officials to intentionally allow Knight to escape. Knight fled to Paris, and the South Sea Company’s ledger was never seen again.

Without the ledger to confirm which individuals were involved in the company, Walpole successfully organized the arrest or resignation of his rivals in Parliament by simply claiming they had connections with the company. Whether these individuals truly were involved in the company remains a mystery. This not only rid of political barriers for Walpole, but it solidified his status as a national hero since the public appreciated his intolerance to corruption and “stock-jobbing.”⁸⁴ Walpole rose to power, campaigning on a populist-like agenda where he claimed to be a voice for the common people. He would attain a position unheard of in England at the time: prime minister.

After the burst of the South Sea Bubble and the establishment of a prime minister, the times where the monarchy could simply assert its dominance over Parliament and the public were over. Up to 1800, the prime minister would balance the often-overbearing force of the English monarchy. During the 19th century, English politics took a more democratic tone as prime ministers started to be elected. The vote of citizens started to be more consequential than the input of a royal family often disconnected from the interests of citizens. The shift to the modern political system of England of the 21st century where the monarchy asserts little true power was a lasting consequence of the South Sea Bubble. This democratic shift would not only be impactful for England, but it would establish a precedent for European neighbors as most European nations would become parliamentary republics (Italy, Germany, Poland etc.) or parliamentary constitutional monarchies (Norway, Sweden, Spain etc.) with prime ministers as heads of the government.⁸⁵ Nations that retain a constitutional monarchy the likes of pre-South Sea Bubble England (known today as a semi-constitutional monarchy) where ruling monarchs carry supremacy over a weaker Parliament, legislature, or assembly are only seen in nine countries: Liechtenstein, Luxembourg, Jordan, Bahrain, Kuwait, Tonga, Monaco, Thailand, and Bhutan.⁸⁶

As England established its dominance overseas, the ruling family became more of a symbol rather than a true political force which may explain why many of England’s former colonies currently have a system of government resembling a parliamentary constitutional monarchy with the prime minister rather than the monarch as the head of the government. Without the South Sea Bubble, the political landscape in the aftermath of British imperialism could have been far more autocratic than democratic.

Conclusion

In hindsight and armed with the knowledge of the inner workings of the South Sea Company, it is tempting to say that investors were irrational when they placed their fortunes in a fraudulent company. In 1720, however, to assume the South Sea Company was fraudulent was to assume that British Parliament and the glory of the British crown was also a deceit. It would be to assume that John Blunt, the man that had just claimed to have secured one of the most lucrative sea lanes in the Western Hemisphere, was also a cheat. And once the public discovered

the corruption within the government in which they had entrusted their riches, is it not rational to call for change? Is it not rational to pursue Robert Knight, and search for an explanation as to why their life savings had disappeared? Is it not rational to support Robert Walpole—a man who claimed to rid of the very corruption that had delivered financial ruin? While irrational investors played a role in causing the crisis, the primary cause of the South Sea Bubble stems not from poor decisions by the masses but rather from poor decisions by the government, both in the establishment of a failed state lottery and in the support of a fraudulent business.

In 2014, George Osborne finally started an initiative to pay back the debt that Robert Harley was originally supposed to eliminate 303 years earlier. Luckily for the English economy, Osborne is raising taxes on the wealthy to repay this debt rather than repeating Blunt's schemes that would most likely land him in prison today. When Osborne's efforts were published in the *New York Times* in 2014, a largely forgotten event that had such a profound impact on modern economics and politics resurfaced.⁸⁷

Contrary to the belief that the events were solely the result of irrational behavior, government intervention was the primary cause of the development and outcome of the South Sea Bubble. This is a reality that Isaac Newton certainly did not take into consideration. After losing his fortune to the South Sea Bubble he said,

“[I can] calculate the motions of heavenly bodies, but not the madness of people.”⁸⁸

Notes

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² Ibid.

³ Peter M. Garber, "The Bubble Interpretation," in *Famous First Bubbles* (Cambridge: The MIT Press, 2000), 3.

⁴ Peter Temin and Hans-Joachim Voth, "The Financial Revolution," in *Prometheus Shackled: Goldsmith Banks and England's Financial Revolution after 1700* (New York: Oxford University Press, 2013), 29-30, Kindle.

⁵ Ann Carlos, et al., "The Origins of National Debt: The Financing and Re-Financing of the War of Spanish Succession," (Helsinki: *IEHA annual meetings*, 2006), 2, accessed June 30, <http://www.helsinki.fi/iehc2006/papers1/Carlos.pdf>.

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Newspaper and Magazine Articles (Secondary)

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<https://www.nytimes.com/2014/12/28/world/that-debt-from-1720-britains-payment-is-coming.html>.

This article from 2014 details the goal of George Osborne, Chancellor of the Exchequer, which was to finally pay back the war debt from the 18th century. The article also shows that one of Osborne’s main goals as the head of the treasury was to tackle deficits from the past.

Wernick, Robert. “The South Sea Bubble: The New Economy in the 18th Century.” *Smithsonian Magazine*. December 1989. Accessed July 1.
http://robertwernick.org/articles/SouthSea_Bubble.htm.

This article describes the events leading up to the South Sea Bubble, but it also provides important details regarding the Robert Knight and the ledger or “green book.” The article describes Knight’s daring escape to Calais and how he was caught. It also alludes to the fact that many members of English government did not want the contents of the ledger revealed.

Reed, Cristopher. “The Dam’d South Sea.” *Harvard Magazine*. Accessed July 12, 2020.
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This journal article describes the rise of political parties in the aftermath of the English Civil War and Exclusion Crisis. It shows how the Tories and Whigs were vying for influence over the Crown.

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This journal article argues that it was the over-exploitation of an oppressed serf population that led to the decline of feudalism, contradicting the popular belief that the resurgence of trade broke down the feudal social and political structure. This article also claims that the 20th century marks a transition phase between capitalism and socialism.

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Deborah Peterson, “A Brief History of Financial Bubbles,” November 24, 2014, accessed June 4, 2020, <https://www.gsb.stanford.edu/insights/brief-history-financial-bubbles>.

This article includes a picture of an important document that records King George I lending a considerable amount of capital to the South Sea Company.

Desjardins, Jeff. “How today’s tech giants compare to the massive companies of empires past.” December 12, 2017. Accessed July 27, 2020. <https://www.businessinsider.com/how-todays-tech-giants-compare-to-massive-companies-of-empires-past-2017-12>.

This article converts the value of the South Sea Company (along with other large companies of the past) to a modern-day equivalent.

Eleftheriou-Smith, Loulla-Mae. “Magna Carta: What is it-and why is it still important today.” February 2, 2015. Accessed July 23, 2020. <https://www.independent.co.uk/news/uk/magna-carta-what-is-it-and-why-is-it-still-important-today-10017258.html>.

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Ellen Castelow, “The South Sea Bubble.” Accessed July 16, 2020.

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This article claims that 462 members of the House of Commons were associated with the South Sea Company which illustrates how widespread corruption and the bubble was.

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This website gives a brief historical summary of the South Sea Bubble to contextualize the archival material the library contains. The website mentions the Bubble Act and how it restricted the development of new joint-stock companies which in turn increased investment in the South Sea Company. This raised the stock price of the company and magnified the bubble.

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Terrell, Ellen. “Robber Barons: Gould and Fisk.” September 26, 2012. Accessed June 5, 2020.

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This article describes the economic transactions during the Erie War and how Gould, Fisk, and Drew deceived Vanderbilt into buying worthless shares. The article continues to describe the

lives of Gould and Fisk and their careers in stock market manipulation including their scheme to corner gold.

“The Corrupt Wisdom of Robert Walpole.” June 22, 2018. Accessed July 19, 2020.
<https://barteredhistory.wordpress.com/2018/06/22/the-corrupt-wisdom-of-robert-walpole/comment-page-1/>.

This article gives a summary of the life of Robert Walpole. Even though Walpole is remembered as someone who eliminated corruption, this article reveals that he also was involved in the corrupt practices of the South Sea Company. Walpole also tried to erase connections between himself and the company.

University of Kiel. “Eighteenth Century London: The South Sea Bubble.” January 7, 2013. Accessed June 4, 2020.

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Painter Richard W. “Ethics and Corruption in Business and Government: Lessons from the South Sea Bubble and the Bank of the United States.” *The Maurice and Muriel Fulton Lecture Series* (2005). Accessed July 17, 2020.

https://chicagounbound.uchicago.edu/cgi/viewcontent.cgi?article=1014&context=fulton_lectures.

This article describes how Walpole used the angry public reaction to the South Sea Bubble to advance his political career. He sold himself as a man of the people to gain popular support and eventually rise to the position of prime minister.

Paul, Helen Julia. “Limiting the Witch Hunt: Recovering from the South Sea Bubble.” *Past, Present and Policy: 4th international conference*. (February 2011). Accessed July 14, 2020.

<https://www.norges-bank.no/contentassets/452261373fb743999b50daaa39524994/en/paul-paper.pdf>.

This article gives an overview of the South Sea Bubble but more importantly it describes the chase for Robert Knight within the Austrian Netherlands. The article also notes that officials within the Austrian Netherlands were secretly instructed to free Knight.

Shea, Gary S. "Rational Pricing of Options during the South Sea Bubble: Valuing the 22 August 1720 Options." (May 2004). Accessed July 16, 2020
<https://core.ac.uk/download/pdf/6301469.pdf>.

This article mentions how many of the South Sea Company's financial documents were doctored to prevent high profile individuals from being prosecuted.

The Library of Economics and Liberty. "Ch.2, the South Sea Bubble." Accessed July 12, 2020.
<https://www.econlib.org/book-chapters/chapter-ch-2-the-south-sea-bubble/>.

This article gives an extensive overview of the South Sea Bubble and the Assiento Contract. It mentions that the contract only allowed one English ship per year which limited the potential for profit for the South Sea Company.

The National Archives. "Britain and the Slave Trade." Accessed July 3, 2020.
<http://www.nationalarchives.gov.uk/slavery/pdf/britain-and-the-trade.pdf>.

This article emphasizes the involvement of the British in the slave trade after the Utrecht Treaty.

State Documents (Primary)

Bank of England. *Index to Original Subscribers to Bank Stock 1694*. London: Bank of England, 1694. Accessed June 5, 2020.
<https://www.bankofengland.co.uk/-/media/boe/files/archive/original-bank-subscribers/1694.pdf?la=en&hash=A8027ADBA218D0C588EF8F301D6425C4F3DC851D>.

This document lists all the shareholders in the Bank of England in 1694. It shows that people from all social classes and even women were involved in the stock market. This influx of inexperienced investors set the stage for the South Sea Bubble.

Countries of Spain and Great Britain. 1713. *The Assiento, or, Contract allowing to the subjects of Great Britain the liberty of importing N[*****] into the Spanish America: Signed by the Catholick King at Madrid, the twenty-sixth day of March 1713*. University of Alberta Library. Accessed June 14, 2020. <https://search.library.ualberta.ca/catalog/4961169>.

This is the cover of the Assiento Contract which grants the English the right to trade slaves in South America.

House of Lords. 1704-1717. *Anglo-Spanish relations 1704-1717*. American records in the House of Lords Archive 1621-1917. British Online Archives.

These documents extensively describe the processes within the House of Lords before and during the South Sea Bubble. They describe the development of the Assiento Contract and the involvement of Parliament within the South Sea Company.

The History of the Proceedings of the House of Commons: Volume 6, 1714-1727. London: Chandler, 1742. *British History Online*. Accessed July 19. <http://www.british-history.ac.uk/commons-hist-proceedings/vol6/pp218-262>.

These documents record discussions within the House of Commons. They detail Robert Knight's escape and the reactions from members of Parliament.

State Documents (Secondary)

Central Intelligence Agency. "Government Type." *The World Factbook*. Accessed July 19, 2020. <https://www.cia.gov/library/publications/the-world-factbook/fields/299.html>.

This document lists all the countries in the world and records their system of government.

Books (Primary)

Boyer, Abel. *Quadrennium Anne Postremum or the Political State of Great Britain*. Cambridge: Harvard College Library Minot Fund, 1711. HathiTrust Digital Library. Accessed June 12. <https://babel.hathitrust.org/cgi/pt?id=hvd.hxgf9g&view=1up&seq=9>.

This book describes politics in England. It mentions the state lottery that Blunt conducted in 1711 and the political processes that led to this new style of lottery being established.

Books (Secondary)

Anderson, M.S. *Europe in the Eighteenth Century*. New York: Taylor and Francis, 1961. Kindle. This book discusses the British East India Company and the extent to which it dominated the seas surrounding India. It states how many ships per year the company sent.

Balen, Malcolm. *The Secret History of the South Sea Bubble*. New York: HarperCollins Publishers, 2003.

This book gives a full overview of the South Sea Bubble, but it also provides important insight into the background of John Blunt. The book discusses Blunt's previous endeavors in market manipulation including his scheme to get land in Ireland with his Hollow Sword Blades Company.

Garber, Peter M. *Famous First Bubbles*. Cambridge: The MIT Press, 2000.

This book extensively describes the Tulip, Mississippi, and South Sea Bubbles. It also provides definitions for important vocabulary like financial bubble and herding. It mentions the psychological aspect of bubbles and how humans are often irrational and unpredictable.

Hill, Brian W. *Robert Harley: Speaker, Secretary of State and Premier Minister*. New Haven and London: Yale University Press, 1988.

This is a biography of Robert Harley. It discusses the political experience of Harley including his time as Speaker of the House of Commons and Secretary of the Northern Department. The book also claims that Harley was the first prime minister although this is debated by many historians who claim Walpole was the first.

Lopez, Robert S. *The Commercial Revolution of the Middle Ages, 950-1350*. Cambridge: Cambridge University Press, 1976. Kindle.

This book discusses the rise of trade and commercial practices during the High Middle Ages. It discusses early trading networks like the Hanseatic League that would soon develop into large networks of exchange across Europe. This commercial revolution would bring Europe out of the Middle Ages and allow Europe to establish dominance on the world stage.

Luard, Evan. *The Balance of Power: The System of International Relations, 1648-1815*. London: Macmillan Academic and Professional LTD, 1992.

This book discusses the events leading up to the War of Spanish Succession. It specifically describes close relations and familial ties with Spain and France which would ultimately lead to Phillip V, grandson of Louis XIV, rising to the throne. England feared France would become a satellite of Spain.

Markley, Robert. *The Far East and the English Imagination*. Cambridge: Cambridge University Press, 2006.

This book describes the series of events leading up to the South Sea Bubble. The author emphasizes that the South Sea Company was a downright fraudulent company, and Blunt's political and economic maneuvers motivated foolish investment.

Melville, Lewis. *The South Sea Bubble*. London: D. O'Connor, 1921. Accessed June 9, 2020. <https://archive.org/details/southseabubble00melvuoft/page/n247/mode>.

This book is one of the first extensive overviews of the South Sea Bubble. It includes the escape of Robert Knight and the letter he left behind.

O' Day, Rosemary. *Cassandra Brydges (1670-1735) First Duchess of Chandos. Life and Letters*. Rochester: The Boydell Press, 2007.

This book analyzes a collection of letters left behind by a woman living during the time of the South Sea Bubble. The book describes the innerworkings of the early 18th century stock market. The book also mentions the purpose and the excitement around the state lottery that Blunt controlled.

Schram, Robert H. *Worldwide Human Corruption*. Bloomington: Xlibris, 2014. Xlibris. This book describes Blunt's state lottery, the Assiento Contract, and the involvement of the government in the South Sea Company.

Strayer, Robert W., and Nelson, Eric W. *Ways of the World with Sources*, 3rd edition. Boston: Bedford/St. Martin's, 2008.

This history textbook has a chapter on the resurgence of trade and the breakdown of feudalism in Europe during the High Middle Ages. This began with small localized trade in Northern Europe

with the Hanseatic League and Mediterranean Sea trade. This textbook also has a chapter on the Reformation and how it led to the Church loosening its control over European society.

Temin, Peter., and Voth Hans-Joachim. *Prometheus Shackled: Goldsmith Banks and England's Financial Revolution after 1700*. New York: Oxford University Press, 2013. Kindle.

This book provides helpful statistics about the English debt and the rising stock price of the South Sea Company. It also describes the rising English middle class and increased investment in the stock market.

Zmolek, Michael Andrew. *Rethinking the Industrial Revolution*. Leiden: Koninklijke Brill NV, 2013.

This book also describes the English debt and the lottery Blunt devised to eliminate it. It also provides insight into the public reaction to the debt.

Artwork and Political Cartoons (Primary)

Aitken, J. *The Tories and the Whigs pulling for a crown*. January 2, 1789. Etching. Library of Congress. Washington. Accessed June 20, 2020.
<https://www.loc.gov/pictures/item/2003689155/>.

This etching depicts a tug of war scene between the Tories and Whigs who were both vying for influence over George III.

de Hooghe, Romeyn. *De stervende Bubbel-Heer in den schoot van Madame Compagne*. 1720. Etching, engraving, letterpress. The British Museum, London. Accessed June 26, 2020.
https://www.britishmuseum.org/collection/object/P_1858-0213-86-43.

This engraving depicts the South Sea and/or Mississippi Bubble (both bubbles burst at the same time). It shows a mob of people surrounding a wealthy “bubble lord.”

Guildhall. 1739. Engraving. London Picture Archive Main Print Collection. London. Accessed June 15, 2020.
<https://collage.cityoflondon.gov.uk/view-item?key=SXsiUCI6eyJ2YWx1ZSI6InN0YXRlIGxvdHRlcnkjLCJvcGVyYXRvciI6MSwiZnV6enlQcmVmaXhMZW5ndGgiOjMsImZ1enp5TWluU2ltaWxhcml0eSI6MC43NSwibWF4U3VnZ2VzdGlvbniMiOjMsImFsd2F5c1N1Z2dlc3QiOm51bGx9LCJGIjoiZXIKMElqcGJNVjE5In0&pg=4&WINID=1595865801313#kkCIOuMwOiMAAAFzjPq9cQ/3993>.

This engraving depicts a state lottery and its widespread popularity among all social classes. This work was created after Blunt's original lottery which shows that the lottery remained popular after Blunt instituted his “improvements” to the system.

Hogarth, William. *The Lottery*, 1724. Etching and engraving. British Library. London. Accessed June 28, 2020. <https://www.bl.uk/collection-items/the-lottery-william-hogarth>.

This etching/engraving is a satirical take on the English state lottery. It also depicts corruption and greed within the upper class (“bubble lords”). This work is set in the same location as the engraving (*Guildhall*) described above.

Hogarth, William. *The South Sea Scheme*. 1721. Print, etching, engraving. British Library. London. Accessed June 4, 2020.

<https://www.bl.uk/collection-items/the-south-sea-scheme>.

This is the most famous artwork to come from the South Sea Bubble since it is the first political cartoon. This picture is analyzed throughout the paper.

“Lucifer’s new row-barge: [no.2],” [1721?]. Print and engraving. Harvard Baker Library South Sea Collection. Cambridge. Accessed June 10, 2020.

<https://iif.lib.harvard.edu/manifests/view/ids:1245033>.

This engraving depicts Robert Knight as an evil and corrupt figure. He is shown on a boat to signify that he had fled. This engraving shows how Blunt and Walpole were successful in diverting anger towards Knight and away from themselves.

Nast, Thomas. “Justice on the Rail-Erie Railroad (Ring) Smash Up.” *Harpers Weekly*. March 30, 1872. Accessed July 15, 2020.

<https://www.harpweek.com/09Cartoon/BrowseByDateCartoon.asp?Month=March&Date=30>.

This picture shows James Fisk and Jay Gould tumbling down a mountain after their train derailed. The work represents the downfall of the two men following their prosecution for issuing fraudulent Erie shares. However, Gould and Fisk would later avoid conviction, and they would continue their manipulation of the market.

Nast, Thomas “Two Great Questions.” *Harpers Weekly*. August 19, 1871. Accessed July 15, 2020.

<https://www.harpweek.com/09Cartoon/BrowseByDateCartoon.asp?Month=August&Date=19>.

This political cartoon depicts the ring of corruption within Tammany Hall. Those involved did not want to take responsibility for their actions.

Music and Poetry (Primary)

“Bubblers medley, or, The D—I will have his own.” 1721. Print. Harvard Baker Library South Sea Collection. Cambridge. Accessed June 24, 2020,

<https://iif.lib.harvard.edu/manifests/view/ids:1245035>.

This satirical poem criticizes foolish investors for being deceived into investing in the South Sea Company.

“Stock-jobbing ladies.” [1720?]. Print. Harvard Baker Library South Sea Collection. Cambridge. Accessed June 25, 2020. <https://iif.lib.harvard.edu/manifests/view/ids:1245021>.

This song blames women for the South Sea Bubble. Many blamed women for supposedly interfering in the market. Since women had just entered the business of trading, they became a likely scapegoat.

Ward, Edward. “A South Sea Ballad or Merry Remarks upon Exchange Alley Bubbles.” 1720.

Print. Harvard Baker Library South Sea Collection. Cambridge. Accessed June 24, 2020. <https://iiif.lib.harvard.edu/manifests/view/ids:1245025>.

This ballad emphasizes the economic devastation following the burst of the South Sea Bubble. It vividly describes fortunes vanishing instantly.

Maps (Primary)

G.W. & C.B. Colton & Co. *Map of the Erie Railway and its connections*. 1869. Map. Library of Congress. Washington. Accessed June 4, 2020, <https://www.loc.gov/item/gm71005443/>.

This map shows the Erie Railway. Due to its prime location, Vanderbilt sought to take control of it and combine it with his already large New York Central Rail.

Moll, Herman. *A new and exact map of the coast, countries and islands within ye limits of ye South Sea Company, from ye river Aranoca to Terra del Fuego and from thence through ye South Sea, to ye north part of California &c. with a view of the general and coasting trade-winds and particular view of the general and coasting trade-winds and particular draughts of the most important bays, ports &c.* 1711. Map. Library of Congress. Washington. Accessed June 14, 2020. <https://www.loc.gov/item/gm71005443/>.

This map creates a trading plan for the South Sea Company. It shows how the author was deceived by Blunt's scheme. The map also legitimized the company which magnified the scale of the bubble.

Letters (Primary)

Defoe, Daniel to Harley, Robert. 1703-1714. *Letters from Daniel Defoe to Robert Harley 1703-14*. Discovering Literature: Restoration and 18th century. British Library. Accessed July 17, 2020. <https://www.bl.uk/collection-items/letters-from-daniel-defoe-to-robert-harley-1703-1714>.

These letters are from writer Daniel Defoe to Robert Harley. Defoe is interested in becoming involved in the South Sea Company. He wants the South Sea Company to establish a colony in Chile and use the native peoples to extract gold.