

PROGRAM CHANGE NOTE:

Same great speaker, different topic.

Thursday, July 17, 2014

Speaker: Douglas Von Qualen, Cenacolista

Topic: “The South Sea Bubble”

The Granddaddy of all financial bubbles took place in the second decade of the eighteenth century in England. Shares of the South Sea Company, royally chartered, were issued in exchange for government debt, and were shamelessly manipulated to strip sailors of their retirement annuities, creditors of the money owed them, and in such ways as to line the pockets of royals, politicians, their friends and mistresses. Shares were promoted and their prices inflated through giddy promotion and credit extensions fomented by Government, inside trading was endemic and reached up to the King himself, and the end result was that scamps were made rich and naive citizens were stripped of their life savings. The company's stock rose tenfold in less than a year's time, and attracted manifold speculative imitators, including at the height of the madness “A Company for carrying out an enterprise of great advantage, nobody to know what it is.” Does this remind you of anything? Like the Tech Stock Bubble, the Real Estate Bubble, and all the lesser bubbles we have seen in recent years? In short—a morality tale. Venal government meets stupid cupidity in a vile financial stew. Nothing new. Guess who wins, and who loses! Come and learn from history. The lessons remain the same today as then.



The “night singer of shares” sold stock on the streets during the South Sea Bubble. Amsterdam, 1720.