Famous First Bubbles

The Fundamentals of Early Manias

Peter M. Garber



The MIT Press
Cambridge, Massachusetts
London, England

Contents

	Preface ix
I	The Bubble Interpretation 1
II	The Tulipmania Legend 15
1	A Political and Economic Background 19
2	The Traditional Image of Tulipmania 25
3	Where Does the Tulipmania Legend Come From? 29
4	Establishment Attitudes toward Futures Markets and Short Selling: The Source of the Pamphlets 33
5	The Bubonic Plague 37
6	The Broken Tulip 39

vi Contents

7	The Bulb Market, 1634–1637 43
8	Some Characterization of the Data 49
9	Post-Collapse Tulip Prices 61
0	Bulb Prices in Later Centuries 65
1	Was This Episode a "Tulipmania"? 75
II	The Macro Bubbles 85
2	A Preliminary View: The Mississippi and South Sea Bubbles 87
13	John Law and the Fundamentals of the Mississippi and South Sea Bubbles 91
14	John Law's Finance Operations 95
15	A Rehash of Mississippi Market Fundamentals 105
16	Law's Shadow: The South Sea Bubble 109
l <i>7</i>	South Sea Finance Operations 115
18	Fundamentals of the South Sea Company 121
19	Conclusion 123
	Appendix 1: The Tulipmania in the Popular and Economics Literature 127

Contents vii

Appendix 2: The Seventeenth-Century Tulip Price Data 133

Notes 145 . References 149 Index 155

¥