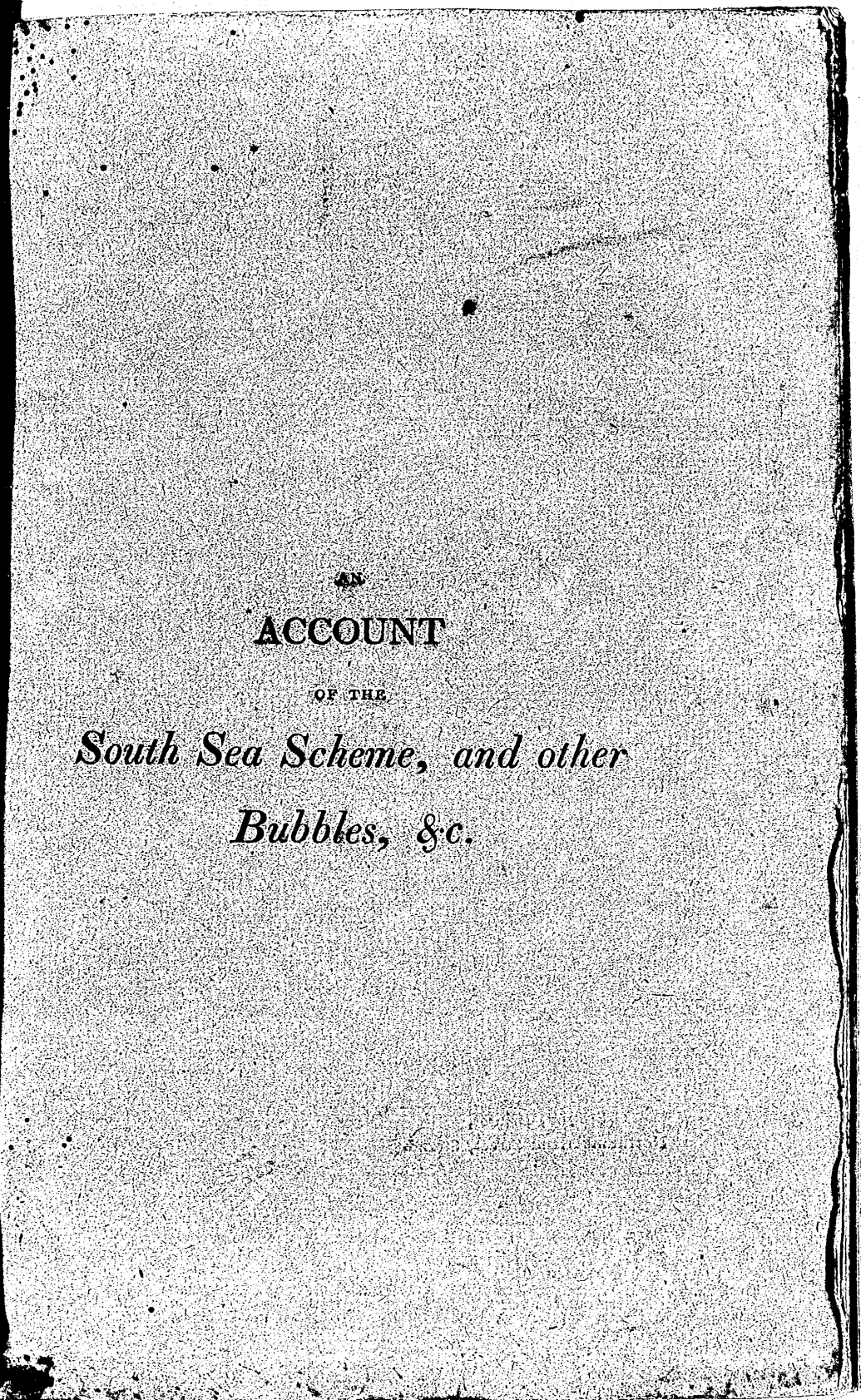


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AN
ACCOUNT
OF THE
*South Sea Scheme, and other
Bubbles, &c.*

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AN ACCOUNT
OF THE
South Sea Scheme;
AND A NUMBER OF OTHER
BUBBLES;
WHICH WERE ENCOURAGED
BY
PUBLIC INFATUATION,
IN THE YEAR 1720:
And which terminated in the Ruin of many Thousand Families.
WITH A FEW REMARKS UPON
SOME SCHEMES WHICH ARE NOW IN AGITATION.
INTENDED AS A WARNING
TO THE
PRESENT AGE

PUBLISHED BY J. CAWTHORNE, CATHERINE STREET, STRAND.

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AN
ACCOUNT

OF THE

South Sea Scheme, &c.

WHILE unavoidable calamities are advancing upon us with such hasty strides, it surely is not necessary to accelerate ruin by our own heedlessness and folly; yet, true it is, that for nearly a century past, such a disposition to throw away property has not appeared as there does at present. A project has only to be ushered before the public; with a plausible story, no matter how untrue, a public meeting called, and a subscription proposed to the eager hearers, than to it they rush, with as much haste, and as little reflexion, as if their only care was to be disburthened of their money! But, in justice to the multitude, it must be allowed, they are not always satisfied with a mere fine story---great named names must be seen connected with the plan. Well, the market is applied to,

where names are to be hired like musical-instruments, to tickle the ear, and twenty or thirty marketable names, with a sprinkling of new-fangled baronets, or M.P.'s, are engaged at 200*l.* a year, each, for the use of their names, as Trustees or Directors. A list of these *Dramatis Personæ* being published, is handed about to the admiration of beholders; and if things are so managed as to pay *the staff*, without loss of the capital, things are thought to go on swimmingly. As to any profits to the subscribers, that is out of the question, or a very secondary consideration; it is enough if they have the honour to know, that the profits are condescendingly accepted by the great names which they have contemplated with so much pleasure. If the speculation affords an ideal improvement of capital, and the chance of distant benefits, it is deemed a good one, though not a shilling is forth-coming.---If all is lost, as has been the case with three-fourths of the tunnels, canals, paper-mills, &c. it is unfortunate; and, with the ruin of a greater or lesser number of persons, the matter ends.

Among the projects which are now in embryo, is a Company for distributing Fire and Light throughout the nation, whereof every member subscribing 50*l.* is to have 6000*l.* a year, as is plainly proved by the prospectus.

But while this projector stimulates the enterprising, by shewing how much may be expected from his project, another claimant, on prevailing folly, seems to court subscriptions by shewing how little may be expected from his. He only invites the public to subscribe 1,000,000*l.* which he will "philanthropically" lend out at 8 per cent.

from which, deducting the expences of the staff, which, seeing what we have seen, we may pretty well know how to estimate, may probably leave three or four per cent. for the subscribers; but cannot possibly ever leave more than five or six. The laws of the land, however, (lawyers say) threaten to confiscate every shilling of this project!

A Commercial Institution also offers itself in a medium character; it neither encourages an expectation of 12000*l.* per cent. like the fire and flame project, or three or four per cent. like the money-lending project; but modestly promises thirty-four per cent. to its promoters.

The object of this tract, however, is not to enter into controversial accounts of existing bubbles; but to teach by example; and hence, the following account of a similar infatuation formerly, to that which flourishes at present, extracted from "Maitland's History of London," will be given without further preface; but as the editor of this tract has been rather free in his strictures, upon what he considers to be abuses upon public confidence and credulity, in the generality of public schemes, he feels himself bound to declare, that he is sensibly alive to the merits and integrity of some few, which are exceptions; and, that in one or two institutions, in particular, where great names appear, of a very superior order, none of those mercenary motives or practices exist, which he has complained of, as but too prevailing in the general mass.

An Account of the Rage for Public Speculations, which existed in, and about, the year 1720.

[Extracted from Maitland's History of London.]

“ At this Time (A.D. 1720) happen'd the greatest and most fatal Catastrophe that ever befel this City, (except those of its entire Destruction, by the Britains and Danes) which the direful Effects thereof will quickly make appear.

“ This dreadful Bane was occasioned by a flagitious, and execrable Scheme of the *South Sea* Company, for paying off the Debts of the Nation; which appears to have been weak in its Projection, villainous in the Execution, and destructive in the end.

“ The Nation being immerg'd in a Debt of many Millions, incurr'd by the late necessary Wars, for reducing the exorbitant and dangerous Power of *France*, which for many Years had been a Terror and a Scourge to the neighbouring Potentates, by its haughty and insatiable Monarch's grasping at universal Empire.

“ For easing the Kingdom of this immense Load, divers Projects was set on Foot, among which was that of the Company of *British Merchants trading to the South Sea*,

&c. wherein they proposed the enlarging of their Capital by taking into their Fund all the Debts of the Nation incurr'd before the Year 1716, whether redeemable or irredeemable, amounting to the Sum of Thirty one Millions Six hundred and Sixty-four thousand Five hundred and Fifty one Pounds One Shilling and a Penny Farthing. For the Liberty of purchasing, or taking in of which to their Capital Stock, they agreed with the Legislature to pay to the Use of the Publick the Sum of Four Millions one hundred and Fifty-six thousand Three hundred and Six Pounds; besides Four Years and a Half's Purchase for all the Annuities that should be subscrib'd into their Fund: Which, in case the Whole should, it would amount to the Sum of Three Millions Five hundred and Sixty-seven thousand Five hundred and Three pounds, which, with the above-mention'd Sum, amounts to Seven Millions Seven hundred and Twenty-three thousand Eight hundred and Nine Pounds. And, in case all the said Annuities should not be subscrib'd into their Stock, they agreed to pay 1 *per Cent.* for all that should not.

“ All things relating to that great Contract being agreed upon, between the Parliament and the said Company, an Act of Parliament was pass'd, to enable the *South Sea* Company to enlarge their Capital, by taking in the said public Debts; this Act no sooner receiv'd the Royal Sanction, on the Seventh of *April*, than their Stock began to rise prodigiously; which so encourag'd the Directors, that on the Twelfth of the same Month they caus'd Books to be open'd at the *South Sea* House, for taking in a Subscription of Money for Two Millions Two hundred and

Fifty-two thousand Pounds of their Stock, which they gave at Three hundred *per Cent.* so that they receiv'd just Three for One : This Sum was presently subscrib'd, payable at Nine Payments within Twelve Months.

“ On the Twenty-first of the said Month, a general Court of the said Company was held, wherein it was resolv'd, that the *Midsummer* Dividend should be Ten *per Cent.* and that the aforesaid Subscription, and all other Additions that should be made to their Capital before that Time, should be intitled to the said Dividend : This gave such an advantageous Turn to the Stock, that the Directors, on the Twenty-eighth following, thought proper to open Books for a Second Subscription, against One Million of their Capital at Four Hundred *per Cent.* which being quickly compleated, the Subscribers had Three Years allow'd them to pay the Money in.

“ Soon after, the stock rising to a surprizing height, occasion'd a general infatuation, which furiously rag'd to the distraction of all : for now it was, that the wise and thinking part of the people (who had hitherto laugh'd at the folly and madness of others for being concern'd in such a wild chimera) begun to borrow, mortgage, and sell, to raise all the money they could, in order to plunge themselves into this abyss of destruction ; whilst others who had enriched themselves, strove as eagerly to get out, to secure what they had got. Surely such another time of general confusion never happen'd ; for prodigious numbers of People resorted daily from all Parts to *Exchange Alley*, the Theatre of Destruction ; where, by their wild Deportment and excessive Noise and Hurry, acted like so

many Persons just escap'd from their Cells and Chains ; for all Thoughts of Commerce being laid aside, nothing was thought of but this iniquitous Traffick, and buying and selling of Estates ; for many Persons from nothing having got immense Sums of Money, were willing to lay them out in Purchases ; and as they lightly came by their Wealth, stood not for Price, but would give double, or treble the Value, which cautious Menth observing, justly concluded this was the Time to get Money, without running any Risk, wherefore they dispos'd of their Lands, and soon after had an Opportunity of purchasing others, at less than half their value.

“ Now the *South Sea* Stock being risen to an excessive Price, the Directors caus'd Books to be open'd on the Eighteenth of *June*, for a Third Money Subscription, for Four Millions of their Stock, at One Thousand *per Cent.* yet such was the Frenzy of the Time that before the End of the Month, the said Subscription was sold at Two hundred *per Cent.* Premium, and Stock about Eleven hundred *per Cent.* and on the Third of *August*, the Directors came to a Resolution of receiving Subscriptions of all the unsubscrib'd Annuities, for which End Books were kept open all the week after ; and on the Ninth of the same Month they farther resolv'd.”

(Here follows a long string of Resolutions.)

“ With these Resolutions the Annuitants were highly dissatisfied, seeing by their great Confidence in the Honour of the Directors, they had left their Orders at the *South Sea* House, without any previous Contract, not in the least doubting, they should be allow'd the same Terms with the first Subscribers ; but now, to their great Surprize and

Disappointment, found they were only to have about half as much; wherefore many repair'd to the *South Sea* House to get their Orders return'd; but finding they could not succeed gave great Uneasiness to the Directors, by their incessant Application and Reflections, which greatly affected the Stock, insomuch, that at the Opening of the Books, it fell to Eight hundred and Twenty; which so greatly alarm'd the Court of Directors, that they came to a desperate Resolution, by ordering the Books to be immediately shut again; and the next day caus'd others to be open'd for a Fourth Money Subscription, for One Million of their Stock, at One thousand *per Cent.* payable at Five Terms in Two Years; however, tho' this Subscription was soon compleated, and bore a Premium the same Afternoon of Forty *per Cent.* yet it, together with the great Uneasiness of the Annuitants, gave the *South Sea* Stock its Death's Wound, and which ever after continu'd in a languishing Condition, till it fell from about Eleven hundred Pounds to Eighty-six, which hasten'd on the Destruction of the Directors, who had all their Estates confiscated by Parliament, for the relief of many Thousands of distressed Families, whom they had utterly undone by their iniquitous Proceedings. And as a farther Relief to those Objects of Commiseration, the Parliament, not only remitted the Four Millions, One hundred and Fifty-six thousand Three hundred and Six Pounds, and the Four and a half Year's Purchase, (which the Company agreed to pay the Government for the Liberty of taking in the publick Debts) but likewise appointed the increas'd Stock to be divided among the ruin'd Proprietors,

which amounted to Forty *per Cent.* additional Stock to each.

" 'Tis very surprising, that this wicked Scheme of *French* Extraction should meet with Encouragement here, seeing the very Year before it had almost ruin'd that Nation. But what's still more surprising, is, that the People of divers other Countries, who, notwithstanding their having the direful Effects of this destructive Scheme before their Eyes, and who, as it were, tainted with our Frenzy, begun to court their Destruction, by setting on foot the like Projects: which gives Room to suspect, that those destructive and fatal Transactions were rather the Result of an epidemical Distemper, than that of Choice; seeing that the wisest and best of Men were the greatest Sufferers; many of the Nobility, and Persons of the greatest Distinction, undone, and oblig'd to walk on Foot, while others, who the Year before could hardly purchase a Dinner, were exalted in their Coaches and fine Equipages, and possess'd of enormous Estates. And such a Scene of Misery appear'd among Traders, that it was almost become unfashionable, not to be a Bankrupt. And soon after, this direful Catastrophe was attended with such a Number of Self-Murders, as no Age can parallel.

" And, as if this wicked Project had not of itself been sufficient to ruin both City and Country, there were at the same Time a vast Number of other villainous Projects set on Foot, purely calculated to enrich the roguish Projectors, at the Expense of the middling and poorer Sort of People, who were not capable of reaching the *South Sea* Traffick. Those vile Schemes were justly denominated

Bubbles, as consisting of nothing but Air, and Scraps of Paper. For the suppressing of those fraudulent and illegal Practices, Application was made (in the King's Absence in his *German Dominions*) to the Lords Justices, who came to the following Resolution:

"Their Excellencies the Lords Justices in Council, taking into Consideration the many Inconveniences arising to the Publick from several Projects set on Foot for raising of Joint-Stocks for various Purposes, and that a great many of his Majesty's Subjects have been drawn in to part with their Money, on Pretence of Assurances, that their Petitions for Patents and Charters to enable them to carry on the same would be granted: to Prevent such Impositions, their Excellencies, this Day, order'd the said several Petitions, together with such Reports from the Board of Trade, and from his Majesty's Attorney and Solicitor General, as had been obtained thereon, to be laid before them; and after mature Consideration thereof, were pleased, by Advice of his Majesty's Privy Council, to order, that the said Petitions be dismiss'd, which are as followeth:"

"A Petition of several Persons, praying Letters Patents for carrying on a Fishing Trade, by the Name of the Grand Fishery of *Great Britain*.

Ditto, of the Royal Fishery of *England*.

Ditto, for a National Fishery.

Ditto, for a Whale Fishery to *Greenland*.

Ditto, for a Whale Fishery to *Greenland* and *Davies's Straits*.

Ditto, for a *Greenland* Trade.

Ditto, for buying or building of Ships to let or freight.

Ditto, for sowing Hemp and Flax.

Ditto, for making of Sail-cloth.

Ditto, for raising Madder for the Use of Dyers.

Ditto, for borrowing of Money, and purchasing of Lands, for making of Sail-Cloth and Fine *Holland*.

Ditto, to confirm a Patent for making Linen and Sail-Cloth, with an additional Power to carry on the Cotton and Silk Manufactures.

Ditto, to raise a Stock for a general Assurance from Fire.

Ditto, for a General Insurance from Losses by Fire.

Ditto, for carrying on a Trade to *Harborough* in the Electorate of *Brunswick*.

Ditto, for importing of Timber from *Germany*.

Ditto, for carrying on a Salt-Work.

Ditto, for making Snuff in *Virginia*.

"Besides the above-nam'd Bubbles, the undermention'd were carried on without ever applying for Patents or Charters.

The Grand *American* Fishery.

Ditto, the *British* Allum Works.

Ditto, *Santa Cruz* Settlement.

Ditto, *Westley's* Actions.

Ditto, *Blanco* and *Sal* Society.

Ditto, *Tortuga's* Settlement.

Ditto, the Importation of Beaver Fur.

Ditto, Bottomry Society.

Ditto, for inoffensively emptying Bog-houses.

Ditto, for supplying *London* with Sea-coals.

Ditto, for the Cloathing Trade, &c.

Ditto, for supplying *London* with Cattle.
 Ditto, for breeding and feeding of Cattle.
 Ditto, for insuring and improving Children's Fortunes.
 Ditto, for improving certain Manufactures.
 Ditto, for entering and loading Goods.
 Ditto, for erecting necessary Houses in the North of *England* and *Scotland*.
 Ditto, for furnishing *London* with Hay.
 Ditto, for purchasing Lands to build on.
 Ditto, for lending Money on Interest.
 Ditto, for purchasing Lead Mines.
 Ditto, for dealing in Lace, Hollands, &c.
 Ditto, for purchasing Fenny Lands.
 Ditto, for raising Hemp and Flax.
 Ditto, for manuring of Land.
 Ditto, for drying Malt by Hot Air.
 Ditto, for restoring *Morison's Haven*.
 Ditto, for buying Naval Stores.
 Ditto, for paying Pensions to Widows.
 Ditto, for trading to the River *Oroonoko*.
 Ditto, for making Paste-boards.
 Ditto, for improving the Paper Manufacture.
 Ditto, *Colchester Bays*.
 Ditto, the Ballast Society.
 Ditto, *Bahama Islands*.
 Ditto, for lending Money on Bottomry.
 Ditto, for a Grand Dispensary.
 Ditto, for improving a Royalty in *Essex*.
 Ditto, for a Royal Fishery.
 Ditto, the Fish Pool.

Ditto, for draining Fenns.
 Ditto, for making Glass Bottles.
 Ditto, for making Looking-glass.
 Ditto, Globe Permits.
 Ditto, for building and rebuilding Houses.
 Ditto, for encouraging the Breed of Horses.
 Ditto, for a Foundling Hospital.
 Ditto, for discovering Gold Mines.
 Ditto, for importing *Swedish Iron*.
 Ditto, an Assurance against Thieves.
 Ditto, for improving of Land in *Great Britain*.
 Ditto, for trading in Hair.
 Ditto, for Loan Offices.
 Ditto, for sinking Pits, and melting Lead.
 Ditto, for insuring Masters and Mistresses from Losses by Servants.
 Ditto, for dealing in Hops.
 Ditto, for lending Money on Government Security.
 Ditto, *Puckel's Machine* for making Muslin.
 Ditto, for importing Pitch and Tar from *North-Britain*.
 Ditto, for curing the Grand Pox.
 Ditto, *Nova Britannia Society*.
 Ditto, for making Rape Oil.
 Ditto, for a Corn Trade.
 Ditto, for *Irish Sail Cloth*.
 Ditto, for an *Arcadian Colony*.
 Ditto, for a Coal Trade from *Newcastle*.
 Ditto, for making China Ware.
 Ditto, for furnishing Funerals.
 Ditto, *Orkney Islands Fishery*.

- Ditto, for a Coral Fishery.
- Ditto, for a flying Engine.
- Ditto, for improving Gardens.
- Ditto, for Freeholders.
- Ditto, for making Sail-cloth.
- Ditto, for importing Holland and Lace.
- Ditto, for insuring of Horses.
- Ditto, for feeding of Hogs.
- Ditto, for bleaching of Hair.
- Ditto, for making Iron and Steel.
- Ditto, for making Iron with Pit-coals.
- Ditto, for improving Land in *Flintshire*.
- Ditto, for buying and selling Estates.
- Ditto, for purchasing and letting Lands.
- Ditto, for trading in Iron and Steel Manufactures.
- Ditto, National Permits.
- Ditto, for a publick Fishery.
- Ditto, an Insurance on Lives.
- Ditto, for improving Malt Liquors.
- Ditto, for supplying *London* with all Sorts of Provisions.
- Ditto, for making Paste-boards and Packing-paper.
- Ditto, for purchasing Lands in *Pensivania*.
- Ditto, for curing the Gout and Stone.
- Ditto, for making Oil of Poppies.
- Ditto, for transmuting Quicksilver into a malleable Metal.
- Ditto, for erecting Salt Pans in *Holy Island*.
- Ditto, for improving the making of Soap.
- Ditto, for improving the Silk Manufacture.
- Ditto, for bleaching coarse Sugars.
- Ditto, for making of Stockings.

- Ditto, for improving Tin Mines in *Cornwall*.
- Ditto, for importing and exporting Tobacco to *Sweden*.
- Ditto, for curing Tobacco.
- Ditto, for a Woollen Manufacture in the North of *England*.
- Ditto, for furnishing Merchants with Watches.
- Ditto, for an Insurance against the Pox.
- Ditto, for an Air Pump for the Brain.
- Ditto, for an insurance against Divorces.
- Ditto, for making Butter from Beech Trees.
- Ditto, for making Radish Oil.
- Ditto, for importing of Oils.
- Ditto, for paving *London* Streets.
- Ditto, for making *Manchester* Stuffs.
- Ditto, for extracting Silver from Lead.
- Ditto, for boiling Rock Salt.
- Ditto, for making Salt Petre.
- Ditto, for erecting Turnpikes.
- Ditto, for improving Tillage.
- Ditto, for importing Timber from *Wales*.
- Ditto, a Water Engine to supply *Deal* with Water.
- Ditto, for importing Walnut-trees from *Virginia*.
- Ditto, for a perpetual Motion.
- Ditto, for an Engine to remove the *South Sea House* into *Moorfields*.
- Ditto, for assuring of Maidenheads.
- Ditto, for making Deal Boards of Sawdust.
- Ditto, for making the River *Douglas* navigable.
- Ditto, River *Thanet*.
- Ditto, for insuring Seamen's Wages.

- Ditto, for making *Joppa Soap*.
- Ditto, for fitting out Ships against Pirates.
- Ditto, for meliorating of Oil.
- Ditto, dicounting Seamens Tickets.
- Ditto, for making Sail and Packing Cloth in *Ireland*.
- Ditto, *Temple-Mills*.
- Ditto, for supplying *Liverpool* with Fresh Water.
- Ditto, for exporting Woollen Manufacture, and importing Brass.
- Ditto, for japanning of Shoes.
- Ditto; a Scheme to learn wise Men to cast Nativities.
- Ditto, for trading in *Spanish Padlocks*.

Total of both 156.

“ Besides these Bubbles, innumerable were those that perish'd in Embryo; however, the Sums intended to be rais'd by the above-nam'd airy Projects, amounted to about Three hundred Millions of Pounds: Yet the lowest of the Shares of any of them advanc'd above *Cent. per Cent.* most above Four hundred *per Cent.* and some to Twenty Times the Price of the Subscription. Which, together with the imaginary Wealth, (which appears by the Rise of Stocks below) of the undermention'd Companies, amounted to about Seven hundred Millions of Pounds, which is probably more than all the circulating Cash upon Earth amount to.

This was a Time of such a general Infatuation, Distraction, and Confusion, that the knavish Part of Mankind needed only form Projects, which, however so absurd or ridiculous, were sure to meet with Encouragement; for

the Madness of the People was such, that the Shares of divers Bubbles yet in Embryo, or before the issuing of Permits, were sold for treble the intended Price, when in truth they were not worth one Farthing; which occasion'd the enriching Numbers of Knaves, at the Expence and Destruction of as many Fools.

“ Notwithstanding the above-recited Order of the Lords Justices, the Bubbles, with an Assurance worthy of themselves, continu'd to carry on their bubbling Traffick in open Defiance of sundry Acts of Parliament, the King's Proclamation, and their Excellencies Resolution. Besides, divers Companies establish'd by Character did great Damage in the bubbling way, by endeavouring, to imitate the *South Sea Company's* Management, by taking in Subscriptions; which being represented to the Lords Justices, it occasion'd their publishing the following Order:

“ The Lords Justices having receiv'd a Memorial from the Right Honourable the Lords Commissioners of his Majesty's Treasury, and thereupon taking into Consideration the great Trade now carrying on, in buying and selling of Stocks, not warranted by Law, which must unavoidably turn to the Destruction of publick Credit, and to the Ruin of Trade, and of many private Families, who unadvisedly engage therein: Notwithstanding his Majesty, out of his tender Regard to the Good of his Subjects, had, by his Royal Proclamation, of the Eleventh of *June* last, given sufficient Warning of the severe Penalties that would be incurred by such Practices; which are such Fines, Penalties and Punishments, whereunto persons convicted for common and publick Nuisances,

are, by any of the Laws and Statutes of this Realm, subject and liable; and moreover such Pains, Penalties, and Forfeitures, as were ordain'd and provided by the Statute of Provision and Præsumere, made in the Sixteenth year of King *Richard* the Second, viz. Forfeiture of Lands and Tenements, Goods and Chattels, and Imprisonment, and a Penalty of Five hundred Pound for every Broker, or Person acting as a Broker, (besides Inability and Incapacity to act as a Broker for the future) one Moiety thereof to the Crown, and the other Moiety thereof to the Informer, or Person suing in any of his Majesty's Courts of Record, with full Costs of Suit:

“ Their Excellencies being attended this Day by Mr. Attorney General, according to their Order, gave him express Directions to bring Writs of *Scire Facias*, against the Charters or Patents of the Companies following: *York-Buildings* Company, *Lustring* Company, *English Copper*, *Welsh Copper*, and *Lead*: and also against any other Charters or Patents which have been, or shall be, made use of, or acted under, contrary to the Intent or meaning of an Act pass'd the last Session of Parliament, for restraining several extravagant and unwarrantable Practices therein mention'd, intituled, *An Act for better securing certain Powers and Privileges intended to be granted by his Majesty by two Charters for Assurance of Ships and Merchandize at Sea; and for lending Money on Bottom:ee; and for restraining several extravagant and unwarrantable Practices therein mention'd*: And likewise to prosecute, with the utmost Severity, all Persons who have opened, or shall open any Books for

publick Subscriptions; who have paid, or receiv'd, or shall pay or receive, any Money upon such Subscriptions; who have made or accepted, or shall make or accept any Transfer or pretended Transfer of any Share or Shares upon such Subscriptions, contrary to the true Intent and Meaning of the said Act; or who have acted, or shall in any wise act or offend against the same: Of which their Excellencies have order'd publick Notice to be given in the *Gazette*, as a farther Caution to prevent the drawing of unwary Persons for the future, into Practises contrary to Law, and of which the Consequences may prove so grievous and fatal to the Offenders.”

“ This comminatory Order had the desir'd Effect; for 'twas no sooner publish'd than it put an effectual Stop to all those vile and scandalous Transactions.”

Such were the fruits of the infatuation of a former century; and it is earnestly hoped, that the example may induce the present generation, to “ Look before they Leap.”