

Stock Exchange Speculation

There are probably people still living (says an exchange) who can recall the railway mania of just sixty years ago and the widespread ruin that followed so quickly on its heels. 'Never since the days of the old South Sea Bubble,' declared a stockbroker of the time, 'has wild speculation run so rampantly mad as when George Stephenson had placed his first locomotive, the Rocket, on the metals of the Liverpool and Manchester Railway.' It was the signal for the projecting of hundreds of impossible and fraudulent railway schemes—as many as 457 new projects were registered in one month, September, bringing up the total for nine months to 1035.

From John o' Groat's to Land's End thousands of people were seized with the gambling fever; the shares of bogus companies were run up to fabulous prices, and fortunes were made and lost every day. Towards the end of October it was found that more than half of the 1263 companies were unable even to find money enough for the requisite Government deposit; the bank rate was put up to a prohibitive figure—and then the crash came.

It was like a stampede of wild cattle rushing before a prairie fire; holders of stock were madly eager to get rid of it at any price; in the Stock Exchange the sound of the hammer declaring defaulters was going all day; while outside, throughout all the country, thousands, who a few months earlier had thought their fortunes made, were hopelessly ruined.

A more disastrous year still was that of 1720, branded for all time as the year of the South Sea Bubble, and of hundreds of other schemes just as fraudulent and nebulous, the collapse of which brought ruin and desolation to thousands of families.

So inflamed were people with the fever of speculation that no scheme was too wildly impossible to find delirious support; and the daring of the sharks who floated companies knew no limits. In one case, for instance, a company was formed 'To carry on an undertaking of great advantage, but nobody to know what it is.' The capital was £500,000 in 5000 shares of £100 each, each subscriber, on depositing £2 a share, to be-

come entitled to £100 a year for life. Never was a more daring and impudent bait dangled before a credulous public. And yet before three o'clock in the afternoon of the first day the projector had received £3000 in £2 deposits, and had decamped with the lot.

In order to see to what extremes of gullibility speculation would go, a wag opened 'an office in Change Alley and invited applications for shares in a company the object of which was to be a profound secret. Within a few hours an enormous sum had been deposited with the projector, who then declared that he had only been making an experiment to see 'how many fools could be caught by such a silly bait in a day,' and invited the speculators to call for their money.

'The Bubbler's Mirror, or England's Folly,' gives a list of some of these wild-cat schemes of that remarkable year. Here are a few of them: 'Extracting Butter from Beech Trees,' 'Air Pump for the Brain,' 'Drying Malt by Air,' 'Insurance of Marriage from Divorce.' One company with a million capital was formed to provide a wheel for perpetual motion; another to import jackasses from Spain to improve the breed of mules; a third for the manufacture of square cannon-balls and bullets; and a fourth for trading in human hair.

But, of course, the most disastrous of all these schemes was the South Sea Bubble, which burst with such terrible effects. A few years earlier the shares in this company were quoted at 1 to 1½; by the middle of May, 1720, the price had leaped by bounds to 500; before the end of the month it was 710; and still soaring, rocket-like, it passed the 1000, and on August 9 was 1200. Then came the burst of the bubble; within a few days the quotation had dropped to 700, and by October it was down to 86.

The resultant ruin was pitiful. Rich men were reduced to beggary. Lord Chandos, who had invested £300,000 in the stock, might have cleared 100 per cent. profit, but waited too long and lost every penny; while the poet Gay, who was presented with £1000 stock, refused to sell for £20,000, and ultimately lost all. Hundreds of victims committed suicide in their despair; and thousands who, before the bubble came to dazzle their eyes, were well-to-do depended on charity for their very bread.



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