

THE SOUTH SEA BUBBLE

London, 1721

Since the Parliament has thought it of service to the public that the unhappy sufferers by the South Sea should have relief and are at present considering how to give it them, I am persuaded no one will think it either improper or unreasonable that the case of the borrowers on the loans (who in my opinion are the most unhappy of them all) should be truly stated and made public.

For my part, I will endeavour it, as far as I am able, with justice to the company who are their creditors, and with no more compassion to these unfortunate people than their circumstances honestly deserve. And I have this satisfaction in what I undertake, that as I believe it is not the intent of the members of either of the Honourable Houses to administer relief with partiality, or to neglect any set of men who really want it, should I so far succeed as to show that these borrowers do, I can't but hope that they will be esteemed at least worthy their care and protection.

To what purpose those loans were opened by the late directors, I need not mention: Everyone knows that without them they could never have perfected their scheme, as they used to term their villainy. It was not enough for them to have raised their stock to such a price as to have been only able to have discharged their agreement with the government; they had larger views, they were to satisfy their own avarice, and could not therefore give too great an imaginary value to their stock. These managers (unhappily for us) set out with the good opinion of mankind—they were esteemed too wise to be deceived themselves and too honest to deceive their friends. Thus qualified for mischief, they soon began it. They soon intoxicated the brains of all they talked with, gave them wild notions of the rising value of their stock, and persuaded them at any rate to put themselves in Fortune's way. Having with great art and industry gained a credit to their stock, they immediately upon it took in the first subscriptions; but these subscriptions having drawn a great quantity of money into their hands, they apprehended the rising spirit of the stock might soon be checked for want of money, and their project by it injured. For even then the species of our nation was not infinite; it was therefore necessary to contrive some means to carry on quick circulations of it. And the means contrived was to issue money on these loans. The success they had we all remember; the price increased prodigiously, and, if I am not mistaken, above £100 per cent in a day. And indeed this success was very probable; for these loans served two ends at once of the greatest moment to their schemes—while they furnished the unhappy borrowers with money to purchase stock, they gave fresh credit to the stock and raised the price. For when the directors, who must be supposed to know what they were doing, had put so great a confidence in their stock as to lend such sums upon the security of that alone, others might with good reason take courage, and trust it too. And their cunning upon this occasion was very extraordinary, for they were not contented with the credit they gave to their stock by this act, which was a tacit declaration that they knew it to be intrinsically worth as much or more than what they ventured to lend on it; but they were diligent in private companies to confirm men in such opinion of it, by a constant ridicule of the Bank for their pitiful and cautious loan of £100 per cent. To this step are greatly owing all our misfortunes. The most prudent now began to blame themselves for the most unjust suspicions they had entertained of so good a project. A man of moderate fortune now seemed poor by the vast riches all about him had so suddenly acquired. All grew impatient and uneasy who were not in this stock, the managers were idolised, and only they were happy who had directors for their friends. The merchant, who through a long diligence and great variety of hazard had gained a small estate, grew mad to see so many idle fellows enrich themselves within a day or two. The honest country gentleman, who by good management and wise economy had been an age in paying off a mortgage, or saving a few small portions for his younger children, could not bear the big discourse and insults of this new race. Both laid aside their prudence, and at last became unhappy converts to South Sea. Both were persuaded now to use their diligence, and recover that time their disbelief had lost them. The one despised his trade, and sold his effects, at any rate, to try his fortune. The other mortgaged what he could, or sold it for a little stock or third subscription. And now both are undone, both beggars. I should think cases of such distress as these could not be reflected on without even humanity itself becoming painful; and yet, whether it proceeds from such cases being frequent and daily seen, or from an hardness of heart, which Providence for a judgment has suffered to fall on us, I know not; but such cases are scarce pitied by us. Everyone still pursues his own interest, and seems to grudge the expense even of a few shillings to save thousands from destruction.