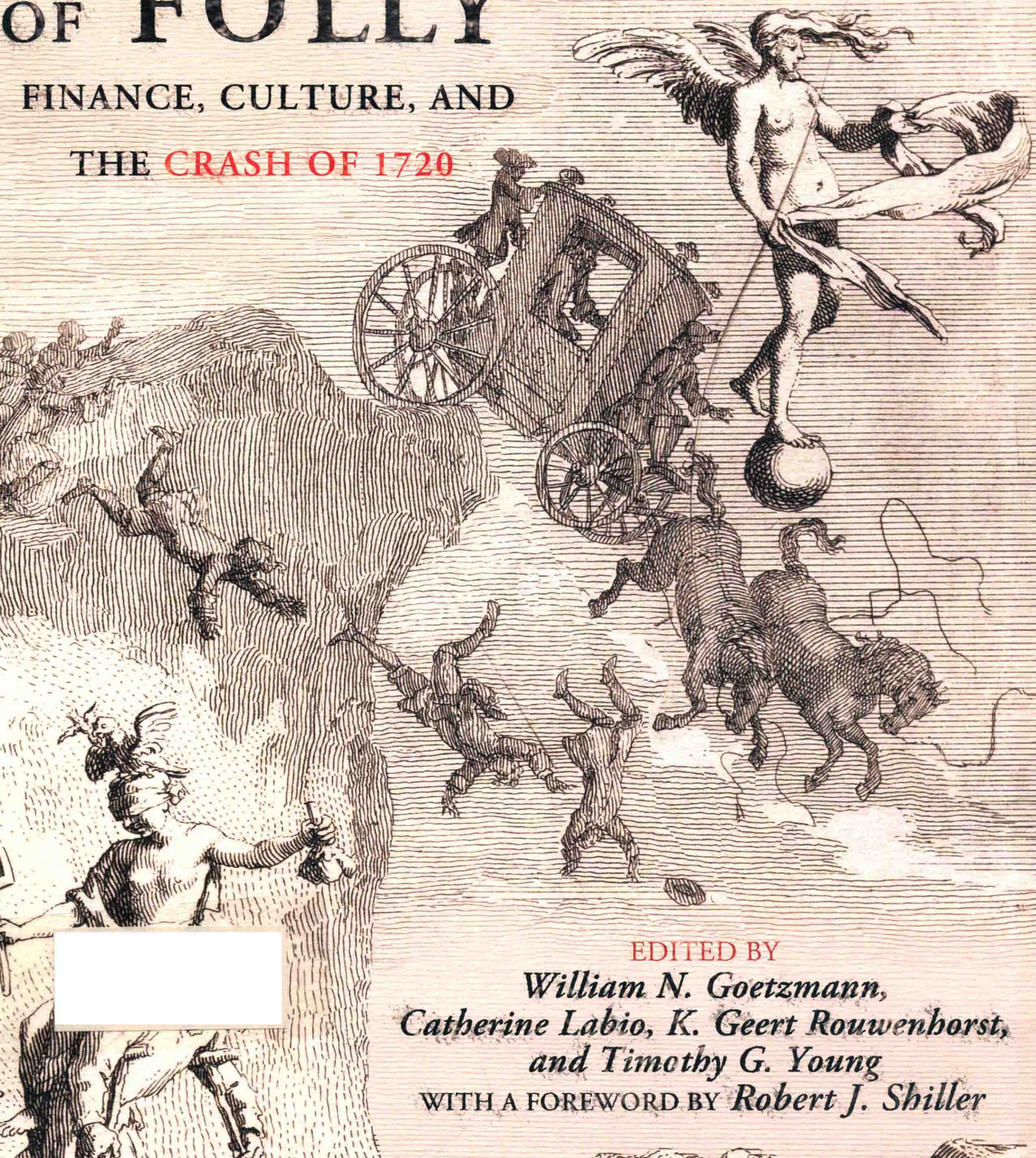


# THE GREAT MIRROR OF FOLLY

FINANCE, CULTURE, AND

THE CRASH OF 1720



EDITED BY

*William N. Goetzmann,  
Catherine Labio, K. Geert Rouwenhorst,  
and Timothy G. Young*  
WITH A FOREWORD BY *Robert J. Shiller*



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## FOREWORD

In the first place, this is a book about a book, a book about the great eighteenth-century tome *The Great Mirror of Folly* (*Het groote tafereel der dwaasheid*), which was a compendium of much writing and art by numerous authors about the world's first major stock market crash, in 1720.

But I would say it is a book about a book only in structure and inspiration. It is more deeply a book about human nature and human institutions and the trouble they can get into. It is about how our imagination drives our actions, creating and inventing, then sometimes destroying. The *Tafereel* book itself is just a focal point, a muse, for some spirited thinking.

This book works so well because the *Tafereel* is not just about the eighteenth century; it is also a mirror of other times, other public hysterias, and other speculative bubbles—even of our recent financial crises and the kinds of speculative folly that led to the financial crises of recent years. For example, the *Tafereel* is relevant to the most recent financial crisis, which began with bubbles in the stock market, the housing market, and the energy market, bursting near the end of the first decade of the twenty-first century, but which continues to worry people as of this writing.

There is a tendency to think that we have little to learn from past episodes of human folly, that we are smarter now, that our modern leaders are too sophisticated to repeat the errors of the past. Carmen Reinhart and Kenneth Rogoff, in the 2009 book that studies eight hundred financial crises in world history, give a name to this tendency: “the this-time-is-different syndrome.”<sup>1</sup> Historical upheavals rarely seem distinct possibilities until after they happen. We all have to work to overcome this syndrome. We have to understand why it is that this time is often only superficially different from past episodes, that the human thinking behind events is the same, and that our travails are fundamentally the same.

There is a human tendency to believe that episodes remote in history can be explained by idiosyncrasies of those past times. The world of 1720 seems so remote to us today as to be unreal. Reading the essays in the *Tafereel*, with their strange assemblage of characters and images, may at first incline us to think about those times as very different from ours. But, reading further, we are reminded rather more of the fundamental similarities between then and now.

Speculative bubbles are epidemics of a certain sort, in which the vector is not a bacterium or a virus but, using a term of biologist Richard Dawkins, a meme or thought virus. Memes may spread through direct person-to-person contagion, by word of mouth. Thus do jokes and gossip spread; more importantly, so too do social norms and aspirations spread. And so the structure of our society is, as modern sociology tells us, the result of a bubble.

But it seems that pure word-of-mouth contagion is still not strong enough to propel a financial bubble. Speculative bubbles seemed to be virtually nonexistent before the invention of printing, the first mass medium, and even then, not before the news media reached a certain level of sophistication, as embodied in the *Tafereel*.

Financial markets generate lots of data, but without the help of the mass media, these data are too hard to interpret—too abstract, too left-brained—to get people sufficiently emotionally involved to start a social movement. The news media work very well as storytellers, better than word of mouth. They can work *extremely* well, as we see in the *Tafereel*. The kinds of publications in the *Tafereel* and studied here are in themselves *prima facie* evidence of the origins of the bubbles of 1720.

But speculative bubbles are a unique epidemic phenomenon because they have yet another mode of contagion: through the interaction of people in a marketplace, where, besides words, there is the factor of price. The feeling of



excitement and envy that people experience when they observe others around them becoming suddenly rich through speculative trading enlivens and amplifies stories that justify the bubble.

Such amplification is increased if the stories have in them an element of glamor, adventure, discovery, or danger. These are the kinds of things that, coupled with human interest, provide us with the motivation to act.

The *Tafereel* provides the most direct evidence on the kinds of stories that resonated with investors at the time it was compiled, for this book is the creation of some eighteenth-century collectors who put together many different printed sources that amused them, thereby assembling a host of evidence that we could not otherwise see today.

The bubbles that took place in England, France, and the Dutch Republic in 1720 were rare massive financial events of which we have only a few historical examples. They are especially significant because they also amounted to the first international stock market crash in the history of the world. Glimpses into its deep emotional underpinnings are possible through the *Mirror of Folly*.

It is interesting to learn that one of the stories that featured prominently in the bubbles of 1720 was the story of the New World, the Americas, and the possibilities for commercial exploitation of its riches. People tell this same story today, the story of the founding of the American colonies and of the countries that emerged from them.

The same excitement of possibility then seen in the New World was seen again, transformed, in the 1990s and beyond with the appearance of the Internet. The Internet bubble was a parallel to the bubbles of 1720.

In his 1932 book *The Great American Land Bubble*, Aaron Sakolski began the first chapter with: "America, from its inception, was a speculation."<sup>2</sup> The first pioneers who came here were, in a sense, speculators just as much as those depicted in the *Tafereel*. They too were moved by a story. The difference was that the stories that led to the stock market debacles of 1720 were mediated by speculative markets, which brought with them the high-speed contagion, and sudden undoing, characteristic of those markets.

The importance of a sense of trust, of fair dealing, leading up to a financial breakdown is part of the deep story of the financial boom and bust. We see the swings of public perceptions of trust in leaders between boom and bust graphically illustrated in the *Tafereel*.

Ben Bernanke, then chairman of the President's Council of Economic Advisers, said in 2005, "House prices have risen by nearly 25 percent over the past two years. Although speculative activity has increased in some areas, at a national level these price increases largely reflect strong

economic fundamentals, including robust growth in jobs and incomes, low mortgage rates, steady rates of household formation, and factors that limit the expansion of housing supply in some areas."<sup>3</sup>

Given what happened afterward, is this statement evidence of "folly"? It is not clear that it was anything like folly. Bernanke is an accomplished scholar and well intentioned. *Ex post* we know he was wrong on this point, but *ex ante*, and given the political constraints he was under, we just cannot make such a simple case that he was being irrational.

This book provides relevant examples of swings of public perceptions. For example, in Chapter 5 Hans-Joachim Voth considers to what extent the 1720 events were "madness" or the result of people's "working on the basis of the best economic analysis available." He concludes that both of these extreme views are "fundamentally mistaken." Human nature is unchanging. Voth's account of Hoare's Bank shows that rational responses to the emerging South Sea Bubble were possible and, at the same time, difficult for most.

Larry Neal's account of Lord Londonderry shows that there were some smart investors in 1720 and that their trading showed some skepticism about the French, English, and Dutch bubbles; his account also offers some insights into the thinking of Lord Londonderry and others like him and not so like him—insights that carry over very well to modern times.

A conference at the Yale School of Management on 17–19 April 2008 was the springboard for this book. It was just about the most amusing and colorful conference that I can recall. But it was most notable for the breadth of insights it covered. I was very pleased to see that the conference had such an interdisciplinary component. We had professors of history, comparative literature, art history, economics, finance, and psychology, as well as theater specialists. This is especially meaningful to me because I believe that speculative bubbles are such complex phenomena that understanding them requires the broadest possible scope of scholarly endeavor.

There is an unfortunate and overly pronounced division of the university into subfields. Explaining some kinds of events, such as bubbles, requires the concerted efforts of people in different fields. That is because bubbles are cultural events, events that relate to different people's whole views of the world.

C. P. Snow, in his 1956 *New Statesman* article and 1959 Rede Lecture at Cambridge, "The Two Cultures," defined two intrinsic modes of thinking that have different scholarly allegiances.<sup>4</sup> He contrasted the scientific method with the "constructivist" world of the humanities. Constructivism rests on the belief that there is no

single valid methodology, that there are in fact many methodologies for social science. Constructivism criticizes objectivism, which embraces a static reality that is independent of human cognition; it holds that the only reality we can know is that represented by human thought. A constructivist approach is represented unusually well by the chapters in this book.

There has been something of a revolution in the fields of economics and finance over the past couple of decades, producing the new subfields of behavioral economics and behavioral finance. To many, these subfields represent a union of economics and psychology. But the convergence of ideas represented in this book suggests that an even broader revolution may be at hand.

The intellectual strands that are combined to scrutinize the Great Mirror of Folly in this volume are much more pervasive than just economics and psychology. We see here an example of using both literary and artistic modes of evidence, uniting history and the social sciences as well.

ROBERT J. SHILLER

#### NOTES

1 Carmen Reinhart and Kenneth Rogoff, *This Time Is Different: Eight Centuries of Financial Folly* (Princeton, NJ: Princeton Univ. Press, 2009).

2 Aaron M. Sakolski, *The Great American Land Bubble: The Amazing Story of Land-Grabbing, Speculations and Booms from Colonial Days to the Present Time* (New York: Harper and Brothers, 1932), 1.

3 <http://www.house.gov/jec/hearings/testimony/109/10-20-05bernanke.pdf> (accessed 3 December 2010).

4 C. P. Snow, "The Two Cultures," *New Statesman and Nation*, 6 October 1956, 413–14, and *The Two Cultures* (Cambridge, UK: Cambridge University Press, 2012 [1959]), 1–52.



## ACKNOWLEDGMENTS

Major thanks are due to the contributors to the volume: Frans De Bruyn, Kuniko Forrer, Rik Frehen, Oscar Gelderblom, William N. Goetzmann, Julie Berger Hochstrasser, Joost Jonker, Catherine Labio, Inger Leemans, Larry Neal, K. Geert Rouwenhorst, Jeroen Salman, Benjamin Schmidt, Robert J. Shiller, Darius A. Spieth, Thea Vignau-Wilberg, Hans-Joachim Voth, Eugene N. White, and Timothy G. Young. Several other scholars participated in the symposium on which it is based and offered extremely useful perspectives on the *Tafereel* and its context. They include Daylian Cain, Gillian Forrester, Anne Goldgar, Eleanor Hughes, Margaret C. Jacob, David McNeil, and Mariët Westermann. We are truly grateful to these remarkable researchers and take this opportunity to thank them once again for their contributions. We also wish to extend our warmest thanks to two anonymous reviewers for their generous and helpful comments on an early draft of the manuscript.

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Many thanks are due to the ICF's administrator, Leigh Ann Clark, for her dedication to and able management of this complex project. We also thank the Yale Reprographics and Imaging Services and the staff at the Beinecke Library and the Lewis Walpole Library who made images of the *Tafereel* accessible to researchers. We are also grate-

ful to Michael O'Malley, formerly of Yale University Press, for his initial interest in the project and to Katherine Boller, Patricia Fidler, and William Frucht of Yale University Press for their guidance and support throughout the publication process.

The success of the 2008 symposium owed much to the support of Amy Meyers and the Yale Center for British Art, Mary E. Miller and Saybrook College, and Margaret K. Powell and the Lewis Walpole Library; the participation of Tim Barringer, Heather Klemann, and Christopher S. Wood; the students enrolled in Catherine Labio's spring 2008 graduate seminar, "Literature and Economics in the Eighteenth Century"; and the undergraduate and graduate students whose dramatic production *Tafereel* literally brought the folio to life. Jeffrey Leichman, then a Ph.D. candidate in the Department of French, directed the performances; Nozlee Samadzadeh-Hadidi (Morse College, 2010) produced them in cooperation with the other students enrolled in Labio's undergraduate seminar "Fictions of Capital"; and Nienke Christine Venderbosch, a Ph.D. candidate in the Department of English, translated Pieter Langendijk's 1720 play, *Arlequyn actionist* (Harlequin Share Trader), as well as the other excerpts from the *Tafereel* that were used in the performance. Finally, we acknowledge the formidable organizational skills of Brenda Bell, ICF administrator at the time of the symposium.

Will Goetzmann particularly thanks William S. Reese for introducing him to the remarkable Dutch volume and sparking a deeply rewarding intellectual quest that began with the puzzle of the *Tafereel*.

## NOTES ON THE TEXT, THE PLATES, AND THE *TAFEREEL* AT YALE UNIVERSITY

### NOTES ON THE TEXT

1. Original spellings have been preserved in all quotes and titles. The spellings of Dutch proper names have been modernized in the body of text, as in the case of modern-day Zuider Zee, Enkhuizen, and Zwolle versus eighteenth-century Zuyder Zee, Enkhuyzen, and Zwol.

2. In the following pages, *Het groote tafereel der dwaasheid* is referred to by its Dutch title, the shortened titles *Het groote tafereel* and the *Tafereel*, and the now familiar English translation suggested by Arthur H. Cole in *The Great Mirror of Folly* (*Het groote tafereel der dwaasheid*): *An Economic-Bibliographical Study*, Kress Library of Business and Economics Publication 6 (Boston: Baker Library, Harvard Graduate School of Business Administration, 1949).

3. When referencing the plates of the *Tafereel*, we always provide the Muller plate number (for example, Muller 31). These “Muller numbers” were assigned to the engravings by the Dutch cataloguer Frederik Muller in his catalogue of Dutch prints, *De Nederlandsche geschiedenis in platen* (Dutch History in Plates) (Amsterdam: Frederik Muller, 1876). Muller numbered the prints contained in the *Tafereel* 1 through 74 on the basis of what Kuniko Forrer refers to in Chapter 2 as the “engraved register” of plates (Muller 3610a), which was issued only in 1780. Other prints, which were not listed in the decorative list of plates issued in 1780, are referred to in accordance with Muller’s sequential numbering of Dutch historical prints in his *Nederlandsche geschiedenis*, as “Muller” followed by a four-digit number. Muller is also responsible for the now conventional division of the textual elements of the *Tafereel* into five parts (*afdelingen*), each of which is paginated separately and denoted by the letters A through E, as follows: Part A, “Conditien,” the terms and proposals of various Dutch bubble companies, pp. 1–25; Part B, plays and farces inspired by the *wind-*

*handel* (trade in wind), pp. 1–52; Part C, poems on the windhandel, pp. 1–26 and 29–31; Part D, “Papegaay,” a description of a set of playing cards satirizing the speculative activities, pp. 1–8; and Part E, “Vier Brieven,” four letters from “A. Z.” to “N. N.” describing and denouncing the windhandel, pp. 1–10. (In Chapter 1 Frans De Bruyn suggests that the prints be referred to as Part F.) Unfortunately, neither Muller’s breakdown into parts nor his print numbering corresponds to the order or the sequence in which they appeared in the process of the making of the *Tafereel*. Nevertheless, because Muller’s research has been the foundation of all studies of the *Tafereel* for more than a century, we have retained both his system of print numbering and his division into five textual parts.

4. Whenever a plate is both mentioned in the text and reproduced in the plate section in the back of the book, both the Muller plate number and our plate number are mentioned. For example: Muller 33 (Plate 67).

5. The translations of the titles of Muller 1–74 included in this volume are frequently different from the translations offered by Cole in *The Great Mirror of Folly*. Cole’s translations are often inaccurate. We have not standardized the translation of plate titles throughout the essays but have let stand authors’ decisions to use Cole’s translations or provide their own. The translations in the List of Plates are by Catherine Labio and Frans De Bruyn.

6. No attempt has been made to standardize other translations from the Dutch (for example, in the case of commonly used phrases, the titles of works, and quotations). Translations will vary, and we have preferred to let authors’ individual translations stand.

7. Similarly, we have allowed some differences of interpretation to stand, as in the case of disagreements regarding the identification of some of the figures in Muller 19 (Plate 5). These variations underscore the complexities involved in analyzing the *Tafereel*.



8. Contributors to this volume refer to “the bubble” and “bubbles” of 1720. Depending on the context, they are referring to the French, English, and/or Dutch bubbles, including the famous Mississippi and South Sea Bubbles, or to the international crisis these nationally based events combined to create.

#### NOTES ON THE PLATES

1. The “Plates” section at the back of the volume includes most, though not all, of the *Tafereel* prints. The choice of plates involved questions of bibliography, relevance to the chapters of this book, and the economics of producing the present volume. An editorial decision was made to present the plates that make up Kuniko Forrer’s “ideal state” of the *Tafereel* in their proper sequential order and thus give a sense of the dramatic “performance” of the prints. See the section titled “The Third Stage (1721): The *Tafereel*’s Mission Accomplished” in Forrer’s chapter (Chapter 2).

2. Due to the mechanical challenges of scanning plates in the Beinecke Library’s bound copy of the *Tafereel*, many of the plates included in the volume were scanned

from individual prints in the collection of the Lewis Walpole Library, a department of the Yale University Library located in Farmington, Connecticut, that specializes in eighteenth-century studies. A few scans were kindly provided by the Kress Collection, Baker Library Historical Collection, Harvard Business School. Sources have been noted throughout.

3. The as-yet-unresolved genealogy of the inclusion of two very similar prints of Bernard Picart’s *Monument consacré à la postérité* (Monument Consecrated to Posterity) (Muller 18 [Plate 21] and Muller 27) has not been addressed in this volume. Muller 18 has been chosen as the default.

#### NOTE ON THE *TAFEREEL* AT YALE UNIVERSITY

In efforts to make the *Tafereel* and its related documents available to the wider scholar community, the Beinecke Library has scanned the entirety of the printed *Tafereel* and the “proto-*Tafereel*” and mounted them, along with a companion volume, on its publicly accessible digital library site, found at <http://beinecke.library.yale.edu/digital/library/mirroroffolly.html>.

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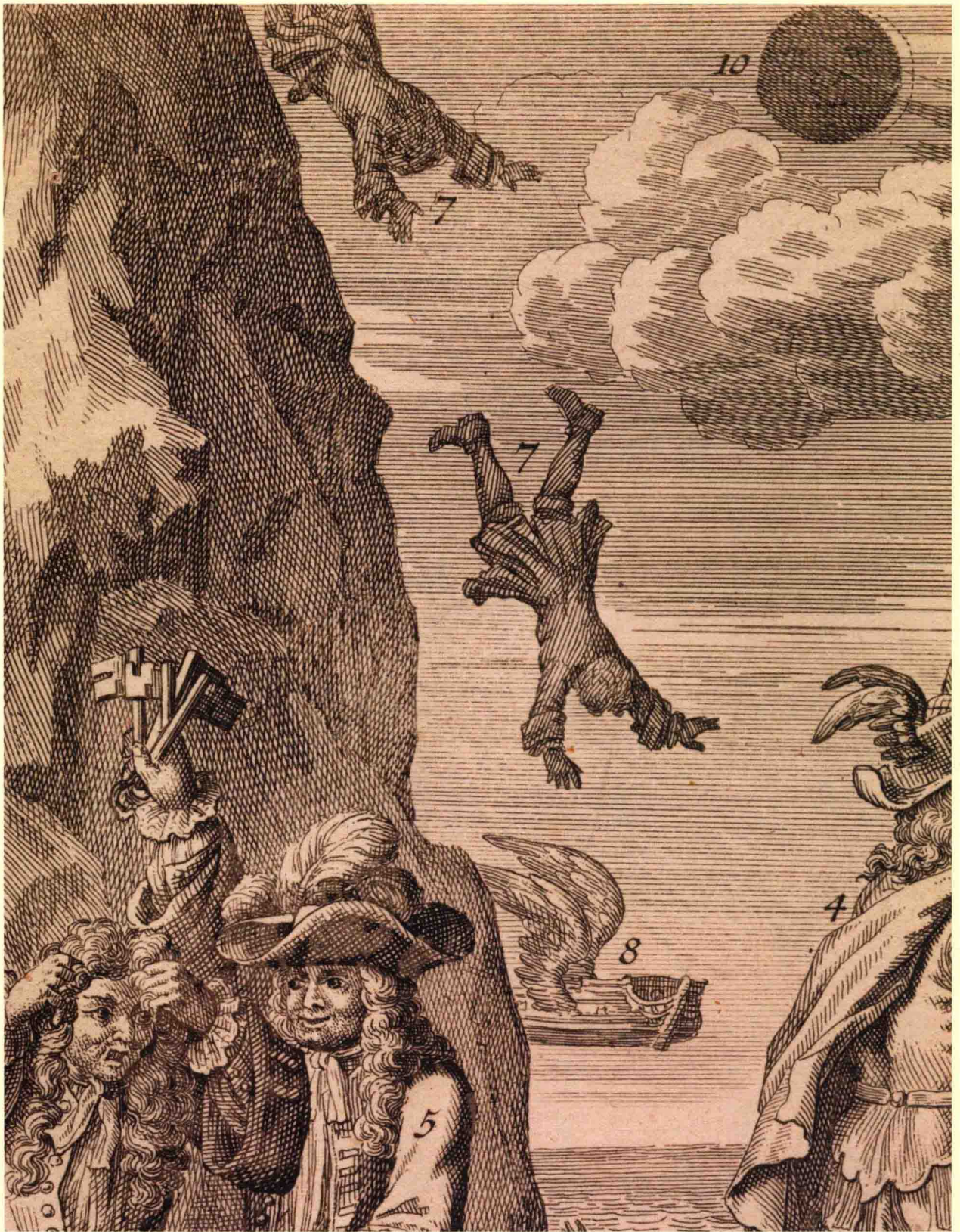
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Detail from *De rottege blaas-balg, en de geest van Erasmus zwervende uit zyn geboorte-stad naar de drie ongeactioneerde vrysteden van Hd.* (The Rotten Bellows, and the Spirit of Erasmus Wandering Out of the City of His Birth toward the Three Free Cities of Holland That Do Not Have Share Trading). Muller 15 (Plate 18). Courtesy of The Lewis Walpole Library, Yale University.



# Introduction

WILLIAM N. GOETZMANN, CATHERINE LABIO,  
K. GEERT ROUWENHORST, and TIMOTHY G. YOUNG



In the last month of 1720, in the wake of the spectacular crashes of the Mississippi and South Sea Bubbles and the financial collapse of a host of smaller joint-stock companies in various parts of Europe, an anonymous consortium of publishers based in Amsterdam gathered an extensive selection of textual and visual documents that had circulated in the Dutch Republic at the height of the bubble and in its immediate wake, reset them, and printed them in a volume titled *Het groote tafereel der dwaasheid* (The Great Mirror of Folly). The stated objective, as indicated on the title page (Plate 2), was to preserve a record of the recent financial crisis and issue a warning to future generations.<sup>1</sup> The publishers' plan succeeded beyond expectations. The *Tafereel* quickly grew into a splendid compilation of the striking array of texts and images that had circulated in the Netherlands and abroad during the heady days of what the Dutch called the "trade in wind" (*windhandel* or *wind negotie*), when an unprecedented international drop in stock prices left most companies valued at less than 20 percent of their peak prices and stunned Europe's burgeoning financial markets.

The *Tafereel* is a large volume, no two copies of which are exactly alike. Its best-known iterations include, among other items, company charters and prospectuses, poems, plays, pamphlets, satirical prints, maps, and uncut decks of playing cards. Although it was relatively expensive, three states of the first edition of the *Tafereel* were published in a matter of weeks. Two subsequent editions came out within a few years, and a fourth edition was issued in 1780.<sup>2</sup> It was popularized again in the mid-nineteenth century thanks to Charles Mackay's *Extraordinary Popular Delusions and the Madness of Crowds* (1848), another classic on speculation. Mackay made detailed reference to

the most famous of the *Tafereel* prints, Bernard Picart's *Monument consacré a la posterité en memoire de la folie incroyable de la XX. année du XVIII. siecle. Ter eeuwiger gedagtenisse der dwaasheid van het XX. jaar der XVIII. eeuw* (Monument Consecrated to Posterity in Memory of the Incredible Folly of the Twentieth Year of the Eighteenth Century) (Muller 18 [Plate 21]), which depicts "La Fortune des actions sur son char conduit par la Folie" (Share Fortune on her Chariot driven by Folly). For Mackay the engraving signals that investors have finally come to their senses after an interlude of mass hysteria or delusion.

The *Tafereel* does not shed light on the events of 1720 from a single perspective. It draws on an extensive range of Dutch and European materials to contextualize the events of that year and make sense of the crash. Contemporary readers could not fail to understand, for example, the references to Erasmus and the Ship of Fools or the representations of stockbrokers as harlequins and foxes. In turn, the *Tafereel* has shaped interpretations of financial crises into modern times. It contains, for instance, the first image of a bankrupt speculator flinging himself from a window. More generally, it depicts the frenzy of stock speculation variously as herd behavior, insanity, moral failure, satanic influence, unhealthy fascination with gambling and chance, and an unreasonable belief in the profitability of innovative business ventures—more or less the span of current views on the causes of stock market bubbles.

*Het groote tafereel* is thus not merely a beautiful and distinctive artifact of interest to historians and bibliophiles. It also matters as the contemporary record of the first international stock market crash, particularly because the events of 1720 presaged the ups and downs of the three centuries of stock market history that followed.



Every time a financial crisis unfolds, both the events documented in the *Tafereel* and the interpretation offered by its publishers are recalled.

. . . . .

Starting with the prospectuses that launched a flurry of Dutch joint-stock companies and ending with images of death, burial, and mourning (Plates 65–68), the *Tafereel* provides, in text and image, the quintessential plot—one might also say the original myth—of financial speculation. Structured like a classical play as defined by Aristotle—that is, with an exposition, rising action, climax, and dénouement—it tells the story of the rise and fall of share trading in the Dutch Republic, France, and England. The plot has not changed much over the years, which makes the *Tafereel* essential reading (and viewing) for anyone interested in financial history and in the economic causes of the bouts of “irrational exuberance”—to use Alan Greenspan’s phrase—that have been upending economies for three hundred years. Moreover, the seventy or so prints included in the *Tafereel*—sixty-nine of which are reproduced in narrative order in the back of this volume—recount events in stunning visual detail, making the *Tafereel* the most important artifact ever manufactured in response to a stock market crash. No single other work devoted to a major financial event is as aesthetically striking or historically valuable.

Somewhat paradoxically, this unparalleled textual and visual complexity has also delayed a full account of the puzzle that is the *Tafereel*, a work that is often mentioned but little understood. Hence our decision to write a book about a book rather than, simply, a book about “the Great Crash of 1720.” Who published this remarkable book, and why? What are we to make of it? What does it reveal about financial history? These questions are the subjects of this volume, and we have tackled them from several vantage points.

### An Interdisciplinary Project

Scholars rarely have the luxury of collaborating across disciplines. Even within the humanities and social sciences, methodologies and topical concerns differ so significantly that interdisciplinary work is difficult. Yet it can yield thoroughly unexpected and wonderful results. The editors of the present volume—a curator at Yale University’s Beinecke Rare Book and Manuscript Library, a comparative literature scholar, and two professors of finance—came together because they believed that an in-depth analysis of *Het groote Tafereel* would prove extremely valuable to their respective academic fields and would showcase the importance of cross-disciplinary inquiry. On the

one hand, we anticipated that studying documents contemporaneous with the origin of the pattern of expansion and contraction that has characterized securities markets since 1720 would allow economists to understand what drove investors of 1720 to speculate in shares, why the share prices suddenly collapsed, and why such crises continue to occur. And indeed the interpretations of the *Tafereel* included in Chapters 4–8 help us to determine how much of a stock market bubble is due to reasonable expectations of future returns and how much is due to irrational exuberance. On the other hand, we also expected that studying the *Tafereel* would bring to the fore the extent to which literature and the arts are integral to the cultural interpretation of major social transformations. Precisely at the moment when society appeared to be in a state of complete disequilibrium, artists, poets, and playwrights held up a comic mirror that caricatured the worst of the excesses. As that mirror, the *Tafereel* represents a key moment in the history of high and low art and literature, a moment when artists, writers, and print sellers set the terms by which it became possible to make sense of large-scale economic events; presented their own theories about risk, reward, and the workings of the human mind; and opened a window into a Foucauldian stratum of madness.

Recognizing that no single discipline could span the range of materials represented in this extraordinary volume, we decided to launch an inquiry into the *Tafereel* that extended beyond our personal research areas. In the spring of 2008 we hosted an international symposium in New Haven, Connecticut, with a view to “attack” the *Tafereel* from as many angles as possible. Sponsored by the Beinecke Library and the International Center for Finance at the Yale School of Management, the symposium brought together European and North American scholars from the fields of finance, economics, history, bibliography, the history of art, literature, cultural studies, and social psychology. Participants shared the preliminary results of their research, studied the *Tafereel* and related materials owned by the Beinecke, and analyzed large-scale reproductions of satirical prints. They also attended performances of an original theater production composed of a medley of texts featured in the Dutch folio and translated into English, including Pieter Langendijk’s play *Arlequyn actionist* (Harlequin, Share Trader), which generated a richer appreciation of the narrative and comedic dimensions of the *Tafereel* than would otherwise have been possible. Most importantly, the symposium initiated a cross-disciplinary dialogue and process of discovery that would not have succeeded otherwise.

Following the conference, contributors to this volume continued to work on their individual research projects



and embarked on new ones. Their efforts brought some fascinating material to light. For example, the original conference had highlighted that, as Gelderblom and Jonker note in Chapter 8, “For all the attention historians have lavished on the *Tafereel* and the events in the [Dutch] Republic that helped to produce it, we still know very little about key aspects of the Dutch bubble of 1720.” Indeed, in spite of the many prints depicting mad crowds of speculators buying and selling shares in Dutch companies, we lacked historical stock market data from the Netherlands for 1720. No prices for the securities had ever come to light, although scholars had searched for them for decades. Fresh attempts to find this information by two of the contributing research teams proved successful. “Financial archaeology” in the archives of the Netherlands by Frehen, Goetzmann, and Rouwenhorst (Chapter 4) on the one hand and by Gelderblom and Jonker (Chapter 8) on the other yielded not only stock prices for Dutch companies but detailed daily news about the fluctuations of the French, British, and Dutch stock markets that put the bubble and crash in a new light.<sup>3</sup> The stock price data and the digital images of pages of the *Leydse Courant*, which carried the financial news of the day to Dutch investors, were made available to researchers and for the first time allowed a day-by-day account of the international events in 1720 from a Dutch perspective. More generally, the research done by the economists who have contributed to the present volume exposes the fallacy on which inquiries into bubbles have long hinged: markets are efficient, but investors behave irrationally. The 1720 data instead demonstrate, as Voth argues in Chapter 5 with respect to the South Sea and Mississippi Bubbles, that neither half of the proposition is correct.

The humanities front has yielded equally exciting results. Iconographic research has allowed scholars to show how artists repurposed a shared visual lexicon of classical, biblical, and popular motifs to address modern financial concerns. Contributors have also found additional evidence of the importance of theatrical references to the conceptualization of the book. Not only does the *Tafereel* as a whole tell a story with an Aristotelian plot structure (a point made by De Bruyn in Chapter 1 and Forrer in Chapter 2), so do its constituent parts. For example, both Part B, which includes the plays and farces inspired by the windhandel, and the decks of playing cards have a dramatic structure of their own (see Chapter 11 by Leemans and Chapter 15 by Salman). Moreover, researchers have highlighted the extent to which the Dutch, French, and English bubbles of 1720 were met with an equally international artistic response. Although the *Tafereel* is in many respects a uniquely Dutch product, it must also be thought of as a European—even global—

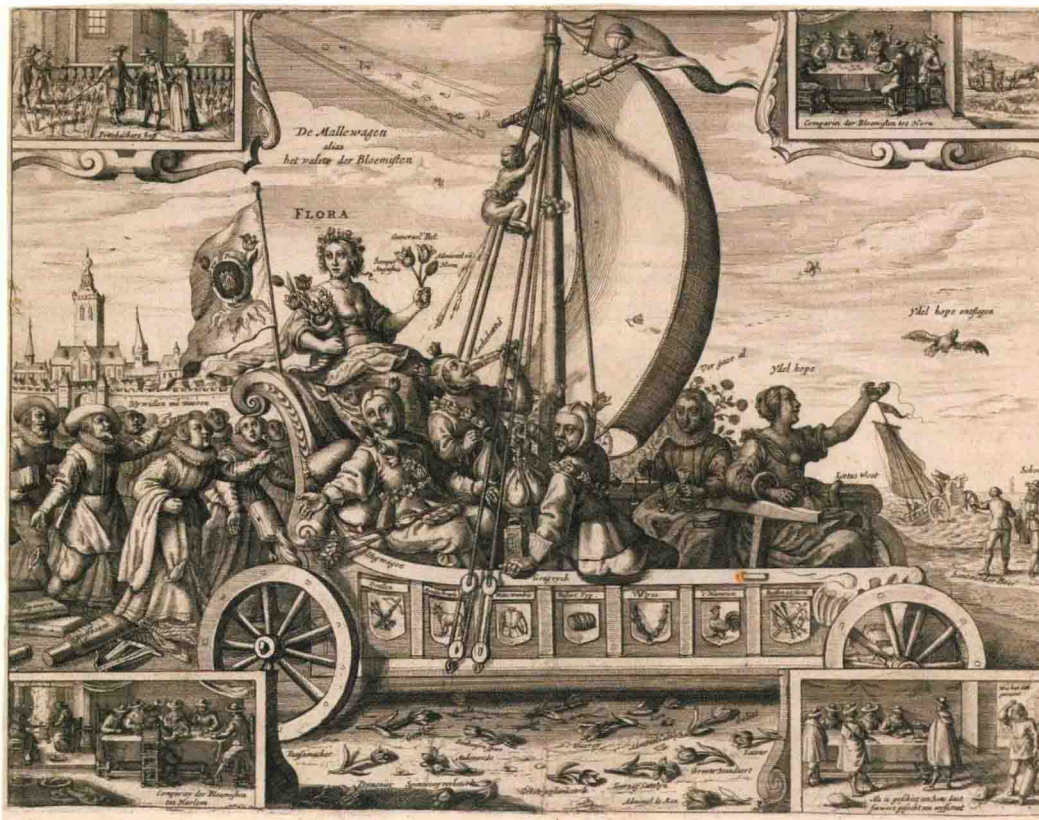
product, a point made by a number of contributors. Labio (in Chapter 9), Vignau-Wilberg (Chapter 13), and Spieth (Chapter 14) thus highlight its French dimensions. De Bruyn (Chapter 10) studies it alongside British materials. Hochstrasser (Chapter 12) places it in the tradition of classical mnemonic theory. Schmidt (Chapter 16) argues that it must be thought of as a product of Dutch globalism and a work of print geography, on a par with atlases.

The 1720 crisis involved the worlds of commerce and finance as well as literature, art, and publishing. As the contributors to this volume demonstrate, writers, artists, and print sellers played an important role in shaping the contemporary and subsequent interpretations of the events of 1720. Conversely, the authors also make plain that economic data and business documents can help us to interpret materials traditionally associated with the humanities. These insights have important implications for archives and libraries. As Young explains in Chapter 3, libraries such as the Beinecke Rare Book and Manuscript Library have traditionally collected documents used in the humanities. In the past decade, however, the Beinecke Library, partly as a result of the *Tafereel* project, has been gathering original archival documents and rare printed sources related to the history of financial innovation, even though they pose specific cataloging and preservation challenges. Recent acquisitions include a bound group of financial ephemera that contains original Dutch documents from the bubble of 1720, some of which are otherwise unrecorded. Their assemblage in 1720 suggests that contemporaries had a strong sense that the bubble was making history and that it warranted, then as now, permanent documentation.

## Precursors to the Crisis

Financial crises are nothing new. From 1619 to 1623 the Holy Roman Empire went through a period of extraordinary inflation known as the *Kipper und Wipper* years.<sup>4</sup> A decade or so later, Tulipmania swept through the Netherlands, leaving a legacy of shock, dismay, and moral recriminations. Both events inspired the creation of satirical prints and broadsides similar in spirit to those in the later *Tafereel*, which were still embedded in Europeans’ collective memory in 1720. Echoes of Crispijn van de Passe II’s *De mallewagen alias het valet der bloemisten* (The Chariot of Fools or Farewell to the Flower Speculators) (1637), which depicts Flora carried by a wind-propelled wagon and trailed by an adoring crowd, can thus be found in several *Tafereel* prints, especially Muller 11 and 18 (Plates 14 and 21) (figs. i.1–i.3).<sup>5</sup> The *Tafereel* even includes an engraving created at the time of the Tulipmania: *Floraes gecks-kap of afbeeldinge van ’t wonderlijke*





**Fig. i.1.** Crispijn van de Passe II, *De mallewagen alias het valet der bloemisten* (The Chariot of Fools or Farewell to the Flower Speculators) (1637). Drawing on the imagery associated with the Ship of Fools and triumphal chariots, this allegory, created in the wake of the Tulipmania of 1636–37, shows the goddess Flora leaving the site of the mania on a chariot of fools, including Leckebardt (gluttony), Graegrijk (avarice), Liegwagen (loose talk), Dame Vergaeral (collector's mania), and Dame Udel Hoop (vain hope). The chariot is followed by a group of Haarlem weavers. Frederik Muller Collection, Rijksmuseum, Amsterdam. Courtesy of Koninklijke Bibliotheek, Den Haag.



**Fig. i.2.** Bernard Picart, *Monument consacré à la posterité en mémoire de la folie incroyable de la XX. année du XVIII. siècle. Ter eeuwiger gedagtenisse der dwaasheid van het XX. jaar der XVIII. eeuw* (Monument Consecrated to Posterity in Memory of the Incredible Folly of the Twentieth Year of the Eighteenth Century). Muller 18 (Plate 21). Courtesy of The Lewis Walpole Library, Yale University.