

Welcome to History UK - the History of England!

[Home](#)

[Accommodation:](#)

- [Stay UK](#)
- [England](#)
- [Scotland](#)
- [Wales](#)
- [Europe & Ireland](#)

[Our Selections:](#)

- [Castles](#)
- [Cottages](#)
- [Country House](#)

[Hotels](#)

- [Bed and Breakfast](#)
- [Boats](#)

[History UK](#)

- [England](#)
- [Scotland](#)
- [Wales](#)

[LivingHistory](#)

[Destinations UK](#)

[Culture UK](#)

[Marketplace UK](#)

[Links UK](#)

[About Us](#)

[Join Us](#)

[Contact Us](#)

[Site Map](#)

[Disclaimer](#)

[Privacy Statement](#)

The South Sea Bubble

All through history, one subject appears again and again. How to make a lot of money quickly!

The first recorded case in England was that of a State Lottery in 1569. The tickets were on sale at the west door of St. Paul's Cathedral in London. The name of the winner is not recorded.

In 1720 the whole of England became involved with what has since become known as The South Sea Bubble.

In 1720, in return for a loan of £7 million to finance the war against France, the House of Lords passed the South Sea Bill, which allowed the South Sea Company a monopoly in trade with South America.



The company underwrote the English National Debt, which stood at £30 million, on a promise of 5% interest from the Government.

Shares immediately rose to 10 times their value, speculation ran wild and all sorts of companies, some lunatic, some fraudulent or just optimistic were launched.

For example; one company floated was to buy the Irish Bogs, another to manufacture a gun to fire square cannon balls and the most ludicrous of all "For carrying-on an undertaking of great advantage but no-one to know what it is!!" Unbelievably £2000 was invested in this one!

The country went wild, stocks increased in all these and other 'dodgy' schemes, and huge fortunes were made.

Then the 'bubble' in London burst!

The stocks crashed and people all over the country lost all of their money. Porters and ladies maids who had bought their own carriages became destitute almost overnight. The Clergy, Bishops and the Gentry lost their life savings; the whole country suffered a catastrophic loss of money and property.

Suicides became a daily occurrence. The gullible mob whose innate greed had lain behind this mass hysteria for wealth, demanded vengeance. The Postmaster General took poison and his son, who was the Secretary of State, avoided disaster by fortuitously contracting smallpox and died!

The South Sea Company Directors were arrested and their estates forfeited.

There were 462 members of the House of Commons and 112 Peers in the South Sea Company who were involved in the crash.

Frantic bankers thronged the lobbies at Parliament and the Riot Act was read to restore order.

As a result of a Parliamentary inquiry, [John Aislabie](#) Chancellor of the Exchequer, and several members of Parliament were expelled in 1721.

[King George I](#) also became involved as his two mistresses, the Countess of Darlington and the Duchess of Kendal, were heavily involved in the South Sea Company and were blamed by the populace as being responsible.

When out in her carriage, one of the ladies was jeered by a mob. "Goot people, why do you abuse us? We come for all your goots". (She had a very strong German accent.) A voice from the crowd shouted back "Yes, dam ye, and for all our chattels too!"

Robert Walpole, who had been against the South Sea Company from the beginning, took charge and sorted out this terrible financial mess. He was made Chancellor of Exchequer and he divided the National Debt that had been the South Sea Company into three, between the Bank of England, the Treasury and the Sinking Fund.



The Sinking Fund was made up of a portion of the country's income that was put aside every year, and eventually stability returned to the country.

We read about the South Sea Bubble today and wonder how so many people got involved in such a dubious undertaking.

But it must be said, if something similar was to be launched today, who would not be tempted at the thought of a great deal of easy money!!R.I.P. the virtual dot com bubble.

© E.P.C.

More British History

[History of England](#) - [History of Scotland](#) - [History of Wales](#)