

Tulipmania: Tulip Speculation and Crash, 1637

Introduction: The dramatic growth of trade and industry in the Dutch Republic during the seventeenth century saw the expansion and use of much more trade-able paper financial instruments, but also the development of specialized commodity trading markets, which traded paper promises to buy and sell goods rather than the goods themselves. Luxury goods that became particularly associated with the Dutch were flowers bulbs, especially tulips and hyacinths during the seventeenth century. These bulbs, originally imported from Ottoman Turkey, became an important commodity in the United Provinces during the period. The bulbs not only became a required addition to the elaborate Dutch formal gardens of the period, but a subject for botanical experiments in the creation of new varieties. The result was the development of a lively commodity trade in bulbs in which wealthy consumers competed to own the latest varieties (some of the rarest specimens were actually the result of bulb diseases). This competitive demand in rare luxury goods led to an enormous increase in rare bulb prices and then a collapse, which has been called Tulipmania and widely recognized as one of the earliest documented market collapses of capitalism. Tulipmania, as has often been falsely supposed, did not produce a larger crisis in the economy, but it was seen at the time, and remains, a good example, of unbridled and unrealistic human greed, which inevitably brought serious financial pain to most of those who indulged in this speculation. The amusing commentary on Tulipmania reprinted below, *A Conversation between Waermond and Gaergoedt about the rise and Decline of Flora*, was published in Haarlem, the center of the bulb district at the time, in 1637. The document is an excerpt from a pamphlet, *Samenpspraeck usschen Waermond ende Gaergoedt nopende Opkomste ende Ondergangh van Flora*, in *Economische-Historische Jaarboek*, XII (1926) and translated by Herbert H. Rowen, ed., *The Low Countries in Early Modern Times: A Documentary History* (New York, 1972), pp. 165-170.

In the painting below, *Flora's Carnival Cart*, ca. 1640, by Hendrick Gerritz Pot, the flower goddess Flora, with tulips in her hand, is enthroned on a triumphant chariot, here represented as a carnival cart. She is accompanied by three men in fool's caps: 'Tospot' cannot resist drink. 'Wealthcliffe' clutches a bag of gold, and 'Lie-all' exercises his smooth tongue.

Mistress 'Take-it-in' weighs her money, and the Bird of Hope escapes Mistress 'Vain Hope.' The carnival cart will soon sink into the sea. It is followed by the Haarlem weavers who have invested heavily in the tulip speculation. In the background can be seen St. Bavo's Cathedral in Haarlem.



Flora's Mallewagen, Hendrick Gerritz Pot, circa 1640, Frans Hals Museum, Haarlem

A Conversation between Waermond and Gaergoedt about the rise and Decline of Flora

[Waermond means 'true-mouth' and Gaergoedt means 'ready goods']

WAERMONDT: God grant you a fine day, Gaergoedt, my special friend. How are things with you?

GAERGOEDT: Everything is fine for me and the Florists. Our lives are a joy and we are quite

satisfied. But come in, we'll talk a bit together by the fire.

WAERMONDT: Thank you, I'm on my way to someone else's.

GAERGOEDT: Oh no, you're not in that much of a hurry. I have something I must tell you, and I'll let you go when you want.

WAERMONDT: Well, if you want me to, I will.

GAERGOEDT: Sit down there, my friend. Come, Anneken, bring wood and turf, I must talk a little with my old friend. Where have you been all this time? Give me the bottle of brandy, or do you want Spanish wine, or a good French wine to drink, or a draught of good beer?

WAERMONDT: You're offering so many things that I don't know how to choose among them.

GAERGOEDT: We Florists have everything we need now, for a little flower pays for it all.

WAERMONDT: If you are paid as well as you hope, that's fine, but many a plowman has high hopes when he sows his grain and all he reaps is stubble.

GAERGOEDT: No, this is too sure a business for that. Come now, have a drink, here's one for you.

WAERMONDT: Thank you, I'll repay you in kind. But what expensive bottle is this?

GAERGOEDT: Everything comes from noble Flora. I was at the brandy distiller's just now; I offered him a little flower and took this full bottle for it. That is what I usually do; I get my meat, my bacon, my wine, for nothing, as much as I need for this whole year.

WAERMONDT: If you can earn a profit so easily, that is a good business. The storekeepers and workpeople are all complaining about high costs and little work. The merchants complain about the great damage they suffer from pirates at sea and from the great storms which ruin their cargoes or cause their total loss.

GAERGOEDT: I could talk about such things too, but now that I have gone into the flower business, I have only made profits, and let me tell you, I have made more than sixty thousand guilders in a space of four months-hut don't tell anyone.

WAERMONDT: Well, that's a big profit. Have you received it all?

GAERGOEDT: Oh no, but I have letters from the buyers in their own hand.

WAERMONDT: That's enough. You almost make me ready to invest a little too.

GAERGOEDT: If you've a mind to, I'll sell you a small shipment, and since you're a good man and my special old friend, the price will be fifty guilders less than for anybody else, and let me add that if you don't make a hundred imperial dollars on it within a month, I'll make up the difference myself.

WAERMONDT: What kind of sales talk are you giving me? If I owned this supply, how would I get rid of it? Would people come to me or would I have to go to them?

GAERGOEDT: I'll tell you. You have to go to a tavern. I'll name a few, for I know hardly any without a "club." Go in and ask if there are any florists. When you go to their room, some will quack like a duck because you're a newcomer, and some will say, "There's a new whore in the brothel," and such things. But you mustn't let it disturb you, they'll stop. They put your name on a slate and then the board goes around. That is, everyone in the club must send the board to anyone whose name is on the slate, and he asks for an offer. You must not put up your own goods for auction, even if you have a bit more than you're able to carry. But if you drop a word that you have something, someone will want them and drag them away from you; otherwise you'll receive the board. When the boards are given out, each seller and buyer picks a "man." The seller goes to his "man" first and if his wares are worth, say, a hundred, he demands two hundred; then the buyer comes to the "man" and when he hears the asking price, he becomes angry and offers as much less as you demanded more. The "men" establish the price; everyone receives a figure on his board. The men announce the price, and if you are satisfied with it, you leave your figure on the board and if the buyer and the seller both leave their figures, then a sale has been made. But on the other hand, if the figures are erased, the sale is off. And if a person leaves his figure on his board only the other party who has erased his is written down for a payment to the club. In some places it's two pennies, in others three, or five, or even six. And if a sale is made, then the seller gives a half penny for each guilder, but only three guilders if the sale is 120 guilders or more, not even if it is over a thousand guilders.

WAERMONDT: What do they do with this money?

GAERGOEDT: They have to drink, don't they? They pay for tobacco, beer, wine, fuel, light, and make contributions to the poor and to the girls too.

WAERMONDT: Enough is gotten for all that?

GAERGOEDT: Yes, often the sales of wine bring in even more than that. Several times I brought more money home than I took to the tavern, and I had eaten and drunk wine, beer, tobacco, all kinds of fine foods, fish, meat, even poultry and rabbits, and sweet pastries too, from morning until three or four o'clock in the night.

WAERMONDT: It's smart to be that kind of a guest.

GAERGOEDT: Well, I made a good profit too; I took in some six or seven "triplets," for I did twelve thousand guilders' worth of business and the "triplets" kept falling like drops of water off a thatched roof after it has rained.

WAERMONDT: I've never heard stories the likes of this. But will it go on?

GAERGOEDT: If it lasts a year or two or three, that's enough for me.

WAERMONDT: I'm afraid that the Florists will find that in the end, Flora, whose name they bear and was a whore in Rome, will deceive them. You must have read her story.

GAERGOEDT: No, I haven't! Please tell me about it.

WAERMONDT: In the time of the Romans this Flora was a harlot whose beauty and pleasant talk, proud looks and graceful manner won her many lovers including such important men as Roman senators, who came to visit her. Her great conquests and the gifts they brought made her proud and haughty.

GAERGOEDT: Well, what you tell me is to the advantage of the Florists, for Flora became rich and so will the Florists. . .

WAERMONDT: You don't understand what I mean. Flora made out well, but not the Florists who followed her, although they all lived on hope. And I fear that the same will happen with you and that you will lose in this business of yours the fine piece of property which your fathers earned by so many hours of long work and anxiety. Would it not have been better for you to have

stuck to your own trade? . . .

WAERMONDT: It's almost noon, I'd better go home and see what I've got to do there. I'll take your books with me.

GAERGOEDT: Come, sit a little while and be my guest. My wife should be back from market soon with some fish. What can be keeping her so long? She must be doing business again. When I am out, she often buys and sells more than four or five thousand guilders's worth. Sit, maybe she'll bring us some news.

WAERMONDT: I'm sorry, my friend, I cannot stay now. I must go home; I left some people there waiting for me. Good day, my friend.

GAERGOEDT: When shall I expect you again, so that I can go over the books?

WAERMONDT: At exactly two o'clock

GAERGOEDT: That's fine, I'll wait. Goodbye. I wonder where my wife has been for so long? She knows that I'm home. Doesn't she like me any more? I don't know what to think. Isn't that she coming there? Yes, it is. I'll wait for her inside. Well, my little Christina, how are things? Where have you been so long? You could have sent the fish home as soon as the fishwife cleaned it. I had hoped to have a guest dine with us.

CHRISTINA: Darling, I have no fish. I heard the quail sing such a wonderful song that I had no taste for fish. Come inside, I have something to tell you.

GAERGOEDT: I still think that your sister is not with child. She has run around so much with that fellow that either one of their friends has died or they are through. You know what I mean. I don't know what to think.

CHRISTINA: That's not what I'm talking about. I was visiting our niece Anneken, who told me that the Florists are in a panic. Some goods are going for less than half that what they brought the same evening.

GAERGOEDT: Oh, I hope not.

CHRISTINA: The time for hoping is past. Everything I've told you is true . . .

GAERGOEDT: Well, wife, don't be too worried, for it isn't as bad say. I've got a chance. Someone is coming this afternoon o I hope to make a good sale. I must get rid of some of my stock for too much is on hand. But he won't know that. Of course he is a good, special old acquaintance, but everyone must for himself, for in business it is better to see a brother in trouble, not to speak of an acquaintance, than oneself . . .

ANNEKEN: Madame, the clock has struck two.

CHRISTINA: I'll stay a quarter of an hour for your sake, my dear, but I really cannot stay after that, for my heart aches with what I've just told you. I must go out and find out what is happening.

GAERGOEDT: That's not worth the trouble to go out for. I'll hear enough when I go to the club in the evening, for everything happens in the city is talked over. Anneken, Anneken, someone is knocking. Let him in.

ANNEKEN: It is the man who was here this morning.

GAERGOEDT: Let him in.

WAERMONDT: Good day, my friend Gaergoedt, and you too, Chistijntje.

CHRISTINA: Come and sit here by my husband. I have to go out. Anneken, it's cold outside, bring some wood and open a small jug of wine.

WAERMONDT: There's no need to do that, I won't be long.

GAERGOEDT: Stay as long as you'd like. Come and sit down.

CHRISTINA: Goodbye, husband, goodbye, friend Waermond. Have a good chat.

WAERMONDT: Goodbye. I went over your books for the flower business quickly and went to my cousin to discuss what it would be best for me to do. He advised me to wait a few days and see how things come out. There is no buying now, so that I am afraid I cannot take anything on now.