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material bearing on all this exists in his *Autobiography* and *Letters from the Continent*, as well as in his voluminous published and privately printed works, which in the course of his long life extended to no less than one hundred and forty volumes. We find in a quantity of his letters, which have never been printed, addressed, from 1818 to 1832, to Mr. James S. Brooks, member of a firm of solicitors who acted for him, and with whom, in a characteristic manner, he often fell out, many striking examples of Sir Egerton Brydges' talent as a political economist. It is a curious fact that in his most desponding and brooding moments he would fly to political economy as a relaxation of thought and as a favourite study, just as many of our first-class English statesmen have relieved tension of mind and the excitement of political conflict by Homeric studies or the composition of Greek and Latin verses.

His published works touching on economics are: (1) *Tests of the National Wealth*, 1799, 8vo.—(2) *Letters on the Poor Laws*, 1814, 8vo.—(3) *Arguments for the Employment of the Poor*, 1817, 8vo.—(4) *Three Tracts on "Copyright,"* 1817-18, 8vo.—(5) *The Population and Riches of Nations considered*, Geneva, 1819, 8vo. A second edition of this was afterwards printed at the author's private Lee Press.—(6) *What are Riches?* Geneva, 1821, 8vo.—(7) *Letter on the Corn Question*, 1822, folio.—(8) *Letter on the Proposed Plan for reducing the National Debt*, Florence, 1820, 4to. Although Sir Egerton Brydges' works, above cited, contain flashes of insight into correct deductions, practical as well as theoretical, they are a good deal disfigured by his want of study of the statistics and practice of commerce, and his ignorance of business generally.

F. H.

BUBBLE ACT. Popular name for an act passed in the reign of George I. with the intention of preventing the creation of joint stock companies. The name is derived from the fact that one of its objects was to protect the privileges of the SOUTH SEA COMPANY. It had no practical effect, and was repealed in 1825.

E. S.

The phenomenon of bubbles (or joint-stock undertakings the shares of which were "blown up by the air of great words") first showed itself prominently in England at the end of the 17th century (see Anderson, *Hist. of Commerce*, esp. under dates 1695, 1697), when the Royal Exchange became so crowded with projectors and stock-jobbers that they were provided with an exchange of their own, first in Exchange Alley and later in Capel Court. An act was passed in 1696 "for restraining the practices of brokers and stockjobbers." It limited the number of licensed brokers to one hundred, and put difficulties in the way of their dealing with government stock and TALLIES (*q.v.*) The outburst of speculation a quarter of a century later was associated with the South Sea Company. It led to more ambitious legislation. The act specially known as the Bubble Act was passed in 1720, principally to define the privileges of the companies that were afterwards known as the London Assurance and the Royal Exchange Assurance Companies, but also to punish bubble companies for trading (*a*) under obsolete or forfeited charters, or (*b*) for purposes not allowed in their charters, or (*c*) with no charters at all. This act was not to apply to undertakings established before 1718. The South Sea Company had promoted it in the belief that the bubble companies were rivals, whereas they were really allies; money was gained in them to be invested in the greater company. As the act and subsequent royal proclamation proved ineffectual, the South Sea Company procured a writ of *scire facias* against "those airy projects called bubbles;" but the effect was to bring down the credit of small and great together (Anderson, *ib.* under date 1720, esp. p. 101 *seq.*), and to cause the ruin of multitudes of rich and poor subscribers. To relieve the sufferers acts were passed (1721) to attach the estates of the South Sea Company's directors, to relieve subscribers from part of their obligations, and (1722) to enable the company to improve its position by an arrangement with the Bank of England. The act (1722) to punish fraudulent transfers of stock may perhaps be counted the last of the series, though the affairs of the South Sea Company were a frequent subject of legislation for some years afterwards.

J. B.

BUBBLES (HISTORY OF). The term bubble has been commonly applied since the 17th century to any unsound commercial undertaking accompanied by a high degree of speculation. The first bubble of historical importance was connected with the growth of varieties of tulips in Holland. It reached its height in 1636 in Amsterdam, and in the most of the Dutch cities regular markets were established for speculation in the roots. In the end tulips were bought and sold like shares in a gold mine, for purely speculative purposes, without any idea of actually growing the flowers. Fabulous prices were paid for single bulbs, *e.g.* 2500 florins for a "viceroy," a "semper augustus" 5500 florins, etc. The mania spread to some extent to London and Paris, and tulips were dealt in by the stock-jobbers of both cities.

In 1719 and 1720 occurred the greatest speculative mania on record, arising from the Mississippi scheme of JOHN LAW (*q.v.*) The rage for speculation in Paris was incredible, and affected all classes of society. John Law's schemes were not in themselves, according to most modern writers, unreasonable, and in many respects he only anticipated the natural development of banking and credit, but his whole system was ruined by the extravagant speculation with which it at once became associated. The extent of the mania may be indicated by the fact that for a time John Law became the most powerful man in France.



In England, however, the word bubble is generally associated with the South Sea Bubble which burst in 1720, and was the English counterpart of the Mississippi scheme. The South Sea Company was originated by Harley, Earl of Oxford, in the year 1711. The original idea was to found a company which should take over the floating debt of nearly ten millions, arising from the expenses of the army and navy. The company was to receive interest from the government at the rate of six per cent, and for this purpose certain duties were allocated. In addition the monopoly of trade to the South Seas was granted, and the company became known by that name; as a matter of fact, owing partly to the opposition of Spain, the trade with the South Seas, or rather South America, produced very little revenue at any time. But the directors of the company thought that they might imitate the success of John Law by other operations in finance, and they competed with the Bank of England in offers to undertake the reduction of the national debt, which amounted to about £30,000,000. After a debate in the House of Commons the proposals of the South Sea Company were accepted in preference to those of the Bank of England! Sir Robert WALPOLE was almost the only prominent statesman who spoke against it, and warned the House of the dangers of stock-jobbing as carried on in France. During the time the bill was being passed through the House of Commons the most extravagant rumours were set afloat, especially by the chairman, Sir John Blunt, as to the trading possibilities of the company, with the view of forcing up the price of the shares. Before the bill reached the Lords the price of the stock had reached 400. It was opposed by several peers of good standing, but was hurried through with unexampled rapidity. By this time, 7th April 1720, the whole nation had begun to be infected with the stock-jobbing mania. Exchange Alley and Cornhill were almost impassable with the crowds. The South Sea stock, which curiously enough suffered a momentary fall on the passing of the bill in favour of the company, was soon subjected to all kinds of adroit manipulation. In consequence the directors were enabled in a few days to issue a million of stock at £300 for the nominal £100, and a little later another million was issued at £400, for which "in a few hours, a million and a half was subscribed."

In the meantime, numberless other joint-stock companies were started, which soon began to be called bubbles. The highest persons in the state, including the Prince of Wales, were interested in one or more of those companies. Some of them only lasted a few days, and the infatuation was at length carried to such a pitch that one project was advertised in the newspapers as follows: "For subscribing two millions to a certain promising or profitable design, which will hereafter be promulgated." It is hardly credible that the bold projector of this scheme, in a few hours, sold 1000 shares on which he received, by way of deposit, £2 per share, and was able to decamp with £2000.

The South Sea stock continued to rise for nearly two months, and at the end of May reached about 550. At this time it took a tremendous leap of 340 per cent, and was quoted on the 3d of June at 890. On this day, however, it fell as rapidly, but was again bolstered up by the directors getting their agents to buy. The speculation continued during the summer, the stock at one time reaching 1000; but by the beginning of September a serious fall had commenced, and the directors became alarmed. Negotiations were attempted with the Bank of England, but a panic had set in which nothing could check. Thus the bubble burst after a run of eight months. The greatest popular indignation was aroused against the directors, and found expression in parliament. An inquiry was instituted and pushed on rapidly. In the sequel upwards of two millions was taken, in the shape of fines, from the estates of the directors, and they were allowed to retain only a small residue.

[Full details of these bubbles are given in Macpherson's *Annals of Commerce*, under the years named. Popular accounts are given in Mackay's *Memoirs of Extraordinary Popular Delusions*, London, 1852, and Francis's *Chronicles and Characters of the Stock Exchange*, London, 1849. See also TAVERNEL.]

J. S. N.

J. S. Nicholson

BUCHANAN, DAVID (1779-1848). A journalist and economist, was a son of David Buchanan, a printer, and was born at Montrose in 1779. At an early period of his life he commenced his career as an economist by a contribution to COBBETT'S *Political Register*. He contributed articles to the *Edinburgh Review*, published a pamphlet on PITT'S volunteer system (1807), contributed to the seventh edition of the *Encyclopædia Britannica*, and edited the *Edinburgh Gazetteer*. As a journalist, his experience was varied, since he was editor successively of the *Weekly Register* (1808-1809), the *Caledonian Mercury* (1810-1827), the *Edinburgh Courant* (1827-1848). As an economist, in 1814 he edited an edition of Adam Smith's *Inquiry into the Causes of the Wealth of Nations* in four volumes, the last volume consisting of additional matter supplied by himself by way of illustration and correction (this edition of Adam SMITH was translated into French in 1843). In 1844 he published a work entitled *Inquiry into the Taxation and Commercial Policy of Great Britain, with Observations on the Principles of Currency and Exchangeable Value*. To a large extent this latter work is a mature reproduc-