

## HISTORY

## THE TULIP BUBBLE

52' (ENG, GER)



The events in the Netherlands in the spring of 1637 were the first examples of speculative frenzy taking over a marketplace. Of course many more were to follow in the history of the world's economics. But this one is special, a beautiful stand-alone, in a garden of falling graphs and rising statistics.

In 1637, many Dutch citizens sold all they had for a few bulbs or 'paper promises' of potential tulip bulbs that didn't even exist. It all started when tulips became the vogue in Holland in the early 17th century. Flower peddlers were soon faced with a problem: the demand for tulip bulbs was greater than the supply. For the first time ever, option certificates were issued for products that would be made in the future.

Of course, trade in these certificates followed soon after that. Prices hit the roof. The tulip business bloomed and boomed. And then – one seller failed to receive the asking price for his bulbs. The news spread like wildfire. The bubble burst. And many more bubbles have followed. Understanding how it all began may be the ultimate lesson for the green thumbs of finance!

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