

## Explain the Tulip Mania of the Dutch Golden Age

### Livvy, Year 8

The Tulip Mania is considered to have started in 1636<sup>1</sup> and was characterised by ever increasing desire for tulips, eventually encouraging speculative demand and rampant inflation before its implosion in 1637. The Dutch would sell new and rare tulip bulbs for incredibly high prices that were simply unreasonable at points. There are many tales of how much these tulips came to cost, with some as expensive as canal houses in Amsterdam<sup>2</sup>.

Tulips were first cultivated in Turkey and were introduced to Europe in 1554<sup>3</sup> by a man named Ogier de Busbeq. He was given them as a gift by the Sultan of Turkey, which he then brought back with him to Vienna. There, he helped his friend Carlos Clusius become director of the exotic bulbs in the Imperial Gardens. In the late sixteenth century Clusius started the hortus academy in the University of Leiden. This is where they planted the bulbs and realised that they could withstand the climate of The Low Countries, precipitating the Tulip Mania<sup>4</sup>.

These bulbs were a way to show status and wealth as they were new, exotic and already relatively expensive. In addition, tulips that had multicoloured leaves were especially sought after, because they were even rarer. It was only discovered in the late nineteenth century that this was actually due to a disease and it was named "Tulip Breaking Virus,"<sup>5</sup> which meant that there were two or more different colours in the flower.

Tulips, once planted in the Netherlands, only bloomed for one week in either April or May. Throughout the next few months they could be moved and sold and contracts for new bulbs in the next year would be dealt with up until about September<sup>6</sup>. As the popularity for the bulbs with the virus grew, professional growers would buy and sell them for ever higher prices, creating more profit and attracting a wider array of customers.

At the start of 1637 prices of bulbs would be twenty times higher than they were three months earlier. As an example, a high demand bulb named Semper Augustus was priced at 1,000 guilders in 1620, but by 1633 it was priced at 5,500 guilders and then finally at its peak in 1637 it was priced at 10,000 guilders. This is ten times the amount that it was in 1620.<sup>7</sup>

The Tulip Mania reached its height during the winter between 1636/37<sup>8</sup>, with future contracts permitting bulb prices to increase out of season. It was said that these bulbs could change hands up to ten times a day, which meant that people could gain and lose fortunes in mere hours.

Finally, the bubble collapsed, in February 1637<sup>9</sup>, as some investors attempted to monetise their bulbs' value. This encouraged prices to fall, exacerbated by fraudulent refusal to honour contract purchase agreements, which in turn led to further dramatic declines because the demand was no longer there. The crash of this industry forced the government to intervene but they only offered 10% of the face value of the bulbs<sup>10</sup>. This caused further panic by creating sellers without buyers, which led to financial ruin for many.

### Bibliography

<sup>1</sup> From the Aronson.com/ History.com

<sup>2</sup> From the Aronson.com website

<sup>3</sup> From Wikipedia

<sup>4</sup> From the Aronson.com website

<sup>5</sup> From the History.com website

<sup>6</sup> From the Aronson.com website

<sup>7</sup> From the History.com website

<sup>8</sup> From Wikipedia/ Aronson.com/ History.com

<sup>9</sup> From the History.com website (graph)

<sup>10</sup> From the Aronson.com website