



Chief Executive Book Review # 29

Tulipomania

The story of the world's most coveted flower and the extraordinary passions it aroused

By: Mike Dash © 1999 Three Rivers Press ISBN 0-609-80765-X

1. The tulip is not native to the Netherlands. It originated in central Asia, was glorified in Turkey and arrived in the Netherlands in the early 16th century
2. The first tulip arrived in Antwerp from Istanbul along with a large cargo of cloth. They were thought to be onions and were actually eaten by some adventurous souls
3. The most coveted variety of tulip was the Semper Augustus. There were twelve bulbs in existence and the reclusive owner refused to sell
4. Apothecaries promoted tulip bulbs as aphrodisiacs
5. As the supply of bulbs increased they became available to the working man in the Netherlands
6. In addition to the connoisseurs of flowers, a new group of buyers and sellers emerged calling themselves "florists". They were less wealthy than the connoisseurs and less knowledgeable
7. The florists traded in bulbs for one reason – to make a profit
8. The florists changed from trading bulbs they had in hand to buying bulbs that were still in the ground. Thus a futures market was developed. The only thing that changed hands was a promissory note. This allowed the bulbs to be traded year round, rather than in the spring when they were lifted from the ground.
9. Some poorer florists bought shares in a bulb

10. As the poorest citizens entered the market, the tulip mania climaxed in just two mad months (December 1636 and January 1637). Some tulips were changing hands as often as ten times a day with the price going up with each sale
11. On February 3, 1637 a tulip bulb that sold for 5,000 guilders was sold for 50 guilders. Some brought as little as one percent of their highest price
12. The government instituted a blanket ban on tulip legal cases and suggested that buyers pay 3.5% on their debts
13. In China, in 1982 spider lily bulbs were selling for \$20.00. By 1985 some bulbs were selling for \$50,000. After a series of articles in the newspapers describing the madness of speculation in bulbs, the market crashed and the bulbs were selling for 1% of their highest prices