

# BUBBLES AND PURPORTED BUBBLES

An economic bubble can occur when the price of an asset rises far higher than the item is actually worth. The assumption is that the next buyer will pay an even higher price for the asset. Bubbles can be triggered by inexplicable phenomena (fads or crazes), or kindled by the manipulative actions of individuals or corporations.



Florida Speculative Building Bubble 1926

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1637 Tulip Mania

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1840s Railway Mania

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1720 Mississippi Company

1720 The South Sea Company

1920s American Economic Bubble



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The Nifty Fifty American Stocks of the Late 1960s and Early 1970s



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## Tulip Mania

At the peak of the Dutch tulip mania in February 1637, tulip futures contracts sold for more than 10 times the annual income of a skilled craftsman.

## Railway Mania

During the British Railway Mania of the 1840s, the newly emerging middle class invested their savings in prospective railway companies; many of those lost everything when the bubble collapsed.

## American Economic Bubble of the 1920s

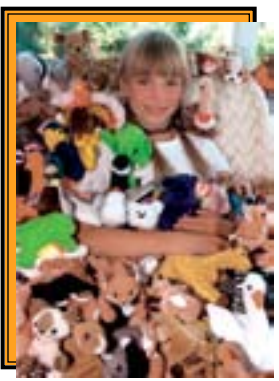
Americans overextended themselves to take advantage of the soaring stock market and expanding credit. When the Federal Reserve raised interest rates, the stock market crashed and the bank panics began.

## Florida Speculative Building Bubble

Florida's first real estate bubble was based on outside speculators, easy credit access for buyers, and rapidly appreciating property values for Florida swampland.

## The Nifty Fifty American Stocks

Rising prices of stock shares attracted the attention of investors. Additional investment provided buoyancy to the price, regardless of the true value of the asset.



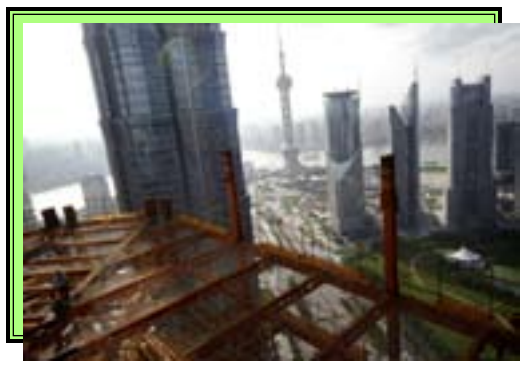
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**Spider Man**  
The comic book speculator market reached a saturation point in the early 1990s and finally collapsed between 1993 and 1997.

**Beanie Babies**  
Stuffed animal Beanie Baby toys were a craze in the early 1990s. Scarcity created increased demand and higher and higher prices..

**Dot-Com Bubble**  
The dot-com bubble of the late 1990s was based on speculative activity arising from the development of new technologies.

**Asian Financial Crisis**  
Large quantities of credit became available, creating a housing boom and pushing asset prices to an unsustainable level.