

- All kinds of tricks have been used to make money fast and easy but they have only hurt the gullible.

## EASY MONEY

Most people not only want to get rich — they have a passion for getting rich quickly. People want easy money, unearned money, a fortune picked up on the street. The lottery is the simplest type of gambling by which this appetite for unearned riches has in the past been satisfied. But other speculations are so fantastic, so mad, that they show up the underlying motive much more clearly.

In 1935, for instance, a mania for tulip bulbs seized the Dutch. Up to that time people had paid fancy prices for bulbs in order to enjoy the flowering. But suddenly a fury of buying for investment began, and by 1636 Royal Tulip Exchanges were established in 19 Dutch cities. The narratives of the time read like a primer of Wall Street. People who hadn't a tulip bulb in the world went to the Exchange and sold ten Semper Augustus bulbs short, promising delivery in three days of \$2000

each. Then they tried to buy at \$1900.

So furious was the mania that the "perit" was invented — an imaginary weight so tiny that it would take 8000 to make a pound. A tulip root might be subdivided, by weight, and the buyer could purchase five or ten perits, holding a legal claim to that much tulip. At the height of the speculation one bulb sold in Haarlem for 12 acres of building lots. When the bottom suddenly dropped out of the tulip market the country became so poor that it took a generation for business to recover.

John Law, the Scot who later created the Mississippi Bubble, learned from this tulip mania that people would speculate in anything. He gave the French people an opportunity to speculate in *everything*.

Law capitalized the world: The India company, Senegal, China, the Mississippi basin, the beaver trade in Canada.

He collected the taxes of France and coined its money and created its bank and, perhaps the greatest single stroke ever accomplished by a speculator, he at one time managed to make gold illegal in a country which was using the gold standard. He made France use paper money backed by his stock.

The Mississippi speculation was based on the idea that America was a large country the soil of which rested on solid gold. Law's financial operations were enormously complicated. But whenever things looked dark, he issued a decree promising 20 percent interest, allowing people to turn in worthless money for good money, or banknotes for stock. He became the most powerful individual in Europe. At night when Law closed his subscription books, cavalry cleared away the crowds. A duchess managed to have her coachman upset her carriage as Law drove by, and as Law stopped to help her, she begged for a few Mississippi shares.

The end came when powerful financiers saw the inevitable, and steadily sold.

At last Law set two days a week for the bank to redeem paper. The deflation was rapid and tragic. In one night 12 people were crushed or suffocated or trapped to death in the gardens outside the bank.

One day at the market a fishwife threw a ten-livre note in the mud, trampled and spat upon it. The Mississippi Bubble was done.

Later the South Seas appeared in a speculation. Before Japan was opened to commerce the price of silk was very high and the cultivation of silk worms a great industry. A certain Samuel Whitmarsh announced the discovery that the South Sea Island mulberry was by all odds the best food for these producers of silk and in the late 1830's, in America, farmers uprooted their crops to plant the mulberry and in Pennsylvania and young plants were bought and sold with such fury that \$300,000 changed hands in a few days' sale. But by 1839 no one wanted mulberries.

There have been many other smaller schemes which never created national manias. The Electrolitic Ma-

rine Salts Company sent a stream of sea water through a machine and took out gold and silver at the other end. Only one or two bricks of gold were necessary to keep up the illusion. Other companies offered, and actually paid, an income of \$150 every two weeks on a subscription of \$1000. But that could survive only as long as the sucker list — for they were naturally using the money sent them by new patrons.

These sudden gusts of excitement about mysterious sources of wealth do not compare with the steady popularity of lotteries. The lottery was in use even in Roman days. The Romans used it as a form of entertainment at their banquets. Nero gave such prizes as a house or a slave. In more modern times Benjamin Franklin promoted a lottery to buy a battery of guns and advertised another to build a church. Schools, street paving, bridges, lighthouses and the like, were the earliest beneficiaries of the lotteries and soldiers' pay in the Revolution often came from the same source. At the begin-

ning of the century, two of the buildings on the Yard, at Harvard, were provided by the same means.

It was not until after the Civil War that the lotteries became both illegal and universal. Only one state, Louisiana, seems to have countenanced them, but with headquarters in New Orleans the lottery spread throughout the country. Paying only \$40,000 a year for its exclusive charter, it made money enough to buy legislatures, restore levees when the Mississippi swept them away, establish newspapers, and engage Generals Early and Beauregard to conduct the drawing of prizes. At one time the entire mail received at the New Orleans Post Office was two-thirds legitimate and one-third lottery. The profits of the company were variously estimated at from five to thirteen million dollars a year. The monthly drawings, in a gold and red plush theater, were scenes of pomp and splendor, the dignified generals presiding over the draw.

This lottery finally came to an end when John Wanamaker, postmaster general of

the United States, issued an order closing the mails to the literature and the business letters of the company.

The blood of the present day however may still tingle or despair to the tune of winning a sudden cool million. Some of the greatest lotteries the world has known have been staged of late years in Great Britain and have drawn their income from every corner of the globe. The Calcutta Sweepstakes, operated by the Calcutta Club in India, handles more than \$10,000,000 a year, with prizes totaling around \$4,000,000. It is possible for the first prize, which earns close to \$2,000,000, to be won by an initial outlay of not more than five dollars.

Second only to the Calcutta Sweep is that of the London Stock Exchange Sweep which runs into approximately \$3,000,000 with the winner receiving about three-quarters of a million dollars.

Spain also finds the lottery a successful money-getter, the government on occasion using this means to obtain funds for charitable and educational purposes.

As for the satisfaction of our own spirit of chance here on this side of the Atlantic, those who wish to speculate must turn to such minor interests as gold mines without gold, oil fields without wells — and Wall Street. — *By Gilbert Seldes, Condensed from the Mentor-World Traveler (November, '30).*