



Philosophy
Circles

Tulips from Amsterdam

This not only raises philosophical questions about what is valuable, but it's also a wonderfully simple example of how markets work.



As this enquiry relies on a basic knowledge of how the prices rise and fall (supply, demand), begin with something to familiarise pupils with this principle. Find pictures of three particularly desirable things of the moment. For example, I once used the example of

- tickets to see a famous popstar, like Adele (being resold for thousands on ebay)
- a dress recently worn by a celebrity
- and a rare foodstuff

...and asked what links the three? Have pupils stand in small groups, each with pictures of the objects on paper to hold and move around.

I had responses such as they are valuable, they are expensive, they are sought after. But most important is the pupils understanding of why: they are rare / there is high demand / they have been put in the public eye.



Read the stimulus. The story invites questions about value and consumer crazes. Put the pupils in the position of the Dutch people in the story. Would they have done the same and paid inordinate sums for the tulips? Why/why not?

Let the discussion flow and see where it takes them.



You can use the opinions from pupils' responses to raise new questions. Particularly good are comments that create a ripple of reaction. Common questions from past enquiries include:

- What makes something valuable?
- Can value be different for different people?
- Is value the same as worth?
- Should prices be decided by supply and demand?

NEXT STEPS

Can you predict what is going to increase in value? Are there any objects/materials/foodstuffs that would never see a spike in price? Are there any things you do think will see a sharp rise in the future?

In sixteen hundred and thirty four, the people of Holland fell in love with tulips.

Tulips were new. They were beautiful. They came in lots of different colours. And best of all, they were very, very expensive, so not many people had them.

The price of tulips went up and up. The most expensive varieties had stripes on their flowers. These were considered the most beautiful, but they were also weak plants from which it was hard to grow new bulbs.

Soon, a single tulip bulb with the right flower could cost as much as an ordinary man earned in a year.

People thought the prices would keep going up and up. They bought tulips even if they didn't want them for themselves, because they expected to be able to sell them soon for double what they had paid.

Ordinary people got involved in the trade. A shoemaker who had invested his savings in buying a tulip bulb was amazed when it produced a black flower – something that had never been seen before. A group of tulip sellers bought it from him for 1,500 florins. As soon as the money had changed hands, one of the buyers crushed it under his heel, saying "Idiot! We have a black tulip too. We would have paid 10,000 florins if you had asked for it."

The price of tulips rose so much that one bulb was sold for a piece of building land the size of eight football pitches. Another was swapped for these goods (a "last" is a cart load, and hogsheads and tuns are barrels):

Two lasts of wheat, four lasts of rye, four fat oxen, eight fat swine, twelve fat sheep, two hogsheads of wine, four tuns of beer, two tuns of butter, one thousand pounds of cheese, a complete bed, a suit of clothes and a silver drinking cup.

Then one day, a particularly rare bulb was offered for sale at an enormous price.

Nobody bought it.

People took fright. What if nobody wanted to buy the tulips they had either? Best to sell quickly. But there were too many sellers and not enough buyers, so down went the prices. And because people thought the prices would go down, they sold their tulips for less than they had paid to cut their losses, and the prices went down further.

But still nobody would buy. The same bulbs that had sold for the price of a large house a few weeks before were now worth only a few sacks of potatoes. Some people lost their fortunes, and the people who had made fortunes kept quiet about it.

Eventually, things sorted themselves out. There were still rich people and poor people, although a few of them had swapped places. The Dutch continued to love tulips. Today, they produce about 3 billion of them each year. But even now, nearly four hundred years later, whenever the price of something goes up and up and then drops suddenly, as it has with shares and houses and yoyos and all sorts of other things, people remember the story of the tulip mania.

Postscript

Only it seems it didn't really happen quite like that. This story is based on a chapter in a book from 1841. That chapter was based on pamphlets written after the tulip mania. The pamphlet writers thought that it was a sin to make money by gambling on the future prices of things. Now, some historians think that they stretched the facts a long way to make their point. The historians believe tulip mania only involved a small number of people, and that most of the agreements to buy and sell tulips at enormous prices were just talk and never actually happened.

One thing we do know is that both the stripes and the slow growth of the most expensive tulips were caused by a virus carried by a tiny aphid.