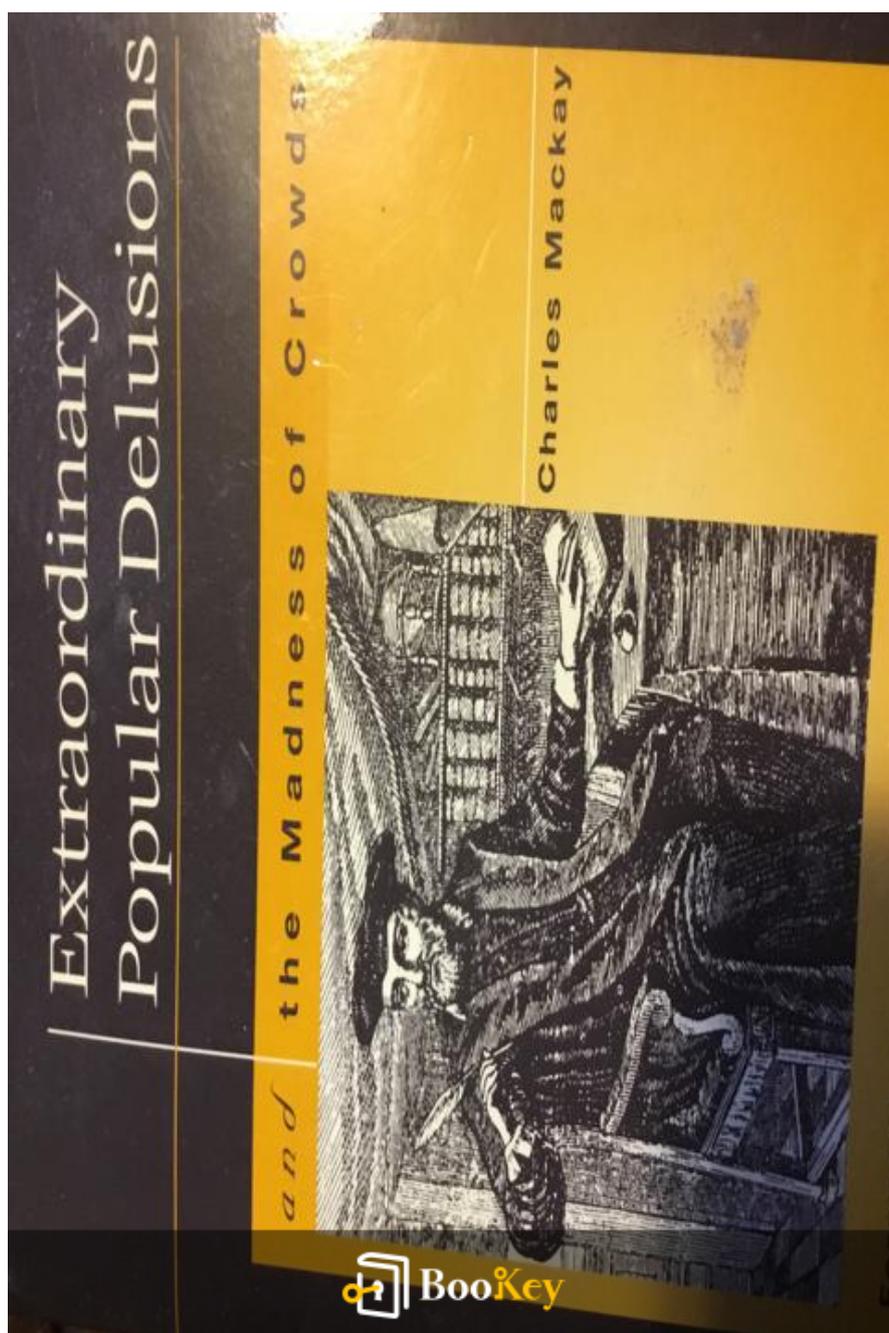


Extraordinary Popular Delusions And The Madness Of Crowds PDF (Limited Copy)

Charles Mackay



More Free Book



Scan to Download

Extraordinary Popular Delusions And The Madness Of Crowds Summary

Understanding Market Psychology Through Historical Financial
Manias and Crowds

Written by New York Central Park Page Turners Books Club

More Free Book



Scan to Download

About the book

In **Extraordinary Popular Delusions and the Madness of Crowds**, first published in 1841, author Charles Mackay explores the psychological underpinnings of financial manias, illustrating how collective emotions can lead to irrational market behaviors. This seminal work focuses on three notorious financial episodes: John Law's Mississippi Scheme, the South Sea Bubble, and Tulipomania, each revealing the interplay between greed, fear, and the allure of popular trends.

The first chapter introduces John Law, a Scottish economist whose ambitious Mississippi Scheme aimed to stabilize the French economy by investing in the wealth of the Mississippi River region. Law's charismatic persona and promises of wealth led to widespread speculation, drawing in both the wealthy and the common people. As excitement swelled, prices soared, but the bubble inevitably burst, resulting in devastating financial ruin for many.

Shifting to the South Sea Bubble, Mackay recounts the story of the South Sea Company, which misled investors by promising immense profits from trade in South America. The overwhelming enthusiasm for shares, fueled by speculative fervor and the allure of potential riches, led to prices becoming grossly inflated. When the truth of the company's financial health emerged, the bubble burst, resulting in a national financial crisis and widespread

More Free Book



Scan to Download

losses.

Finally, Mackay discusses Tulipomania, a 17th-century craze in the Netherlands where tulip bulbs became highly sought after, reaching prices that rivaled those of homes. The obsession with these flowers created an artificial market driven by speculation and societal trends. As with the previous manias, the inevitable collapse of tulip bulb prices left many investors bankrupt and ruined, serving as a cautionary tale about the dangers of excessive speculation.

Throughout these chapters, Mackay masterfully interweaves historical narrative and character study, emphasizing that intelligence and caution often give way to the intoxicating allure of popular fads. The vivid depiction of these financial escapades not only highlights the absurdity of human behavior in the face of greed but also serves as a foreboding reminder to modern investors of the persistent risks associated with market hype. Ultimately, Mackay's work encourages vigilance against the inevitable bubbles that arise with each wave of popular delusion.

More Free Book



Scan to Download

About the author

Charles Mackay, a prominent Scottish poet, journalist, and author, is most famously recognized for his groundbreaking work, **Extraordinary Popular Delusions and the Madness of Crowds**. This influential text explores the psychology behind collective behaviors, illustrating how individuals can be swayed by the masses into irrational decisions.

Mackay began his journalistic career in London in 1834 with articles for **The Sun**, quickly establishing himself in the bustling media landscape. He dedicated nearly ten years to the **Morning Chronicle**, where he honed his skills as an assistant sub-editor. In 1844, Mackay returned to Scotland, taking on the role of editor for the **Glasgow Argus**, signaling his deepening engagement with regional journalism. Positive responses prompted a later move to the **Illustrated London News**, where he became editor in 1852, further cementing his place in the literary and journalistic world.

Mackay's literary output is diverse, showcasing his talent across several genres. His early work, **Songs and Poems** (1834), captures the musicality of his verse, while **A History of London** and **The Thames and its Tributaries** (1840) highlight his ability to weave historical narratives with engaging storytelling. He also explored themes of love and adventure in his novel, **Longbeard**. Beyond fiction and poetry, Mackay made significant

More Free Book



Scan to Download

contributions to linguistics with works like the *Gaelic Etymology of the Languages of Western Europe* and a *Dictionary of Lowland Scotch*, aiming to illuminate the connections within language.

Mackay's legacy is further enriched by the achievements of his daughter, Marie Corelli, who gained fame as a novelist and mystic in her own right. Together, their works reflect a deep engagement with cultural and literary themes, leaving a lasting impact on literature and journalism. In sum, Mackay's multifaceted career and contributions present a portrait of a man deeply immersed in the dialogues of his time, influencing both his contemporaries and future generations.

More Free Book



Scan to Download



Try Bookey App to read 1000+ summary of world best books

Unlock **1000+** Titles, **80+** Topics
New titles added every week

- Brand
- Leadership & Collaboration
- Time Management
- Relationship & Communication
- Business Strategy
- Creativity
- Public
- Money & Investing
- Know Yourself
- Positive Psychology
- Entrepreneurship
- World History
- Parent-Child Communication
- Self-care
- Mind & Spirituality

Insights of world best books



Free Trial with Bookey

Summary Content List

Chapter 1: THE CRUSADES.

More Free Book



Scan to Download

Chapter 1 Summary: THE CRUSADES.

Summary of Chapter 1 of "Extraordinary Popular Delusions and the Madness of Crowds" by Charles Mackay

INTRODUCTION TO POPULAR DELUSIONS

In exploring historical narratives, it becomes evident that societies, like individuals, are susceptible to collective delusions and frenzies that often manifest as mass hysteria. These phenomena can range from fervent military pursuits and religious extremism to obsessive quests for wealth through myths such as alchemy and the philosopher's stone. This chapter lays the groundwork for understanding significant historical delusions, emphasizing that while people can be swept away by collective excitement, the process of returning to rational thought is much slower and varies among individuals.

THE MISSISSIPPI SCHEME

Central to this chapter is the tale of John Law, a Scottish financier whose ambitious Mississippi Scheme captivated France between 1719 and 1720. Law initially garnered success with innovative paper currency, leading to a surge in investments and public admiration. However, as anticipation for Mississippi stocks grew, his financial strategies faltered under the pressure

More Free Book



Scan to Download

of rampant speculation. The resulting collapse not only led to Law's ruin but also ignited widespread financial disaster, culminating in his exile and death in Venice, a cautionary tale of the perils of unchecked greed.

THE SOUTH-SEA BUBBLE

Further illustrating the theme of collective folly, the South-Sea Bubble serves as a poignant example from Britain in the early 18th century.

Conceived by the Earl of Oxford, this scheme aimed to alleviate national debt by enticing the populace to invest in the South-Sea Company. As excitement escalated, stock prices inflated dramatically, attracting investments from all societal strata. However, the bubble burst, resulting in widespread financial despair while all but a select few escaped without punishment, underscoring the unpredictable consequences of speculative investment.

THE TULIPOMANIA

In the context of speculative excess, the Tulipomania of 16th-century Holland stands out as a startling instance of financial irrationality. Initially admired for their beauty, tulips transformed into prized commodities, fetching staggering prices and prompting a speculative frenzy that disrupted the economy. The inevitable market collapse served as a sobering reminder of the dangers of speculation and the fleeting nature of value derived from

More Free Book



Scan to Download

mere trends.

THE ALCHEMISTS

The chapter also delves into the historical allure of alchemy, particularly the quest for the philosopher's stone, pursued by figures like Geber and Albertus Magnus during the Middle Ages and Renaissance. This endeavor typifies humanity's relentless pursuit of wealth and immortality, with many brilliant minds falling prey to the delusion that they could transmute base metals into gold. Their narratives reflect the folly that often accompanies these grand aspirations.

MODERN PROPHECIES AND FORTUNE-TELLING

Additionally, Mackay examines the widespread fascination with prophecies and fortune-telling, particularly through figures like Nostradamus, whose predictions captivated societies. The desire to foresee the future leads individuals to astrologers and seers, compounding the layers of superstition and delusion that permeate societal beliefs.

IMPOTENCE OF REASON UNDER DELUSION

Ultimately, Mackay emphasizes humanity's inclination toward collective delusions, illustrated through the Mississippi Scheme, South-Sea Bubble,

More Free Book



Scan to Download

and Tulipomania. These examples reveal the broader consequences of popular folly, particularly the dangers of ambition, credulity, and the susceptibility to mass hysteria, which can overshadow rational thought and lead to devastating outcomes.

More Free Book



Scan to Download