

The Bubble Act: Its Passage and Its Effects on Business Organization

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By surveying contemporary sources this article reveals direct evidence for the involvement of the South Sea Company in the passage of the Bubble Act. The dominant position of the Company and of its national debt conversion scheme in the affairs of England in 1720 support the conclusion that the act was in fact a piece of special-interest legislation for the Company. The short-term interest that motivated the enactment, together with the limited legal and economic effects of the act, minimized its significance as a turning point in the long-term development of the English joint-stock company.

The Journal of Economic History, Vol. 54, No. 3 (Sept. 1994). © The Economic History Association. All rights reserved. ISSN 0022-0507.

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I thank David Cannadine, Michael Edelstein, Eben Moglen, and Joel Mokyr for invaluable help and guidance. I thank two anonymous referees and Peter Lindert for their helpful suggestions and comments.