13+ Scholarship Examinations 2018

HISTORY

1 hour

50 marks

Answer all of Section 1 and one question from Section 2 on the paper provided.

Write your name clearly on every sheet of paper used.

Read all the Sources

Section 1 Answer both questions. Spend 25 minutes on this section.

1. How reliable is Source B as a model for understanding the Tulip Mania of the 1630s? (10 Marks)

2. Compare all the Sources. What are the differences and similarities between the Sources and why are they similar or different? (15 marks)

Section 2 Answer ONE of the following questions. You can use the Sources – although it is not compulsory to do so – as well as your own knowledge. (25 marks)

A. “I often think it odd that it should be so dull, for a great deal of it must be invention.” How true is this view of History?

B. “An Historian is just a journalist looking backwards.” Discuss. (25 marks)

C. “Historical accuracy is not important.” Discuss.

D. In your experience, does the teaching of History concentrate too much on wars?

E. “The achievements of women are neglected in History” Discuss.

F. “The past is a foreign country: they do things differently there.” Discuss.

Glossary

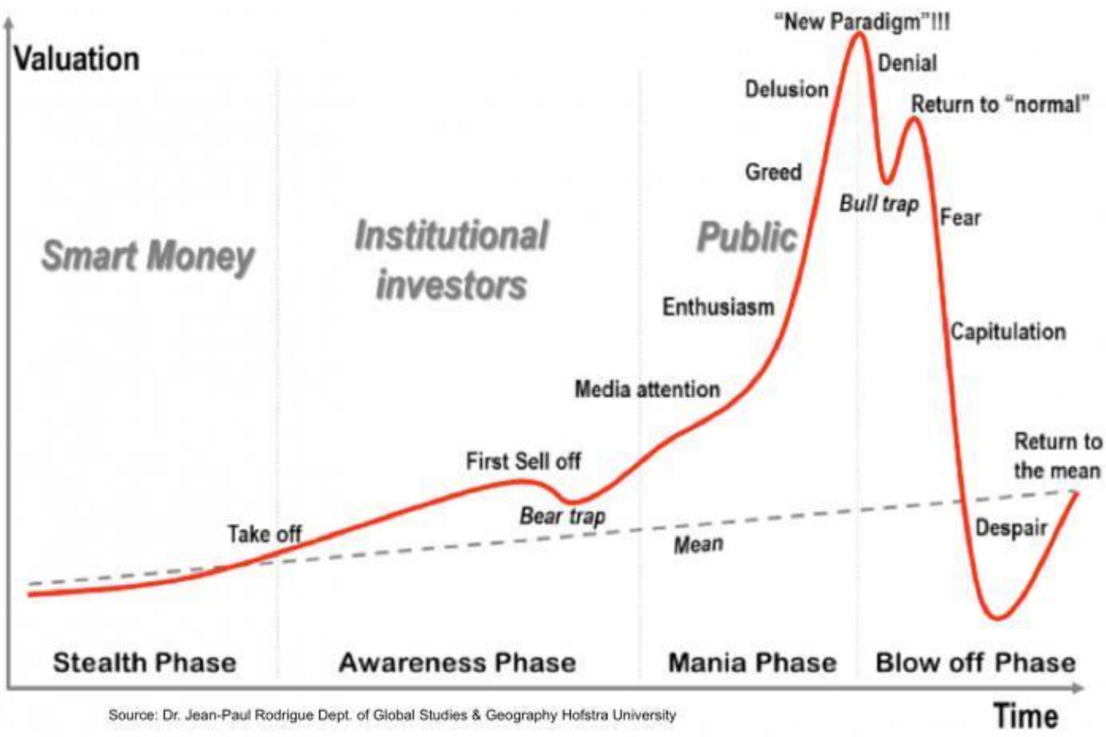
A paradigm is a model, a pattern or a reality.

Blockchain refers to financial software/the database of Bitcoin transactions.

Source A: John McAfee, December 2017

Twitter

Source B: Dr Rodrique's Bubble Model, 2008



Source C: **The Bitcoin bubble; Pinpointing where Bitcoin is among the four phases, May 2017**

The web is full of articles and personal opinions labelling Bitcoin's current high valuation as being in a bubble like the other bubbles from the past including the Tulip Mania/Bubble of the 1630s. Bitcoin does seem to resemble the shape of a standard bubble pattern. Dr Rodrigue, a professor at the Department of Global Studies and Geography at Hofstra University in New York, became well known for his bubble model in 2008. His model and chart are often used to predict bubbles in many investment types, including stock markets, housing markets, and now, cryptocurrencies. The chart explores the lifecycle of all types of investment bubbles, concluding that technology moving through it is all in one of four distinct stages; Stealth, Awareness, Mania, and Blow-off. Strong arguments could be made for bitcoin being in at least three of these phases today. In the first phase, Stealth, only investors "who understand the new fundamentals realize an emerging opportunity for substantial future appreciation get involved in the asset," Dr Rodrigue explained. "Prices gradually increase, but often completely unnoticed by the general population." Early adopters began investing in the digital currency in 2010. For the first four years of its existence, the vast majority of the world had not even heard of bitcoin, and to this day, less than one in ten thousand people has created even one bitcoin address. The second phase, Awareness, is described as the period of time when "Many investors start to notice the momentum, bringing additional money in and pushing prices higher," Dr Rodrigue explained. This is also the phase where institutional investors start to invest in the asset. "In the later stages of this phase the media starts to notice with positive reports about how this new boom benefits the economy by 'creating' wealth." The media has inarguably noticed Bitcoin lately, even more so than during the 2013 bubble and resulting crash in 2014. The digital currency has been reported on by mainstream media in several countries around the world. The Mania phase of the bubble model is described as the period when "Everyone is noticing that prices are going up and the public jumps in for this 'investment opportunity of a lifetime'," Dr Rodrigue described. "This phase is however not about logic, but a lot about psychology." This phase sees floods of money from new investors, the public, who may not have an understanding of the investment, pushing prices to all-time highs. Meanwhile, "the smart money as well as many institutional investors are quietly pulling out and selling their assets." In the final phase of the bubble model, Blow off, "everyone roughly at the same time realizes that the situation has changed," leading to many trying to unload their assets. Meanwhile, "everyone is expecting further price declines," according to Dr Rodrigue's model. "Prices plummet at a rate much faster than the one that inflated the bubble."

Source D: Tulip mania: "the classic story of a Dutch financial bubble is mostly wrong"
Anne Goldgar, 18 February 2018

Bitcoin has been compared to "tulip mania", the Dutch financial craze for tulip bulbs in the 1630s. Bitcoin, according some sceptics, is "tulip mania 2.0". Tulip mania was irrational, the story goes. Tulip mania was a frenzy. Everyone in the Netherlands was involved, from chimney-sweeps to aristocrats. The same tulip bulb, or rather tulip future, was traded sometimes 10 times a day. No one wanted the bulbs, only the profits – it was a phenomenon of pure greed. Tulips were sold for crazy prices – the price of houses – and fortunes were won and lost. It was the foolishness of newcomers to the market that set off the crash in February 1637. Desperate bankrupts threw themselves in canals. The government finally stepped in and ceased the trade, but not before the economy of Holland was ruined. Yes, it makes an exciting story. The trouble is, most of it is untrue. Tulip mania wasn't irrational. Tulips were a newish luxury product in a country rapidly expanding its wealth and trade networks. Many more people could afford luxuries – and tulips were seen as beautiful, exotic, and redolent of the good taste and learning displayed by well-educated members of the merchant class. Many of those who bought tulips also bought paintings or collected rarities like shells. Prices rose, because tulips were hard to cultivate in a way that brought out the popular striped or speckled petals, and they were still rare. But it wasn't irrational to pay a high price for something that was generally considered valuable, and for which the next person might pay even more. Tulip mania wasn't a frenzy, either. In fact, for much of the period trading was relatively calm, located in taverns and neighbourhoods rather than on the stock exchange. It also became increasingly organised, with companies set up in various towns to grow, buy, and sell, and committees of experts emerged to oversee the trade. Far from bulbs being traded hundreds of times, chains of buyers were no longer than five, and most were far shorter. And what of the much-discussed effect of the plague on tulip mania, supposedly making people with nothing to lose gamble their all? Again, this seems not to have existed. Despite an epidemic going on during 1636, the biggest price rises occurred in January 1637, when plague (mainly a summer disease) declined. Perhaps some people inheriting money had a bit more in their pockets to spend on bulbs. Prices could be high, but mostly they weren't. Although it's true that the most expensive tulips of all cost around 5,000 guilders (the price of a well-appointed house), only 37 people spent more than 300 guilders on bulbs, around the yearly wage of a master craftsman. Many tulips were far cheaper. With one or two exceptions, these top buyers came from the wealthy merchant class and were well able to afford the bulbs. Far from every chimneysweep or weaver being involved in the trade, the numbers were relatively small, mainly from the merchant and skilled artisan class – and many of the buyers and sellers were connected to each other by family, religion, or neighbourhood. Sellers mainly sold to people they knew. When the crash came, it was not because of naive and uninformed people entering the market, but probably through fears of oversupply and the unsustainability of the great price rise in the first five weeks of 1637. None of the bulbs were actually available – they were all planted in the ground – and no money would be exchanged until the bulbs could be handed over in May or June. So, those who lost money in the February crash did so only on paper. Anyone who had both bought and sold a tulip on paper since the summer of 1636 had lost nothing. Only those waiting for payment were in trouble, and they were people able to bear the loss. No one drowned themselves in canals. No one went bankrupt as a direct result of tulip mania. The Dutch economy was left completely unaffected. The government did not shut down the trade, and indeed reacted slowly and hesitantly to demands from some traders and city councils to resolve disputes. The provincial court of Holland suggested that people talk it out among themselves and try to stay out of the courts: no government regulation here.

Note on the sources:

Source A is Screenshot of Twitter 7 December 2017. The author is a well-known computer programmer and businessman.

Source B: Dr. Jean-Paul Rodrigue, Department of Global Studies and Geography at Hofstra University in New York.

Source C: Adapted from:

https://bravenewcoin.com/news/the-bitcoin-bubble-pinpointing-where-bitcoin-is-among-the-four-phases/

Accessed 26/02/2018.

Source D: Adapted from:

https://theconversation.com/tulip-mania-the-classic-story-of-a-dutch-financial-bubble-is-mostly-wrong-91413

Accessed 26/02/2018. Anne Goldgar is Professor of Early Modern History at King's College, London and the author of a well-respected book on the Tulip Mania.