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A Hispanic Interpretation of the British Crisis: Flórez Estrada and the Debate on the Banking Panic of 1825

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This article reinterprets the 1825 financial crisis by recovering the overlooked contribution of Álvaro Flórez Estrada, a Spanish economist whose 1826 pamphlet proposed a bullion-scarcity thesis as the root cause of financial collapse. Rather than attributing the crisis to speculative mania or domestic mismanagement, Flórez Estrada linked monetary contraction to the disruption of silver and gold inflows from Latin America following independence wars. Drawing on archival pamphlets, economic correspondence, and periodicals, this article traces the transnational circulation of Flórez Estrada's ideas—through parliamentary debate in Britain, journalistic controversies in France, metaphorical reframing in Italy, and reprinting in postcolonial Latin America. By centering a Hispanic interpretation of crisis causality, this article challenges Anglo-centric narratives and reframes early financial thought as inherently global, multilingual, and geopolitically embedded.

1. Introduction

The crisis of 1825 has been described as the first crisis of global capitalism, the first Latin American sovereign debt crisis, and the first crisis of the industrial economy. The proportions of this crisis were considerable. It contracted British output by 5% in real terms (Thomas and Dimsdale 2017), led to the bankruptcy of 10% of banks in England (Olmstead-Rumsey 2019), wiped out the Bank of England's gold reserves (Bagehot 1979 [1873]), only one in six joint-stock companies created in 1824 survived (Hunt 1935), and spread to France, Latin America, and the United States (Turner 2014).

At the same time, it marked a turning point for economic science as an autonomous discipline. In those years, political economy was at a time of great effervescence, establishing chairs in both traditional and new institutions, launching specialized journal sections, and forming associations that would increase its social visibility. The publication of major treatises popularized numerous authors. In Britain, John Ramsay McCulloch stood out in 1825 with *The Principles of Political Economy*, with a sketch of the rise and progress of the science. In France, Jean-Baptiste Say had gained prominence through successive editions of his *Traité d'économie politique* and the widely read *Catéchisme d'économie politique*.[1] In contrast, Spain saw the restoration of absolutism under Ferdinand VII in 1823, which shut down chairs of political economy, eliminated the subject of economics from university curricula, and forced much of the Spanish intellectual elite into exile in the United Kingdom. Among them was Álvaro Flórez Estrada, who had become a renowned author after the publication of his *Examen imparcial de las disensiones de la América con la España* (1811). Flórez Estrada, as a witness of the crisis of 1825, then went on to publish *Reflections experienced on the present mercantile distress in Great Britain and more or less affecting other nations on the Continent of Europe* (hereinafter *Reflections*) in London in 1826.[2]

Flórez Estrada's *Reflections* has been scarcely explored by the literature that has dealt with the author's economic thought (Artola 1958; Almenar 2010) and is entirely absent from the secondary literature on the 1825 banking panic. While Neal's (1998) foundational account of the 1825 crisis foregrounded speculative excess and weak institutional intermediation in British markets, more recent scholarship (Read 2023; Flandreau and Zumer 2004) reframes the panic as an early episode of globalized capital

[1] For an overview of the institutionalization of Political Economy in England and France in the 1820s, see respectively Huzel (2017) and Béraud and Numa, G. (2023).

[2] Flórez Estrada was not the only Spaniard living in England to publish his views on the panic of 1825. Pablo Pebrer, a London-based banker, published *Five Questions on the Actual Mercantile Distress* (1826), and José Joaquín de Mora, also exiled like Flórez Estrada, explained his thesis in reviews of several texts in *Museo universal de ciencias y artes*, vol. 2, 1826.

reversal and monetary dislocation. Building on these insights, this article challenges Anglocentric interpretations of the 1825 financial crisis by foregrounding a Hispanic voice whose bullion-scarcity thesis offers a transnational and materially grounded explanation for the collapse. Unlike British accounts which in most cases emphasized speculative excess, Flórez Estrada advanced a diagnosis rooted in the disruption of metallic inflows from Latin America. This study analyzes his arguments in dialogue with British political economy, while tracing their reception and reinterpretation in continental Europe and post-independence Latin America.

This article is structured in four sections. Following the introduction, Flórez Estrada's bullion-scarcity thesis, articulated in his 1826 pamphlet, is outlined in section 2, situating it within contemporary monetary debates and recent historiography. The third part then explores its initial reception in Britain, particularly its limited uptake in the context of Ricardian orthodoxy and financial journalism. Section 3 also traces its rearticulation on the European continent and its republication in Latin America—specifically Mexico and Guatemala—where the pamphlet was reinterpreted to address local concerns about monetary collapse, institutional fragility, and postcolonial sovereignty. Concluding, in section 4, with some final reflections on this hemispheric network of actors who approached the economic crisis not only as an analytical problem but as a social phenomenon.

This article reveals how geopolitical upheavals and extractive dislocations shaped global perceptions of monetary fragility, arguing for a broader, multilingual, and hemispheric framework for understanding the social phenomenon of financial crises. The *Reflections* offered a response to the crisis by combining widely recognized elements that everyone had in mind: a monetary problem, the birth of the new Latin American republics, the mining business and the fall in bullion reserves in England. The mixture of these ingredients was appreciated as a totally novel solution and the result was widely recognized: the English edition was soon joined by French, Italian, and Spanish-language reprints in London, Guatemala, and Mexico. This is not to say that many shared Flórez Estrada's thesis on the origin of the crisis: indeed, few did. But the argument had so many explanatory elements for the change that Europe was undergoing that the *Reflections* became a reference for multiple discussions. The fall in metal production became a central argument for the rejection of the return to the gold standard by anti-bullionists in England, for criticizing the virtues preached by liberals to the independence of the colonies in France, or for Latin American leaders fearing for the survival of the new republics.

2. Florez Estrada's pamphlet on geopolitical upheavals and monetary fragility

During his second exile in London (1824–1830), Flórez Estrada shifted his focus from politics to economics—although, as Almenar (2010) notes, the two remained inseparable in his thought. A parliamentarian during the *trienio liberal* (1820–1823), Flórez Estrada was even considered for the post of prime minister in its final days. Condemned to death by Ferdinand VII and stripped of his property, he faced extreme hardship in exile, receiving no support from the British government or the Aid Committee for Spanish exiles (Llorens 1968).[3] He described his condition in a 1825 letter to Guatemalan statesman José Cecilio del Valle:

> Expatriated in the year 14 to 20; expatriated again in the year 23, condemned to capital punishment, all my goods confiscated, and without the sad consolation of being allowed to write to my family, such is the hatred that the Spanish Government has for me, I had thought of looking for a homeland, and to work as long as I live in favor of freedom, for which I have suffered so much. Where can I find it but in America, whose land, language and customs are so analogous to those of Spain?
>
> (Valle 1963, 94)

Flórez Estrada had initially applied for a passport to Mexico, but contact in London with Próspero Herrera, Valle's cousin, opened another path that would prove central to the development of *Reflections*. In May 1826, Valle offered him a chair of political economy, pending the approval of an educational reform (Valle 1963, 95–96). Whether for this reason or others noted in the literature, Flórez Estrada began from this point to devote himself fully to political economy.

Indeed, Flórez Estrada had achieved recognition for his *Examen imparcial de las disensiones de la América con la España, de los medios de su reciproco interés y de la utilidad de los altados de la España* (1811), a work widely disseminated on both sides of the Atlantic (Pérez-Prendes 2004).[4] Flórez Estrada's idea was to take advantage of the constituent period of 1812 to build a new agreement between Spain and America based on mutual economic interest. The introduction to the second edition of the *Examen imparcial* (1812) clarifies that it is a work, in its "main part", of political economy.[5]

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[3] Thanks to the dedication of the first Spanish edition of the *Curso de Economía Política* to Thomas Dyer, for his generosity toward the Spanish emigrants in London, we can identify some of those who supported Flórez Estrada during these years.

[4] The *Examen imparcial* was published in London in Spanish in 1811 and in English in 1812. A second edition, with substantial changes, was published in Spain in 1812.

[5] The *Examen imparcial* was not his only incursion into political economy before his second exile. Flórez Estrada had also written on agrarian reform when he was a member of the *Diputación General de Asturias* and had participated in the treasury commission and tariff debates during the liberal triennium. These interventions occurred when his focus remained primarily on political-constitutional matters.

Focused therefore on the economic dimension, Flórez Estrada put into operation a whole series of arguments that played in favor of the unity of the empire on the basis of the mutual benefit that would be extracted from its continuity. The "restrictive system" had generated injustices and discontent on both sides of the Atlantic.

> … our restrictive system, by which, in order to keep the Americas under our dominion, we monopolized the agriculture, commerce, and industry of such rich possessions, whose discovery and conquest, instead of enriching, only served to impoverish and deteriorate the Peninsula. (Flórez Estrada 1812, 70)

In Spain, the high profits of privileged trade with America had reduced investment in the other economic sectors and promoted great inequality because, except for colonial trade, the sectors were not competitive likely due to the inflation generated by the entry of metals from America. Everything worsens with the issue of public debt in Spain by means of paper money, known as *vales reales*, causing more inflation and the reduction in productive investment in favor of unproductive public spending. His proposed solution was the liberalization of trade and production (Flórez Estrada 1812, 121). Flórez Estrada's economic model advocated free trade, supplemented by agrarian development along the lines promoted by Spain's most influential liberal economists. Agriculture and population were the bases for the expansion of production, extensively and with constant returns, as external demand for agricultural products was seen as the main driver of growth, and a large active population as the stimulus for production. Trade and industry are accessory activities, while money adapts to the needs of trade through the specie-flow mechanism (Almenar 1976; 2000). This agrarian model of population development, later abandoned in his *Curso de Economía política* (1828), would be the theoretical foundation used by Flórez Estrada in his *Reflections*.[6]

Arriving in London in 1824 from Gibraltar, Flórez Estrada continued his political activism with the aim of arousing a popular response in Spain against absolutism (Llorens 1968).[7] Disillusioned with these efforts, Flórez Estrada decided to focus on a different discipline—and a different continent.

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[6] In his *Curso de Economía política*, Flórez Estrada adopted McCulloch's analytical framework in his model of economic development, emphasizing the division of labor, capital accumulation, and the Ricardian production-distribution scheme (Almenar 2010).

[7] The factional divisions of Spanish liberalism persisted in exile. Flórez Estrada aligned with the "exaltados," or radical liberals, who, halfway between liberalism and Jacobinism, tried to reestablish the program of the Cortes of Cadiz in its entirety and even radicalize it. From exile, the exalted ones collaborated in their magazine, *El Español Constitucional* (1824–25), and organized insurrectionary attempts.

> As I am anxious to leave this country, having that the change of system in Spain be longer than my sad situation allows, I trust that you will not forget that what you have indicated to me be done so that as soon as possible I can undertake my trip to that country. (Valle 1963, 97)

As Varela Suanzes-Carpegna (2004) argues, Flórez Estrada came to recognize the failure of liberal constitutionalism in 1814 and again in 1823. Flórez Estrada no longer thought that Spain's problems could not be solved with a good constitution and focused on political economy as a means to achieve the social support of the peasantry, the bulk of the Spanish population.

2.1. What do we know about the publication of the Reflections?

In the summer of 1826, Flórez Estrada published his *Reflections*.[8] The work was an immediate success, reportedly selling 3,000 copies in its first three days, according to its French translator. Later that year, it was translated into French by Jean-François Caze (Bragt et al. 1995, 373), based on a Spanish manuscript slightly different from the one used for the English edition. An Italian translation also appeared in the *Annali universali di statistica* in December 1826. There is no evidence that any of these texts were published in Spanish in their original form. In October 1826, Flórez Estrada appended a second part—titled *Respuesta a los argumentos*—to the French-translated manuscript and sent it to his friend José Cecilio del Valle. Valle published it in Guatemala in 1827, with a brief introduction, under the title *Reflexiones acerca de los males, que en el dia afligen a la Inglaterra: males mas o menos extensivos a las otras naciones del Continente Europeo* (Imprenta de la Unión 1827).[9] In London, Flórez Estrada published a final, revised Spanish edition in 1827 at Calero's printing house—later reprinted in 1828—and in the January issue of *Ocios de Españoles Emigrados*.[10] In brief, Flórez Estrada drafted a manuscript, translated into English, which would later be revised and translated into French. In response to critiques from "several journalists and other enlightened persons," he added a second part in which he addresses several counterarguments

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[8] Some works on Flórez Estrada refer to a pamphlet allegedly published in London in 1824 under the title *Efectos producidos en Europa por la baja en la producto de las minas de plata*, translated into English that same year (Artola 1958; Llorens 1968). The earliest reference appears in Flórez Estrada's entry in vol. 1 of the *Dictionnaire de l'économie politique* (1852, 784) by Charles Coquelin and Gilbert Guillaumin. However, no copies of this text have been found, and recent scholarship no longer includes it among his publications (Almenar 2010; Varela Suanzes-Carpegna 2004).

[9] On June 9, 1827, Valle wrote to Flórez Estrada that he had printed an edition of the *Reflections*. On March 23, 1827, Flórez Estrada had sent him six copies of the second edition to use instead of the manuscript. However, by the time they arrived, Valle had already completed the printing, authorized a reprint in Mexico, and even sent two copies back to Flórez Estrada (Valle 1963, 96).

[10] A collection of writings by Spanish liberal exiles in London, published in the late 1820s.

to his thesis.[11] Finally, Flórez Estrada produced a last revision—published only in Spanish—in which he substantially modified both parts of the manuscript in response to new criticisms of his thesis.

This writing has been scarcely analyzed in the literature, considering the numerous studies dedicated to Flórez Estrada's work. Artola (1958, 30–31) makes a brief reference to the thesis sustained in the text, while Almenar (2000, 93–96) studies its contents, Say's review of the work, and Flórez Estrada's responses, in more detail. In both cases, the second, corrected edition serves as the object of study—though this version differs significantly from the first edition, which was the one read by English, French, and Italian audiences.

The *Reflections* is structured in three parts. The first part outlines the paradoxical situation of Great Britain: despite political and commercial freedom, peace, robust trade networks, and low taxes, the economy had sharply deteriorated, with a credit crunch, bankruptcies, rising unemployment, deflation, falling wages, and shrinking tax revenues. He then lists and refutes six proposed causes of the recession—expanded to eight in the second edition—though he does not name specific authors. He ends the pamphlet with the development of his own thesis.

It is important to point out that Flórez Estrada, from the very first lines, emphasizes that it is not a question of decadence (the object of his *Examen imparcial*). To differentiate the economic problem, he uses the term *distress*, which is rendered in Spanish as *crisis* or *extraordinary evil*.[12] Flórez Estrada is very careful to distinguish the economic decadence that corresponds to a long historical process with the recurrent causality of the crisis, characterized by its general effects and its extraordinary causes.

> From what has already been said, it follows that, as the effects were both general and unusual, the real cause can be no other than an extraordinary one, and very different to those above pointed out, or any others which can be remembered in the annals of European commerce. (Flórez Estrada 1826a, 11)

McCulloch (1826) similarly began his analysis by distinguishing crises of political origin from those rooted in economic factors. In his view, crises due to political

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[11] Flórez Estrada presented his book at the *London Mechanic's Institution* in 1826. See *The London Mechanics' Register* (vol. 4, 313).

[12] Besomi (2010) analyzes the widespread substitution of "distress" for "crisis" in English from the 1840s onwards. However, the French chronology differs: Say titles his article *De la crises commercial de l'Angleterre*, and similar use of "crisis commercial" were common in Spanish. For example, "Crisis comercial que sufre la Inglaterra y cuya reacción se experimenta en Francia," in *Ocios de Españoles Emigrados* (1826, vol. 7, 34–139) or "De la última crisis comercial," in *Mercurio de España* (1827)—a translation of McCulloch's "Commercial revulsions" (1826).

contingencies are due to errors in political decision-making or to "some defect in the system under which the industry of any given country is conducted". The latter come from "ordinary" economic activity and are triggered by decision-making errors or, in the case of the 1825 panic, by sudden shifts in supply that induce price volatility.

> … to confine ourselves [economists] exclusively to those which take place in the ordinary course of affairs, and which recent experience has shown may be as sudden and violent as any that could be occasioned by the breaking out of a war, or the occurrence of a great revolution (McCulloch 1826, 70)

McCulloch attributed the 1825 crisis to monetary causes. A sudden increase in the money supply, he argued, could erode confidence in paper currency. An excessive issue of redeemable banknotes would generate effects comparable to an overabundance of precious metals. Excess banknotes leads to a depreciation in the value of all money (currency and banknotes) relative to that of other countries. The nominal exchange rate depreciates, causing the export of specie and a reduction in the reserves of the Bank of England, which forces it to limit bill issuance. The consequent credit contraction implied losses in inventories, burdens on debtors, and a negative impact that kept activity stagnant until confidence was restored (O'Brien 2003, 155–159). Precisely, the speculative origin of the 1825 crisis that McCulloch shared with Thomas Tooke (1826) and John Stuart Mill (1826), among others, was the first cause discarded by Flórez Estrada.[13]

2.2. Flórez Estrada's review of the origin of the crisis

According to Flórez Estrada, attributing the crisis to merchants' "rash enterprises" implies that those typically regarded as prudent and calculating decision-makers were, in fact, fundamentally mistaken. Nor does he locate its origin in the banking system. He argues that the "insolvency of the provincial banks" was a consequence—not a cause—of the crisis, and that the loans extended to the new Latin American republics and mining companies were too insignificant, within the broader scope of British credit, to have triggered a loss of specie. The origin of the crisis can also be dissociated, in Flórez Estrada's opinion (1826a, 8–10), from other non-monetary economic variables, such as technology or competitiveness. In particular, he identifies

[13] Although McCulloch, Tooke and Mill shared the view that speculation caused the crisis, they differed on its connection to behaviors, money, and credit. For Mill, the crisis was not monetary, as credit—not money—fed speculation, minimizing the role of banks. Tooke, by contrast, blamed the Bank of England for failing to reduce the issuance of paper to raise interest rates when the outflow of bullion became apparent (Béraud 2013).

"perfections in machinery and the saving of manual labour" as the very source of British prosperity, and dismisses the argument that foreign competition diminished England's export capacity as contradictory—economic decline, he notes, was also occurring elsewhere in Europe. Finally, the first edition of the *Reflections* rejects "an excess in population" as a cause, noting that the crisis initially affected merchants and manufacturers rather than the poorer classes.

The final edition, published in 1827, expands the list of possible explanations for the crisis. These additions reflect the influence of the October 1826 issue of the *Revue Encyclopédique*, in which Jean-Baptiste Say discusses the crisis in a review of the French edition of *Reflections* and comments on the upcoming second edition of Sismondi's *Nouveaux principes d'économie politique*. Flórez Estrada addresses the thesis of "excessive production" (without referencing Sismondi), which he considers flawed on the grounds that "for there to be true production there must be true consumption" (Flórez Estrada 1827, 10). In line with Say's examples in *De la crise commerciale de l'Angleterre* (1826), Flórez Estrada argues there is no evidence of overproduction tied to increased English manufacturing. And if the problem lay in underconsumption, he claims, "the cause is not discovered as long as the reason for this decrease in consumption is not ascertained" (Flórez Estrada 1827, 10). He also rejects both the thesis of an overissue of banknotes, defended by Say, and of their "untimely" withdrawal from circulation. Say argued that the British crisis of 1825 could be explained by "David Ricardo's principles about money" (Say 1826a, 43). Through bills of exchange discounted by country banks, merchants were able to finance speculative operations without possessing the necessary funds. This abundance of means of payment—currency and banknotes—led to a decline in the value of money relative to bullion. As a result, holders of bank bills rushed to banks to convert them into metallic currency. The country banks, without reserves, could no longer discount commercial paper by issuing new banknotes. This drastic contraction in the means of payment led to the crisis (Béraud and Numa 2018).[14] Flórez Estrada rejects this thesis, arguing that an excess of paper money should have caused its depreciation—something that never occurred. Nor does he accept that the cause lay in the Bank of England's 1819 withdrawal of four million pounds in banknotes. For him, the real issue was that a lack of specie rendered paper money non-convertible, stripping it of its function as a "useful means of circulation". The last thesis rejected by Flórez Estrada is the idea that the crisis had "very transitory causes, which will

[14] The "commercial crisis" in England led Say to revise his views on state intervention in domestic markets (Menudo 2019). From 1828 onward, Say refers to commercial crises in his writings, especially in *Cours complet d'économie politique pratique* (1828), where they are analyzed in the chapter "Abus des banques de circulation".

soon disappear without any remedy being applied" (Flórez Estrada 1827, 13).[15] He counters that the situation in England shows that it is not a transitory situation and that the crisis's effects were spreading across other industrial nations. Although the analysis of these theses is at times superficial and statistical evidence is limited, the review offers a remarkably comprehensive account and testifies to Flórez Estrada's attentive engagement with the economic literature of his time (Almenar 2010).

2.3 A Bullion-Scarcity Thesis

Flórez Estrada considers the independence of the Spanish colonies to be an event of great impact, "one of the most important events that has happened in the annals of history" (Flórez Estrada 1826a, 36). In fact, the text ends by affirming that, although its explanation is erroneous, the true cause cannot be known until the impact of independence has been analyzed. The origin of this crisis of 1825 is "the late alarming diminution in the amount of specie imported annually into Europe" after the independence of the Latin American republics. In order to develop his argument, he presents some statistical estimation on the importance of the metallic flow from America to Spain before the war of independence started in 1808.

> During the five years previous to the invasion of Spain by Napoleon, and the period at which the greatest produce was obtained from the South American mines, the mint of Mexico alone furnished annually twenty-eight millions of hard dollars; and it may be fairly estimated that, in the remaining mints, corresponding to the other five great divisions of the same continent, including 29,000 marcs of gold obtained in Peru and Chili, a similar amount was coined. The mines or washeries of Brazil also produced about 39,000 marcs of gold per annum [...]. I think I am not mistaken when I affirm, that the sum total has not been more than one-eighth of that formerly brought across the Atlantic; or, in other words, the whole amount has not exceeded seven or eight millions of dollars per annum. (Flórez Estrada 1826a, 15–16)

While compelling, these figures contrast with modern quantitative reconstructions. Recent archival data lend partial support to this claim. Since the beginning of the insurgency, the world silver supply experienced a drastic contraction. World production fell from 286 million fine ounces produced in the first decade to 153 million between

[15] Pebrer and Mora downplayed the significance of the 1825 crisis. Mora urged friends of liberty not to be alarmed (Astigarraga, Usoz, and Zavalza 2024, 88), while Pebrer argued that commercial activity was inherently unstable and that imbalances were transitory. According to him, the crisis stemmed from the panic caused by the Bank of England and government decisions to reduce discounts and credits (Martín Rodríguez 2024, 24).

1821 and 1830—in particular, silver production in Mexico, Peru, and Bolivia declined by more than 50%—(Calderón Fernández, Dobado González, and García-Hiernaux 2019) and colonial imports of bullion from Spain (on a private account) fell by an eighth or more during the first two decades (Cuenca-Esteban 2008). However, this trend does not seem to have carried over to bullion flows in England. Although silver production collapsed in Spanish America, Britain's bullion stockpiles recovered sharply after 1815 due to other inflows.

Quantitative evidence, such as Thomas and Dimsdale's (2017) reconstruction of the Bank of England's bullion reserves, does not support Flórez Estrada's claim that bullion inflows had fallen to one-eighth of their previous levels in England. Between 1800 and 1825, England experienced substantial transformations in its gold and silver bullion inflows, largely attributable to war, imperial expansion, monetary policy, and global trade dynamics. Between 1800 and 1815, bullion reserves underwent a sharp decline, precipitated by the export of silver to Asia during the war and the outflow of gold for subsidies (Neal 1990; Bowen 2010), as shown by Thomas and Dimsdale (2017), falling from over £6 million to a mere £2 million. In the aftermath of Napoleon's defeat, there was a sharp rise in the reserves of the British Empire. This was due to the importation of gold by Britain and the reversal of bullion flows from India in preparation for the gold standard. The Bank of England's reserves peaked at approximately £14 million in 1824, reflecting this accumulation, before falling again in 1825 during the financial crisis.

Flórez Estrada argued that recession first appeared in England due to reduced foreign demand and weakened domestic consumption. Later it will spread to France and the rest of the continent. He supports this argument by interpreting deflationary trends and price behavior. The deflation of England is nothing more than the opposite effect to that suffered by Spain due to the inflow of metal after the discovery of America. Furthermore, the fall in the price of gold, whose imports have not fallen as much because they also come from Africa and Asia, is a consequence of the high price of silver, its unit of measurement.

International trade is not the solution to the shortage of metallic currency. Exchange, even in a monopoly system, would not achieve the flow of specie prior to the independence of the Spanish colonies.

> Spain never drew over the produce of the South American mines by means of her manufactures; nor, as has been supposed, through the medium of the monopoly she formerly held of the industry of other European nations. She, in fact, drew over the treasure of the New World by means the most oppressive. (Flórez Estrada 1826a, 26–27)

Returning to his thesis of the *Examen imparcial* on the production effects of economic liberalization in the new republics, Flórez Estrada anticipates a worse scenario. He warned that Latin American export growth would deepen Europe's bullion shortage by turning its trade balance negative.

> Their independence, therefore, being once established, and the oppressive means above enumerated, by which their mineral wealth was wrested from them, removed, as their natural productions are of greater value and more in quantity, as well as commanding in Europe an infinitely greater number of consumers than the less estimable productions of the Old World can find in America, how is it possible hereafter to prevent the balance of commerce being in favour of the latter? (Flórez Estrada 1826a, 30)

The independence of the colonies should have been undertaken in an orderly manner by means of a treaty that would facilitate the transition for both parties. Europe now had no alternative to the crisis but to find new sources of precious metals within the continent. He once again places hope in economic freedom, secure property rights, and untapped mineral wealth.

> I am induced to conclude, that it is the duty of the European Governments to find out, in their own division of the globe, a fresh source of mineral wealth, capable of meeting their ordinary wants, and sufficient to make up the loss they have experienced within the last few years. [...] The only thing to be done, in order to succeed in the discovery, is, to remove the obstacles which at present attend the search. These obstacles once removed, I could pledge that success would attend the enterprise. (Flórez Estrada 1826a, 35)

By attributing the crisis not to speculative exuberance but to disruptions in global bullion flows, Flórez Estrada reframed the debate in strikingly transnational terms. His thesis represented an early form of global crisis theory, connecting colonial extractive systems, transatlantic flows of bullion, and metropolitan financial instability.

2.4. Responses to criticisms

The second part of the *Reflections*, absent in the French and English editions, is devoted to answering the criticisms raised in early reviews and correspondence. Some references are explicit, as in the case of Say, and in other cases they seem to be responses to the first reviews published in the British preprint of the first edition and personal comments to the text. In them, Flórez Estrada develops some of his arguments more extensively.

The first criticism of the *Reflections* is that the reduced rate of interest is incompatible with the scarcity of money. Flórez Estrada responds by distinguishing the function of money as the exchange value of money and as a store of value. The high exchange value of money, due to the scarcity of specie, has caused a generalized deflation. For this reason, he does not understand how Say, "a French writer, one of the most famous economists in Europe", states that the problem has been the over-issue of paper money.

> Can there be any less equivocal testimony to the present scarcity of money than the fact that this article has become more expensive, and all the things which are bought with it have become cheaper? If it were true that the means of circulation had multiplied excessively, this measure would have produced the opposite effects: paper or money would have become cheaper, and all other articles would have become more expensive. (Flórez Estrada 1827, 44)

The rate of interest is also related to the store of value function of money. Like Mill (1826), Flórez Estrada considers that the opportunities for profit have disappeared and, however scarce "the quantity of money presented in the market", the demand for credit has dragged down the rate of interest (Flórez Estrada 1827, 45). He considers that "the difficulty or impossibility of paying for the articles that used to be consumed" has reduced commercial activity and production, thus diminishing the opportunities for profit. The opposite occurred in Spain. Taking up his thesis of Spanish decadence from the *Examen crítico*, he explains how the profit opportunities generated by exclusive trade with America directed all investments towards the colonies and raised the rate of interest:

> Unfortunately, this assertion is so true and notorious that the excessive reward, which for the aforementioned reason was given in Spain to money, was what suddenly destroyed agriculture and factories, since capital could no longer be profitably invested in either sector. (Flórez Estrada 1827, 46)

The second criticism of Flórez Estrada's thesis, repeatedly voiced in the press, refers to the delay between the cause and its effects. The decrease in the entry of American metal began in 1810 and the crisis had been apparent since the end of 1824. According to Flórez Estrada, the stock of bullion did not fall in these fourteen years because of the large loans, requested mainly by England and France between 1810 and 1821, which came from America and from the European capitalists who had hoarded gold and silver. If we add to this "some increase in paper money", the money supply was able to remain constant during these years.

> All these amounts and some increase of paper money, which also took place in this same period, once aggregated, could not but be a very complete equivalent of the money, which was lacking in the usual importation, which was previously made from America. (Flórez Estrada 1827, 53)

The third criticism is directly associated with the reviews published by Say in the *Revue Encyclopédique*, both by Sismondi and Flórez Estrada. Their response is explicitly directed at Say for defending the possibility of an over-issue of convertible banknotes—also raised by McCulloch and Tooke.[16] Like Mill (1826), Flórez Estrada does not see this over-issue as possible. But Flórez Estrada does not take up Smith's (1776, 292–3) thesis where any issue of convertible banknote displaces an equal amount of gold to be sent abroad. He has in mind the failure of the issue of paper money in Spain, a recurring theme throughout his economic writings. For the Spanish author, the monetary flow is made up of banknotes and metallic currency in a proportion that allows convertibility, in such a way that the surplus paper, since it cannot be exported or absorbed by internal circulation, would immediately return to the bank because it is not considered money. Contrary to Say's argument, the problem has been the absence of metallic currency to be able to increase the issue of convertible banknotes.

> If, as is undoubtedly the banks have just become insolvent for lack of real capital, does it not clearly follow that gold and silver cannot be completely supplied by bank notes, nor by any other type of paper money? If the assertion that forms the argument were true, what would the banks need real capital to get out of their difficulties? (Flórez Estrada 1827, 53)

He notes that others, including those who criticized the 1819 contraction of the money supply, also implicitly endorsed the view that monetary scarcity caused the crisis; those who point to the withdrawal of 4 million pounds in paper money from the Bank of England in 1819 are also pointing to the fall in the money supply as the cause of the crisis.

The last response refers to Europe's ability to recover the inflow of metals from Latin America. As we shall see, this is a very frequent criticism in the English press reviews. Flórez Estrada predicts that the mining companies created in London will not bring back the metals because they are too far away to manage the production and because the profitability of the mining activity does not reach 5%. The argument of the

[16] Flórez Estrada's criticism of McCulloch's and Say's monetary ideas will be maintained throughout the different editions of his *Curso de Economía Política*, where they are addressed in greater depth than in the *Reflections*. See Almenar (2010).

favorable trade balance doctrine does not work either. The silver that entered Spain did not leave for Europe only because of international trade, but also because of the ruinous military conflicts that the Spanish crown maintained. Moreover, Flórez Estrada does not see that Europe can have a favorable balance of trade with Latin America, nor even that Europe is the future favorite trading partner of the American continent.

> The independence and interests of America must produce a complete revolution in the commerce of the whole globe, and change the course of money, a circumstance which alone must alter the whole economic system of Europe. The Asian market, in all respects, cannot but offer America many more incentives than those offered by the European market, and without the risks and fears that Europe was likely to inspire for some time.
>
> (Flórez Estrada 1827, 62)

Florez Estrada asserts that the Latin American republics would not maintain their productive model when liberal economic policies are implemented. Investments would be shifted to agriculture and industry, as these activities are more profitable and less risky. As their growth model in the *Examen imparcial* proposed, the governments of the nascent republics would perceive that their wealth is not in metals but in the production of consumer goods because the growing population will always need means of subsistence. The high production of metals by mining would not bring any welfare: it could generate inflation by the increase of the monetary mass, an increase of unproductive work by the consumption of ostentatious goods and, in addition, mining is "a form of labor especially detrimental to health" (Flórez Estrada 1827, 68).

As we have seen, Flórez Estrada has remained very much anchored to the theoretical models employed in the *Examen imparcial*. He immediately embarked on the elaboration of his *Curso de Economía política*, first published in London in 1828, and completely abandoned his thesis on the crisis of 1825 (Almenar 1998, 71). Although Flórez Estrada erased all traces of the *Reflections*, his thesis spread rapidly and widely to serve a variety of purposes.

3. The reception of Flórez Estrada' *Reflections*

Despite its immediate editorial success, attributed by the French translator, several factors contributed to the broader dissemination of Flórez Estrada's work and thesis across Europe and Latin America. Its reception began in the United Kingdom—the epicenter of the crisis—before spreading across continental Europe and Latin America.

3.1. The British Debate

In 1826, Flórez Estrada was not an unknown author. The *Examen imparcial* had been translated into English and published in London in 1812, as well as *Representacion hecha á S. M. C. el señor Don Fernando VII, en defensa de las Cortes* in 1819 (Varela Suanzes-Carpegna 2004). This was recognized by *The Morning Chronicle*, on August 29, 1826, in the first reference found to the publication of the *Reflections*: "M. Florez Estrada, with whom all those who have any knowledge of the recent history of the Peninsula must be acquainted by reputation, has just published a short Pamphlet".[17] After a brief summary of the work, he raises doubts about the impact of a fall in the imports of American metal that began in 1810 and about the supposed constant outflow of metal to the East if its value has increased by such a large amount. The date of publication of the first edition must have been in August because also *The Morning Post* presents the work with a good review.

> The learned Spaniard has certainly discussed his subject with great ability, and has presented to the public a most ingeniously sustained paradox, accompanied by some useful observations, which compensate for what we are force to consider a want of conclusiveness in the main branches of this reasoning. (*The Morning Post*, 31 August 1826, 1)

The article does not share Flórez Estrada's prediction about the decrease in the inflow of metal due to the future decline of England's trade surplus with Latin America. Besides, he has no doubt that the absence of the most effective means of monetary circulation would lead to find another means of payment that would fulfill the functions of metallic money. *The Globe*, in August, highlights the originality of the thesis although it does not share some arguments such as the fall in the supply of metal in Europe (rather it considers that it has increased) or the future decrease in the inflow of metal due to a change in the trade balance of England with the new republics: "But what is there to prevent the same causes from operating upon the metal in America, which operated upon them in Spain?" (*The Globe*, 30 August 1826, 2).[18]

Flórez Estrada's work was soon consolidated into a thesis on the economic effects in Europe of the independence of the Latin American colonies. We see this in an article referring to the work *Reflexions on the Causes which Influence the Price of Corn* published

[17] "A high-accomplished literary character" was the phrase used by *The Morning Chronicle* (November 1, 1824) to describe his arrival in England aboard the frigate Phaeton with 21 other refugees. They were received by Colonel Parker Carroll.

[18] In 1826, *Bath Chronicle and Weekly Gazette* of September 7 also discussed the *Reflections*, quoting criticisms published in *The Globe*, as did the *Leeds Mercury* (September 2, 1826). Part of the *Bath Chronicle and Weekly Gazette* article appears as an appendix to a reprint of Copleston (1819).

in the *Bristol Mercury* of July 20, 1827. Dealing with the question of the influence of the importation of metal on the price of cereal, Flórez Estrada's work is referred to for having dealt with the subject "with great modesty but considerable talent"—although the thesis on the causes of the crisis is not shared. Also in debates on the commercial exchange between England and Mexico in the *Globe* of October 18, 1826, there is a reference to Flórez Estrada's forecast of a fall in the flow of metal from Latin America, which is not shared by the author of the article.

The *Reflections* also reached the British Parliament, specifically the debates on the return to the gold standard. It was not until after the end of the war with France in 1815 that the return to convertibility was seriously discussed again. The first important step in this direction was the passage in 1816 of an Act defining sterling solely in terms of gold at its 1797 price. However, it was not until 1819 that Parliament passed an Act forcing the reestablishment of convertibility, a measure that was finally implemented in 1821. The deflation that accompanied this process generated considerable disruption of real economic activity, namely a precipitous decline in demand from the industrial sector. Given Birmingham's prominence as a center of metallurgical industry, it is not surprising that this important city became the center of dissent, and Thomas Attwood was its most notable representative. This English banker and parliamentarian rose to national prominence during the social conflicts of 1816 with works that analyzed the economic crisis in terms of underconsumption, proposing a looser monetary policy and government-funded public works to address the economic depression and unemployment problems (Moss 1990). At the outbreak of the crisis of 1825, Attwood publishes numerous articles on the Panic where he criticizes British monetary policies, especially those implemented by Lord Goderich, and their adverse effects on the economy.[19] The author argues against a return to the gold standard, pointing out that the resulting monetary contraction causes widespread ruin, especially among farmers and the productive class. The text structures its critique around the defense of rural banking and the system of banknotes (especially one-pound notes), urging a shift to a more flexible monetary system adapted to the needs of the real economy. Flórez Estrada's thesis on an irrecoverable flow of American metal will be used by Attwood in *The Prices of Wheat, and the Metallic Currency* (published in the Globe, October 22, 1827) where he analyzes the relationship between the price of wheat in England and the metallic currency, going back to the end of the 18th century. The fall of the metallic supply will make it impossible to maintain the price of wheat.

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[19] On Attwood's anti-bullionist position, see Laidler (2000).

> Now, if this be the state of the American mines, and certainly we cannot have a better authority than Mr. Estrada, we must here again be driven to the conclusion that *we cannot permanently support a level of prices equal to 5s. 2d. upon the bushel of wheat in our present coins.* (Attwood 1828, 33)

Flórez Estrada's work allows Attwood to argue that the fluctuation of wheat prices is not due to wars, but to the manipulation of currency and bank credit.[20] The fall in the inflow of metal causes the gold standard system to generate a negative impact on the price of wheat and land rent. The decline in the income of the agricultural sector will drag down the rest of the productive sectors.

In a similar line of criticism of the Peel's Act of 1819 and the arguments put forward by the Bullion Committees, Edward D. Davenport in his speech to the British Parliament on *Distress of the commercial and industrious classes of the community* (July 14, 1827), also extensively quotes from Flórez Estrada's *Reflections*. Davenport argues that the guarantees of price stability of the gold standard given by the Bullion Committee of 1811 are not fulfilled due to several circumstances not considered: the increase in paper money, the abandonment of the gold standard by its commercial partners, and the interruption in the arrival of Latin American metal. For this last issue, Davenport uses the figures published by Flórez Estrada on the drop in the annual inflow of metal to one-eighth in relation to the figures at the beginning of the century. According to Davenport, the veracity of the facts stated by Flórez Estrada is supported by other sources: "These statements are supported by Mr. Tooke, as well as by a recent report of the Mexican United Mining Association, whose interests would seem to lie in refuting them" (Davenport 1827, 17).[21] He also uses several of Flórez Estrada's arguments to foresee that the flows of American gold and silver will not recover or may even disappear. On the one hand, mining will reduce its production because of the type of work involved, its low profitability, and the alternative jobs that agriculture will generate—all of this also supported by the observations of Francis B. Head.[22] On the other hand, such nations, with resources to satisfy their needs and no appetite for luxury, will have a favorable balance of trade that will even change the direction of the flow of metal.

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[20] Numerous authors used Flórez Estrada's bullion data. For example, Edward S. Cayley's *On Commercial Economy* (1830) refers to Attwood, as does Robert Montgomery Martin (1832).

[21] Davenport refers to *Considerations on the state of the currency* (1826, 56) by Thomas Tooke.

[22] Davenport refers to *Rough Notes Taken During Some Rapid Journeys Across the Pampas and Among the Andes* (1826) by Francis Bond Head.

> The principal facts contained in this paper must have been known to the British Government many years ago, and they are well entitled, now more than ever, to its serious consideration.
>
> (Davenport 1827, 18)

It was not Flórez Estrada's overall explanation of the 1825 crisis that gained traction, but rather specific elements of his argument. In fact, Davenport argues that fluctuations in the monetary system, especially those related to Peel's Act of 1819, were mainly responsible for the economic decline (Davenport 1827, 47). Despite the resonance of his insights, the proposal to investigate the crisis further—supported by both Davenport and Attwood—was ultimately dismissed, with Board of Trade President William Huskisson defending the gold standard.[23]

3.2. Across the Channel

Flórez Estrada's *Reflections* quickly crossed the Channel, appearing in a French edition within weeks of the English publication. While the first English reviews surfaced in late August 1826, the French press began referencing the pamphlet as early as mid-September. To this initial publicity was added an immediate review of the *Reflections* made by Jean-Baptiste Say, one of the most authoritative figures in French political economy and in the institutionalization of the teaching of science on the continent. This review appeared in the October 1826 issue of the *Revue Encyclopédique*, in which Say also criticized Sismondi's thesis.[24] In Spain, despite Say's prominence, there was no mention of the *Reflections* because any publication of Flórez Estrada was forbidden (Almenar 2010).[25] Without this political censorship, Say's review becomes a vehicle that carried Flórez Estrada's thesis to Italy, where in some case it was considered as a reference on the question of the crisis of 1825.

Say's brief review of the English edition of the *Reflections* presented the general thesis of Flórez Estrada with the import figures of American gold and silver used, explaining why he considered Flórez Estrada's thesis was contrary to the facts and

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[23] On William Huskisson, see Besomi (2009).

[24] In this review of the question, Say (1826b, 45) also criticizes the thesis of Nicolas François Canard set forth in *Mémoire sur les causes qui produisent la stagnation et le décroissement du commerce en France* (1826). Canard argued that the British crisis has its origin in excessive British investments in Latin America that reduced the metallic money for internal circulation.

[25] Although Flórez Estrada's writings were banned in Spain, his thesis was shared by his contemporaries. In 1831, the *Anales de ciencias, literatura y artes* opened its first issue with an article titled "De la diminucion del producto de las minas de oro y plata de America y de sus efectos sobre el bienestar y el comercio del mundo" —without attribution. The anonymous translator justified the article by arguing that Europe's economic difficulties stemmed from declining American gold and silver production. This was a translation of Nilan (1830).

the principles of Political Economy. In the first place, there had not been a reduction in British exports in proportion to the fall of the metal circulating currency. On the contrary, England was exporting more and more products to Latin America. Secondly, "gold and silver, as money, were completely replaced by banknotes and other means of circulation" (Say 1826b, 113). Thirdly, the idea of a partial decrease in the production of metal in Mexico and Peru seemed improbable to him. Even if this reduction had been the consequence of an intentional policy of these new republics, it could not have been sustained because "fraud would cross all barriers to export them". Moreover, Say considered that the means of mining are progressing at an accelerated rate, so that eventually more metal would reach Europe than in the past.

The fast translation of Flórez Estrada's *Reflections* had already received the attention of the French press earlier. On September 18, *Le Courrier Français* announced the appearance of the pamphlet with a brief praise: "In the present circumstances, such a writing cannot fail to be sought after among all those who deal with political economy." (*Le Courrier Français*, September 18 1826, 4). Within days, *La Quotidienne* gave an extensive review of a work it considered highly recommendable.

> A curious and instructive work has just been published in London and translated into French; we would recommend its reading to our statesmen if there were still some hope of diverting them from the path they are on and of making them understand the commercial interests of our country. (*La Quotidienne*, September 20 1826, 3)

The article presented Flórez Estrada's thesis through extensive quotations, highlighting the acute description of England's economic situation and the drastic reduction in metal imports. Enthusiastic with the diagnosis, he only criticized the solution proposed by Flórez Estrada as "elusive, unspecified and therefore ineffective" (*La Quotidienne*, September 20 1826, 4).

Shortly after, several newspapers reviewed the *Reflections*. The *Journal de Paris* described this explanation of the crisis as a novelty among the multiple arguments put forward.

> [Flórez Estrada] described this crisis as the necessary effect of a commercial and industrial development, for which the currency of Europe is no longer sufficient, since the countries which supplied it almost exclusively with gold and silver have received their independence, or effected their separation from their mother countries. (*Journal de Paris*, October 17 1826, 2)

He considered that "all the statesmen of Europe" should examine "a most serious question for Europe", although he did not share the thesis of the decline in the production of metals in Latin America. The new republics were not going to renounce "a means of force which the very circumstances of his emancipation have rendered so necessary to him" (*Journal de Paris*, October 17 1826, 3). This was demonstrated by the loans made by these countries to Europe in recent years. The article opted for the cyclical nature of the "industrial commercial system" as the origin of the crisis. Like crop failures in agriculture, crises are inherent in commerce, although in England they are aggravated by her enormous public debt and by commercial competition from other nations. The result of all this was a fall in consumption, profits and the number of businesses, and the lack of money, as argued by Flórez Estrada, had nothing to do with it.

The following day, *Journal de Commerce* also reviewed the *Reflections*, in comparison with *A Letter to the Earl of Liverpool on the Cause of Our Present Embarrassment* (1826) by Charles C. Western, in an article entitled "Un dernier mot sur la crise de l'Angleterre". This financial periodical, belonging to a society of Parisian bankers and large liberal merchants (Pilbeam 1995, 74), had been publishing since the end of 1825 several articles devoted to explaining the recurrent commercial crises.[26] His monitoring of the issue led him to present two interpretations that considered that the crisis was generated by a monetary contraction: Western by the withdrawal of banknotes in 1825 as a consequence of the Peel's Act of 1819 and Flórez Estrada by the "drop in monetary means". Without sharing the thesis of the Spanish author, the article considered that "it would be difficult to put more precision and clarity than Mr. Estrada in the exposition of this opinion, to which he undoubtedly lends all the support of a profound erudition and a talent no less known than exercised in these matters" (*Journal de Commerce*, October 18 1826, 1). However, Flórez Estrada's scheme is considered outdated. The "industrial development" based on the amount of bullions corresponds to an "idea that the progress of economic sciences has entirely changed". The review considered that credit, better means of communication, and greater commercial freedom had reduced the importance of metallic currency to the point of making it usable only for retail exchanges. If the government respected the new means of monetary circulation, these would be preferable as means of payment to gold and silver. They did not deny that "credit and the steam engine" may exceed certain limits and generate undesirable excesses, but it would have been possible to avoid them if regulatory institutions that

[26] See the issues corresponding to November 10, 16, and 30, 1825, together with January 4, 1826. There were three causes: the excess of investment in South America, the excessive extension of commercial activity due to the abuse of credit and customs measures that increased imports and unbalanced the British balance of trade (Gilles 1964, 10–13).

generate transparency and an adequate financial system were found: "Let us not fear the new forces discovered; but let us seek institutions which regulate their movements and which make the danger perceptible to all eyes, as soon as this danger approaches" (*Journal de Commerce*, October 18 1826, 2).

This review was followed by a short article published in *La Quotidienne* the following day, on October 19. Without discussing the content of the *Reflections*, the article presented the explanation of the crisis as a direct challenge to the core assumptions of liberal economic thought, precisely by a liberal thinker such as Flórez Estrada himself. For *La Quotidienne*, it was obvious that the crisis stems from the shortage of money generated after the emancipation of the Spanish colonies. This "cruel truth advanced by M. Estrada" proved that commerce had not gained as much as preached with independence. Hence the Liberal attacks on the *Reflections*.

> What does the *Journal du Commerce* respond to this argument? It says that this opinion of M. Estrada seems to belong to another time and to an order of ideas that the progress of the economic sciences has completely changed. The Liberal sheet ends a long article, in which he remarks on errors rather than lines, saying that we are only lacking institutions to regulate the new discoveries in terms of credit and commercial wealth. (*La Quotidienne*, October 19 1826, 3)

The author of *La Quotidienne* responds ironically to the *Journal du Commerce*'s criticism with a reference to Sganarelle, the false doctor in Molière's *Le malade imaginaire*, who alluded to the "medicine with a completely new method" when his incompetence was discovered.

In Italy, Flórez Estrada's work was received seriously enough to merit full translation in the *Annali universali di statistica, economia pubblica, storia, viaggi e commercio. Annali universali*.[27] This journal had devoted several articles to the study of the crisis in England in its 1826 issues, all signed by Francesco Lampato. In the last issue of the year, the journal decided that Estrada's thesis was such a particular explanation of the crisis that it was worth publishing an Italian translation of the *Reflections*.

> The importance of the subject treated in this writing has induced us to communicate it to our readers, who will judge whether in the great number of opinions pronounced

[27] Monika Poettinger's (2023) cultural analysis of the term "crisis" in 19th-century Italy offers a revealing context for the continental reception of Flórez Estrada's ideas—the term "crisis" transitioned from a medical to an economic metaphor during this period. Such semantic evolution likely made his bullion-scarcity argument more intelligible and persuasive to an Italian audience still influenced by older, systemic notions of rupture and recovery.

> by the most profound publicists of Europe in such a painful question, that of Estrada can be placed among the most reasonable.
>
> (Flórez Estrada 1826b, 193n)

This is a translation of the French edition, where the editor incorporates some notes that discuss Flórez Estrada's criticisms of other explanations of the crisis. Explicitly, he also decided to eliminate approximately ten pages (corresponding to pages 31–42 in the original) for several reasons.

> Mr. Estrada's focused on a topic that has the potential to significantly impact public economy. We have addressed this subject, but we have chosen to exclude his insights on the previously employed illegal methods by Spain to attract the maximum amount of gold and silver from the South American colonies. These insights are not currently applicable and do not serve to rectify the damage he perceives as imminent. Conversely, the excerpt from Captain Hall's account of his travels to Chile, Peru, and Mexico, which is included in volume VII of these Annals, provides a wealth of information on the subject.
>
> (Flórez Estrada 1826b, 212)

In the following issue, the first one of 1827, the journal began to analyze the thesis of the *Reflections* with an article by Giuseppe Sacchi, entitled *Osservazioni intorno alle opinioni di A. F. Estrada, L. Sismondi e G. B. Say, sulla crisi commerciale dell' Inglaterra*. He considered that once the crisis has subsided, it would be the right time to evaluate the different theories on its origin, particularly those elaborated by the leading experts on the subject.

> At the present time, such a crisis now appearing to have ceased, we found it fitting to put to one the wise reflections dictated on the subject by excellent scientists, so that from the contact of different opinions, we might deduce a light of truth. The scholars of similar studies, in fact, all expressed their profound appreciation with well-deserved applause for the profound reasonings articulated by Messrs. Estrada, Sismondi, and Say on this matter.
>
> (Sacchi 1827, 48)

Following a concise synopsis of the book, Sacchi advanced a theoretical critique and evaluates the figures employed by Flórez Estrada. He considered it an error to assign a determining role to currency in production and trade. Consequently, the deleterious consequences of the collapse of the numeraire were "exaggerated". For this assertion, the author cites Melchiore Gioja and his enumeration of the factors of production, which include capital, labor, talent, and scientific knowledge. The contraction in production that was announced would have necessitated a decline in the rest of the productive resources, not only in circulating capital. In relation to the facts, Sacchi does not concur with the figures used by Flórez Estrada for loans abroad from England and observes that the crisis has not been perpetuated, neither in Great Britain nor on the Continent. In addition to these remarks, he reiterated the criticisms articulated by Say with a high degree of precision.

He also pointed out the errors of Sismondi and Say in confusing the effect with the cause in their analysis of the crisis. For the former, the origin of the crisis came from British international trade but its negative effects would have been driven by the inadequate distribution of production. In Say's case, the hypothesis that excess currency was the cause is invalid, as Sacchi pointed out. It is common knowledge that large sums of gold were sent from the continent to England, and that the movements of speculators occurred as a consequence of the panic.

Sacchi's effort to reconcile the divergent theses of Flórez Estrada, Sismondi, and Say reflected an emerging attempt on the continent to conceptualize crises as systemic phenomena involving both domestic monetary systems and global economic interdependencies. A fever for investment abroad was created, which reduced the amount of cash in England and increased the granting of credit over and above the funds backing it. When English trading houses found themselves unable to discount incoming bills of exchange into cash, a series of adverse consequences ensued. These included suspensions of payment and sales of goods at a loss. The businesses were closed, and the level of misery increased rapidly. However, "this was soon followed by an increase in the availability of money, which allowed the entrepreneurs to reopen their establishments, and the artisans to resume their customary work" (Sacchi 1827, 164).

3.3. Latin American Resonance

The economic crisis of 1825 quickly reverberated across Latin America, where observers were keenly aware of the continent's role in global financial narratives. In England, an article published on November 20, 1825, in *The Examiner* raised doubts about Buenos Aires' ability to make its upcoming coupon payment. As reported in the *Morning Chronicle* on December 8, all categories of foreign securities continued to experience challenges, with South American issues particularly affected. However, it was not until April 1826 that the first sovereign default occurred, when Peru ceased all interest payments (Olmstead-Rumsey 2019).

In Mexico, on May 5, 1826, the newspaper *El Sol* expressed concern about articles in the English press that linked the independence of the Latin American republics with the crisis. A few days later, on May 24, the same newspaper replied to those who see "the sums that have passed from England to the Mexican republic" as the cause of the crisis. According to the Mexican journalist, no British company with mining investments in Mexico had gone bankrupt and both loans and exports to Mexico had generated important returns for the British. Already in the summer, several articles stressed that the crisis was just a panic of speculators. However, by the end of the year, echoes of the French press coverage reproduced in *El Sol* (November 21, 1826, and January 7, 1827) brought the crisis back to the front page, this time with devastating consequences for the working class and linked to growing pauperism. In this context, it was notable that on Sunday, July 22, 1827, *El Sol* devoted its front page to reproduce Flórez Estrada's *Reflections*, specifically the definitive edition from *Ocios de Españoles Emigrados*. Flórez Estrada's thesis appeared at a time of severe economic uncertainty following independence. The young republic faced a collapsing fiscal system, declining mining production, and a severe shortage of circulating currency, fueling widespread concern about monetary instability. Mexico's growing dependence on depreciated copper coins and foreign loans further underscored its vulnerability. By positing the scarcity of bullion—rather than speculative excess—as the root cause of monetary disorder, Flórez Estrada's argument resonated with national concerns about the depletion of metal reserves and national solvency. His ideas reinforced the emerging conservative view that economic stabilization required centralized control of monetary resources, foreshadowing future debates on institutional authority and fiscal governance.

The *Reflections* had reached Latin America quickly. In May 1827 a printed edition had already begun circulating in Guatemala, accompanied by a prologue by Valle. From the correspondence of the latter, we know that he sent copies to his friends in Mexico: José María del Barrio Larrazábal, Manuel de Mier y Teran, and Andrés Manuel del Río. At the same time, the October 4, 1826 issue of the *Revue Américane of Paris*, directed by Benjamin Constant, had published a small review of the French translation of the *Reflections*. On both sides of the Atlantic, similar concerns were raised: "all European governments would have an immense interest in guaranteeing external peace for the American republics" (*Revue Américane of Paris*, October 4 1826, 625). This thesis was further developed in Valle's prologue.

In the mid-1820s, the economies of Central America were navigating the profound dislocations left by the wars of independence. The dissolution of colonial trade networks, the collapse of royal fiscal institutions, and the decline in mining and agricultural output left the newly formed Federal Republic of Central America in a precarious position. Coin shortages were widespread, with the region suffering from the disruption of silver flows that had once been centered on mining zones in Honduras and Guatemala. Local commerce struggled due to a lack of hard currency, forcing increased reliance on barter and undervalued copper coinage. At the same time, Central American elites—especially figures like José del Valle—were acutely aware of the need to attract foreign investment, rebuild export capacity (particularly in cochineal and indigo), and integrate into Atlantic trade on favorable terms. The economic debate was thus deeply tied to questions of sovereignty and legitimacy: whether the prosperity of the new republics would enhance or threaten European wealth, and how Latin America's metal exports fit into global monetary and commercial systems.

Valle's extensive correspondence with Flórez Estrada allows us to present the debate between them about geopolitical upheavals and extractive dislocations in a post-independence Latin America. Valle avoids engaging directly with Flórez Estrada's thesis on the origin of the recession. In fact, he provides tables showing that coinage minted in Mexico declined from 27 million pesos in 1804 to 7 million in 1815. Valle's concern lay not with the diagnosis of bullion scarcity, but with the framing of Latin American prosperity as inherently detrimental to Europe—a logic he feared could justify neocolonial pressures.[28] While not directly answering Flórez Estrada's explanations about the inability to recover the levels of gold and silver production in Latin America, Valle presented a wide variety of arguments to demonstrate that American metal production would recover and that it would continue to be exported to Europe. The importation of scientific knowledge, the price of metal, travels to Europe or imports of European luxury goods, he argued, were explanations for the continuation of the flow of American gold and silver in the same direction. Therefore, it was concluded that the progress of the new republics would not be an obstacle to European prosperity.

> When America shall in course of time come to prosper like Europe in every branch of wealth: when, as the years go by, she shall see the cultivation of her fields, the exploitation of her mines, the industry of her workshops in the most eminent degree, the world will be no less rich and no more unhappy for this. (Valle 1827, sn)

Flórez Estrada answers the objections in a letter addressed to Valle on October 29, 1827. In his reply, Flórez Estrada clarified that the issue was not the existence of American bullion per se, but the irregularity of its production and export in the

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[28] "If the nations of Europe came to believe that after our independence not even a fraction of the amount that flowed before our freedom would flow back into their midst, they would all refuse to recognize our rights and would work together to stifle our new existence." (Valle 1963, 97).

aftermath of independence. Echoing Smith, he emphasized the importance of a stable monetary flow to avoid disruptive inflation or deflation.

4. Final Remarks

In his sixties, Flórez Estrada—already a seasoned analyst of Spain's economic decline—could not remain indifferent to the dramatic recession he witnessed firsthand in London. He knew that the decline in silver production in Latin America was bringing a three-century period of global trade that had raised standards of living in Europe to an end. Interpreting the crisis through the lens of declining silver production in Latin America, he challenged prevailing views by locating the roots of financial instability in geopolitical and material disruptions, rather than in domestic speculative excess. Though few in England accepted the scale of bullion decline he proposed, the deeper significance of his intervention lies not in its empirical precision, but in its reframing of the crisis in global terms.

By recovering this Hispanic voice in early discourses on the crisis, this article points to the need for a broader reassessment of the genealogy of monetary and financial thought. Flórez Estrada's pamphlet reminds us that economic reasoning in the 19th century was also driven by exiles, pamphleteers, and intellectuals working beyond imperial and linguistic boundaries. More than a case of intellectual diffusion, the trajectory of *Reflections* reveals a hemispheric network of actors who approached the economic crisis not only as an analytical problem, but as a political and rhetorical resource. In this sense, Flórez Estrada's work should be understood not only as a theory of monetary contraction, but as a means through which the Latin American and European public navigated the uncertainties of a rapidly integrating economic world.

Once the historical relevance of Flórez Estrada's *Reflections* has been established, it would be desirable to continue this line of research with a more precise evaluation of the theoretical causalities and data used in this dialogue on the scarcity of bullion and the "mercantile distress" of 1825.

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