



The Analysis of Financial Crises by French Economists, from 1825 to 1860

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This article will examine how French economists dealt with the financial and economic crisis which occurred in Britain in 1825 and whose effects were felt in France from 1828. The crisis of 1825 was one of the first crises (after that of 1817–1818 perhaps) to be perceived by French economists as a periodic modern crisis. By studying the crisis of 1825 in England and its effect in France, in the years that followed or several decades later, they began to identify a sequence and causal relationships explaining the outbreak of the crisis. The material used will be the economic press, but also books – treatises, manuals or dictionaries, as well as the positions taken by liberals in the circles of thought they occupy. This paper will attempt to identify the way in which this crisis influenced the monetary thinking of liberal economists, from Jean-Baptiste Say and before Clément Juglar, via the moderate liberal Adolphe Blanqui and the orthodox Charles Coquelin, both in their conceptions of the theoretical mechanisms at work and in their recommendations for monetary and banking regulation. We will examine the status of crises in their thinking: are they merely inevitable bumps in a long trajectory of prosperity, or do they reflect deeper imbalances?

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Introduction

From Marx and until the 1960s, under the influence of the historian Ernest Labrousse in France, it was assumed that modern crises had only appeared from the 1840s onwards (in particular with the crisis of 1846–1848), and that until then the crises of the old regime, characterized by an agrarian origin, prevailed. Many economic historians consider now that the 1825 crisis, which first occurred in England and then spread to continental Europe and France from 1826 onwards, was one of the first — if not the first — hybrid crisis faced by the French domestic economy. Since then, it was no longer the agricultural factor that determined crises (Vivier 2011) but industrial, commercial and/or financial factors combined.

An extensive literature in economic history now documents the particular features of this crisis, especially in England (Neal 1988; Bordo 1998; Quinn and Turner 2020). The 1825 crisis was characterized by the pre-eminence of financial factors, and above all industrial factors, and the same was true of the next crisis, in 1839, which presented a similar scenario. To Quinn and Turner, 1825 can be described as the “first emerging market bubble” (2020, 13). There are two important points to emphasize here: the fact that the crisis of 1825 has the profile of a financial-industrial crisis, and the fact that its pattern appears to be repeated from there, giving it the character of a periodic crisis.

In England, economists sought to understand the causes of the crisis very early on, as early as 1826. With the contributions of Thomas Tooke (1826), John Ramsay MacCulloch (1826) and John Stuart Mill (1826), the nature of the economic debate changed compared with that between Ricardo and Malthus; in this respect, the 1825 crisis had a profound effect on monetary and banking theory. In France, the trend seems to be different: the crisis of 1825 does not seem to be associated with an increase in contributions among economists, nor even to have given rise to any major theoretical contribution, until Clément Juglar took up the issue in the 1860s. Historians of economic thought have shown that only from Clément Juglar’s works in the 1860 decade did economists in France become aware of the cyclical nature of economic activity and the repetition of crises at regular intervals, both by observing the characteristics of past crises (including that of 1825), and by theorizing the pattern of their recurrence (Dal Pont Legrand and Hagemann 2009; Besomi 2010). For the period preceding Juglar’s writings, things are less clear, and less studies are available.

While economic history has documented the mechanisms of the 1825 crisis very well, there are surprisingly less studies in history of thought on the immediate analysis of this crisis, and of crises in general, by French economists in the mid-19th century, before Juglar. There are, however, a few general works, such as that by Nicolas Gallois (2012), which focuses on the conception of crises by Charles Coquelin, Jean-Gustave

Courcelle-Seneuil and Clément Juglar (considering more the second half of the 19th century). Frobert (2012) also looked at how economists dealt with crises in the first half of the 19th century, focusing first on the entries “Crises” in dictionaries and encyclopaedias, and then dealing with the relation between crises and social progress, particularly in the thinking of the Saint-Simonians and Fourierists, in contrast to that of the French liberals (Frobert 2018). We should also mention the now long-standing article by Gille (1964), which looked at the way in which contemporaries of crises perceived them through the economic and financial press of the time. In the financial and economic journals around 1830, Gille (1964) notes a sort of decoupling between the analyses of the English crisis and the French crisis. The press agrees on the fact that the French crisis is cyclical, while the English crisis would be structural. The positions of French economists are also examined incidentally in studies on British authors (Béraud 2013, on Mill) or on other issues than crises (Béraud 2014; Numa 2020). However, to our knowledge, there is no research on the way in which the crisis of 1825 in England and its repercussions in France affected the thinking of French authors from the 1820 decade. It seems that there is room for research on crisis analysis in the period preceding Juglar’s seminal work, especially in relation with the 1825 crisis.

Even if they did not all refer to it explicitly, the economists of the late 1820s, but also of the 1830s and 1840s, necessarily drew up some of their discourse after observing the crisis of 1825 and its aftereffects, since they were describing a multifactorial, complex crisis of an *a priori* new kind. In fact, when liberal economists discussed the crisis of 1825 (but also the crises of 1817, 1839, etc.), they spoke interchangeably about financial crisis, commercial crisis and industrial crisis. They shared a common perception of the multi-dimensional nature of the crisis: very often, a crisis begins with agricultural and/or financial turmoil, and then quickly turns into an industrial crisis (affecting production levels and employment) and a commercial crisis (affecting the volume of international trade).¹ Taking an interest in the writings of the economists of this period on crises may therefore be an implicit way of understanding their analysis of this particular crisis. In this paper, we focus on French liberal authors, who were establishing themselves as an influential school of thought during this period. The liberal lobby, as Le Van-Lemesle (2004) describes it, began to institutionalize² under the impetus of Jean-Baptiste Say’s followers, after Say’s death, but would not reach

¹ This point is raised in Frobert (2018) and Numa (2017).

² The process of institutionalising political economy in France was the subject of a very comprehensive study by Lucette Le Van-Lemesle in 2004. In her book, she shows how Jean-Baptiste Say’s successors managed to establish themselves as a “liberal lobby” by disseminating liberal political economy through multiple channels. They created and occupied chairs in political economy; they developed a learned society that quickly became very influential (the Paris Société d’économie politique) and a journal (the *Journal des économistes*); through the Guillaumin publishing house, they helped disseminate the ideas of liberal authors, both contemporary and past. See Le Van-Lemesle (2004).

its heyday until the middle of the century. Beyond differences of interpretation, it has been shown since the seminal work of Breton and Lutfalla (1991) that the liberal group was very heterogeneous, characterized by a diversity of approaches ranging from uncompromising orthodoxy to more nuanced or interventionist currents.³ Between the late 1820s and the 1860s, socialist ideas (mainly Pierre-Joseph Proudhon and Louis Blanc) as well as those of the Saint-Simonians challenged liberal principles. During this period, the date 1848 was particularly significant: following the revolutionary risks posed by the events of 1848,⁴ liberals hardened their stance, refocusing on orthodox ideas and forming a united front against socialist and Saint-Simonian ideas, which were now believed to pose a real threat to the existing economic and social order – this post-1848 period coincided with the tremendous expansion of the liberal institutions (described in footnote 2) and the intellectual and political influence of liberal ideas. The sources on which this work is based are varied; it draws on textbooks by economists as well as their contributions to journals of the time (the two main journals for liberal authors were the *Journal des économistes*, founded in 1841, and the *Revue des Deux Mondes*, whose first issue dates from 1829).

We might ask whether contemporary French economists before Juglar were aware that this crisis had new features, and if so, whether it led them to formulate a different economic analysis of crises, their causes and their patterns of reproduction. We will ask whether their observation of this crisis had an impact on the formulation of their theory, by looking at whether the authors make explicit reference to this crisis in their writings, and whether their analysis changes after the crisis has occurred. Our ambition is to consider the broadest possible panorama of French liberal economists of the period, although our study is a work in progress at this stage. One of the purposes of this paper is to supplement previous research on the analysis of crises during this period, particularly that of Gallois, Gille, and Frobert, by clarifying the various nuances that exist within liberal thinking.

³ The authors of the liberal group – some call it a school, without this being unanimously accepted – have many points of disagreement or debate, but they all share the following key principles: private property as the standard property regime (which leads them to strictly reject socialism); the superiority of economic freedoms over regulations in general and, as a corollary, the idea of a natural order and a certain harmony of individual interests. These principles are at the heart of liberal political economy; however, some liberals may deviate from them within acceptable limits on issues such as the scope of state intervention, restrictions on free trade, and how to regulate access to professions, for instance (Breton and Lutfalla 1991, Le Van-Lemesle 2004).

⁴ The crisis of 1848 in France had its roots in a tense political and social context under the reign of Louis-Philippe, marked by rising social inequalities. A severe economic crisis hit the country in 1847, leading to rising food prices and mass unemployment, which exacerbated these social tensions. In February 1848, demonstrations broke out in Paris to protest against the economic crisis and repression. They were violently suppressed, triggering riots throughout the city and then a general uprising, in the face of which the king abdicated, ending the July Monarchy. Liberal economists accused socialist thinkers of fuelling the unrest by attacking property rights and economic freedoms in general.

Several questions arise in this article. First, did French liberal economists make any specific contributions to the study of crises prior to Juglar? Was the crisis of 1825, in particular, the subject of specific analysis, and did it help transform economic analysis? How was Jean-Baptiste Say's analysis taken up, criticized or amended by subsequent economists? What did economists prior to Juglar say about the recurrence of crises? Ultimately, what was specific about French economic thinking, particularly in comparison with the rich British debates of the period? This paper begins with a short presentation of the main features of the crisis in France, and underlines the specificity of the French economic, historical, and political context compared to that of Britain. The following sections try to identify many families of explanations of crisis in the aftermath of 1825 and 1860, before Juglar, focusing on the identification of its main causes and the way to overcome it.

1. The 1825 Crisis and its Consequences in France: An Overview

The context in which the crisis of 1825 occurred was markedly different in France than it had been in England. The crisis did not have the same causes or even the same consequences. It is necessary to take account of these different historical contexts, which help us to understand why the contributions of French and British economists were so remarkably different.

The 1825 crisis began with a stock market crash on the London Stock Exchange on 17 December 1825, mainly affecting British investors who had placed funds in Latin American companies. Larry Neal (1998) wrote the seminal paper on the 1825 crisis entitled "The Financial Crisis of 1825 and the Restructuring of the British Financial System." This paper analyses the course of the financial crisis and assesses its impact on the British financial system. Neal argues that although speculation was an important factor, the crisis was not exclusively caused by speculation, and by the actions of the Bank of England or the provincial banks, but rather by a combination of factors.⁵ It is beyond the scope of this article to describe the crisis in its entirety, but the key features are as follows. The 1820s in England were a period of major economic expansion, characterized by rising industrial production and growing international trade. This period of confidence fueled a surge in financial speculation, most of which focused on Latin American mining companies (Neal 1998). The stock market crash spread to a series of bank failures, centered on the banks that had granted credit for these operations. As Bignon, Flandreau and Ugolini (2011, 599–600) have shown, the crisis of 1825 was probably the most significant of the period in England.⁶ These bank failures prompted

⁵ For more details, see Neal (1988).

⁶ The paper by Bignon, Flandreau and Ugolini shows a peak of delinquent accounts and amounts at risk of loss in London in 1825–26 (Figure 7 in Bignon, Flandreau and Ugolini 2011).

the Bank of England to tighten monetary policy by raising interest rates, fueling what now is known as a liquidity crisis. The tightening of credit conditions was one of the causes of the transmission of the crisis from a financial crisis to a crisis in the real economy; the British economy found itself in recession (fall in manufacturing output, rise in unemployment, decreasing international trade). This crisis had a major impact in England, both on the development of economic thinking (since it led to intense theoretical debates on the need to regulate the issue of money) and on the development of banking and financial institutions (particularly their regulation) (Béraud 2013).

The crisis of 1825 was not without effects in France, both economically and in political and social terms. The characteristics of the crisis in France have been well documented by the contributions of Braudel and Labrousse (1993), Gonnet (1955), Jackson (2018), Vivier (2011), and Goujon (2012). The crash in England affected France almost at the same time as a poor harvest happened in 1826, leading to higher food prices. Stock market values on the Paris stock exchange fell in 1826. The Banque de France, which at that time only had the monopoly on issuing banknotes in Paris and in its few branches in the provinces, reacted by raising its interest rate; it led to a credit crunch and bankruptcies in indebted industries such as wool and cotton production, metalworking and mining. The recession began to hit the French economy in 1826, after 10 years of prosperity. The downturn gradually affected port traffic, then luxury goods and construction (Goujon 2012). The social effects did not take long: workers' wages fell sharply (by 40% between 1826 and 1832), unemployment rose, and as a result, workers' living conditions heavily deteriorated.

These factors led to a rise in tensions and conflicts related to work, and then beyond, from 1826–1827. Strikes multiplied, riots occurred due to the high price of grain, which had risen considerably. Troubles were present in both cities and the countryside; as related by Gonnet,

From 1827 to 1832, it was not the frequency and severity of social conflicts in the factories that marked the period – they had been numerous before – but the coexistence of these conflicts with riots over bread and against the rights of workers, which increased sharply in number. (Gonnet 1955, 250)⁷

From 1829–1830 (and beyond), political demonstrations took place, culminating in the Three Glorious Days ('Trois Glorieuses'), and popular revolts continued beyond that, until economic conditions finally improved in 1832. The economic crisis thus combined

⁷ Translations from French to English are ours.

with strong social and political protest, fueled by distrust of political power, a growing rejection of taxation (particularly indirect taxation) and a clear hostility towards free trade, particularly in the grain trade.

Among British economists, the crisis of 1825 and its consequences led to a strong interest for the mechanisms of the crisis. The crisis quickly attracted the attention of British economists, who began to analyze it in 1826, relating to the respective roles played by speculation and the behavior of banks. In Britain, the debate mainly pits Thomas Tooke and John R. Mac Culloch, who offered different interpretations of the causes of this crisis, foreshadowing the theoretical that would resurface for more than a decade between supporters of banking and those of the currency principle. Both attributed responsibility for the crisis to the behavior of the banks: for Tooke, the Bank of England was at fault for having practiced an excessively loose monetary policy in the years preceding the crisis; MacCulloch, for his part, blamed the role of the provincial banks, which practiced excessive credit, making the quantity of notes in circulation too abundant (Fetter 1965). Béraud (2013) outlines the original interpretation proposed by John Stuart Mill, who believed that the initial responsibility was not to be sought with the banks; during the expansion phase, they had certainly granted excessive credit, amplifying the upward movement, but their role was ultimately secondary. The contributions of these economists, who were condensed around the year 1826, reoriented the monetary discussions in Britain hereafter,⁸ which were no longer the same as those which interested Malthus and Ricardo a few years earlier. In France, conversely, it seems that the analyses have focused on more diffuse explanations, identifying more factors, generally less focused on the monetary dimension. Some French economists have linked the crises to more structural factors, such as real imbalances, but also political and social dynamics. In short, there is considerable diversity in economic thought regarding the analysis of financial crises in France, until Juglar produced his theory of periodic crises and business cycles in 1862⁹ which would subsequently become a landmark work in the analysis of crises and cycles (Pellissier 2000; Besomi 2010; Dal Pont and Hagemann 2009).

Finally, the way in which French economists addressed the 1825 crisis is distinctive in two respects: their contributions were spread out over time, whereas British contributions appeared more concentrated; and, if they sought to explain, as the

⁸ These theoretical contributions emerged during the “pre-banking school” period (1819–1838), as identified by Smith (2011).

⁹ In fact, Juglar had already begun to use the method of statistical observation in 1857, in a study published in the *Journal des économistes*, in which he compared the balance sheet of the Bank of France and that of the Bank of England, showing the coincidence of crises. For more details, see Pellissier (2000).

English did, the crisis from an economic perspective by looking for causal links, they also showed a strong interest for its real, social, and political dimensions, since economic and financial difficulties have mutated into social and political troubles in France. The features of the crisis in France are not the same as in Britain; this certainly explains why the debates and writings of economists do not focus on the same arguments. In the following sections, we investigate the analysis of crises after the 1825 episode, distinguishing the different explanations given by the French economists.

2. The Immediate Aftermath of the 1825 Crisis: Say Vs. Sismondi

One of the first analysts of the crisis of 1825 was Jean-Baptiste Say. The succession of crises he observed since the 1810s led him to expand his analysis in successive editions of his *Traité d'économie politique*, then in his *Cours complet*, in which he highlighted the responsibility of commercial bank practices and individual failures in triggering and exacerbating crises. In the first edition of his *Traité* already, Jean-Baptiste Say considered that the very operation of banks of issue in competition could cause commercial crises. If there is over-issuing by competing banks, then the flood of requests for repayment at bank counters may place the banks in a situation of illiquidity, or even insolvency. Some of them risk bankruptcy; the others are forced to reduce their discounts. Thus, according to Say, the crisis could spread because of the regular activity of commercial banks (1803, 304–305). This explanation is developed in the ulterior editions of the *Traité* (in its 1826 edition), and in a response to an article by Sismondi published in *La Revue Encyclopédique* (in 1826).

The 1825 crisis in Britain is explicitly dealt in the 1828 third book of the *Cours complet d'économie politique pratique*: to him, the responsibility for the crisis of 1825 lies mainly with the deficient decisions taken by the British banks. In the third volume of the *Cours*, in the chapter dedicated to the abuses of the commercial banks, Say wrote:

The commercial crisis that took place in England is apt to make felt the disadvantages that can arise from this unlimited ability to multiply the circulation medium. The banks that abused this facility and used their notes to discount too large a quantity of commercial paper. The heads of many companies were able, by means of these discounts, to give their businesses an extension disproportionate to their capital. The multiplication of the circulation agent caused the value of the monetary unit to fall below the value of the gold which should legally be found there. A pound sterling in gold, is from that moment worth a little more than a pound sterling in notes, the note holders rushed to the bank to be reimbursed. (Say 1828–29, vol. 3, 111–2)

Ultimately, speculation and overtrading cause excess liquidity, caused by the recklessness of what Smith would have called “project makers.” Moreover, the abundance of means of payment translates into an increase in the value of gold, and therefore a loss of purchasing power of the money. Say concludes his analysis by advocating for a restriction of the freedom of issuing banknotes, on the grounds of preserving public safety, in the same way that building regulations must protect the integrity of citizen. There is therefore a failure of individual behaviors (within banks and among entrepreneurs who like taking risks), which it is up to the public authorities to regulate in the general interest:¹⁰

These evils, which become public misfortunes, show us that however the question of law is decided, necessity requires that some restriction be placed on the ability of individuals or private companies to issue bearer notes. Although everyone in principle has the right to erect buildings on their land as they see fit, does not public safety require that the height of houses be limited and that bad constructions that would threaten human lives be prohibited? (Say 1828–1829, vol. 3, 114)

Say’s crises analysis must be understood in light of his opposition to both Malthus’s and Sismondi’s theses; to Malthus excessive savings could hinder growth, while Sismondi blames the accumulation of capital and industrialism. Say’s analysis of crises bears the mark of Thomas Tooke’s influence.¹¹ It should also be noted that Say’s monetary analysis of crises that led him to “significantly revise his analysis on outlets,” as shown by Béraud and Numa (2018, 233).

Say’s theory of crises had some followers inside the French liberal economists. One of them is probably the law professor Pellegrino Rossi (1787–1848),¹² Say’s successor at the Chair of political economy at the Collège de France (and Michel Chevalier’s predecessor).¹³ In his *Cours d’économie politique*, given during the 1830 decade, he wrote about the 1825 crisis:

¹⁰ Commercial crises would also be mitigated if sectoral and geographical mobility were stronger, according to Say. See Lutz (2019).

¹¹ Thomas Tooke played an important role in the way Jean-Baptiste Say analysed the 1825, as he admitted in a letter addressed to Tooke (Numa 2020, 928–9).

¹² Pellegrino Rossi was a publicist, initially a specialist in civil and constitutional law, born in Italy. From the 1830s onwards, he settled in France and established himself as one of the most prominent members of the liberal economists. In addition to taking over Jean-Baptiste Say’s political economy course at the Collège de France, he was elected a member of the Académie des Sciences morales et politiques and was appointed to the Chambre des Pairs by Louis-Philippe. See Marco (1988).

¹³ More insights on the promotion of political economy after J.B. Say in France are given in Le Van-Lemesle (2004).

Credit is a machine with which one does not play with impunity; it is a weapon that can be used to defend one's country and increase its well-being, but with which one can also easily injure oneself and bring about general ruin. The errors in which we have fallen on are due to the fact that we have not fully grasped the fundamental concepts of the monetary system, that we have not given an exact account of these questions: what is money? What is it for? (Rossi 1865 [1840–41], vol. 4, 268–9)

The origin of many crises could lie in innovation, which changes production conditions and attracts projects from entrepreneurs, sometimes unwise, and lacking economic education. Banks, by lending easily to risky entrepreneurs, fuel some speculation; if confidence breaks down, chain bankruptcies occur, in the domestic economy but also across borders; there may be international contamination. To Rossi, a privileged bank must be the “balance of the monetary system” (1865 [1840–41], 9).¹⁴ It is up to it to provide the impetus for credit, or to restrict it in the event of over-issuance; it is the one that must “regulate the movement” of the economy (1865 [1840–41], 9). As with Say, the failures of individual initiative (that of entrepreneurs, of private banks) is to blame (Rossi 1840). Rossi's analysis of crises is a more general alignment with Say's theory of outlets (Marco 1988, 298): Rossi, like Say, thinks that there is no lasting and global market congestion, but only partial outlet crises.

The French Saint-Simonian engineer Michel Chevalier (1806–1879), in a paper in the *Revue des Deux Mondes* in 1847, also attributed the origin of the 1825 crisis to the short-sightedness of English speculators: “Nor were our capitalists the ones who ran into adventures like those of the English in 1825, rushing blindly into the gold and silver mines of the New World” (1847, 407). He also made the connection between the financial crisis in England and the social unrest that shook the working class around 1830 (1837, 48). He considered that the prudence of banks, particularly that of the Banque de France, was a way to guard against crises and mitigate their effects when they stemmed from international contagion: “As for recklessness, the Banque de France never committed any: no one was ever less daring” (1847, 406). He considered the Banque de France's assets to be healthy and its refinancing practices prudent: “It is understandable that by reducing the credit facilities granted to industry on a regular basis, the bank prevents misfortunes” (1847, 677). In the second part of the paper, he compared the management methods of the Bank of England and the Banque

¹⁴ A minority of French liberal economists will follow Rossi's views and defend the monopoly of issuance (it will be the case, later, for Louis Wolowski, Paul Cauwès or Victor Bonnet for instance). The authors who defend a monopoly share a common conception of money and of banknotes: to them, issuing money is not an ordinary commercial activity, but belongs to the core functions of State, for many reasons. See also Domin (2007).

de France. He developed the idea that the Banque de France's prudence is both the cause of a certain delay in the modernization of the instruments of credit given to the public and to industry, and a positive factor in its protection against financial crises. He then advocated that the Banque de France be given greater freedom, particularly in its ability to consult with the government, particularly regarding the issuance of treasury bills and the collection of national savings. Analysing recent financial crises (1825, 1837), Chevalier seemed to be convinced of the superiority of a "central" bank, in his words,¹⁵ in terms of stability. The American example, which he recounts in his *Lettres sur l'Amérique du Nord*, is striking: it was the abuses of local banks that accelerated the crisis, and it was "the control that [the central bank] exercises over local banks, in the interest of its own preservation, which curbs these abuses and limits them, if not completely suppresses them" (1837, 51).¹⁶

Finally, from this viewpoint, Say, Rossi and to a certain extent the young Michel Chevalier, constituting a kind of "Collège de France lineage," could be considered to be developing a neo-smithian theory of crises (Béraud, Gislain, and Steiner 2004) that emphasizes the role of overtrading and failures of individual behaviors, whether among entrepreneurs or bankers.¹⁷ But the real economy's ability to self-regulate is not called into question.

¹⁵ It should be noted that Michel Chevalier uses the term "central bank" ("Banque centrale") several times in his *Lettres sur l'Amérique du Nord* (1837, vol.1, 96, 226), well before the expression came into common use from 1920s, with Montagu Norman's developments on central banking (Piluso 2018). The meaning of the term "central bank" as used by Chevalier differs from its modern meaning; the Banque de France is described as "central" in relation to the provincial or departmental banks that exist alongside it. It is related to the history of the Banque de France: in the 19th century, the French banking system was organized around the Banque de France, founded in 1800, a private institution that coexisted with commercial banks. In 1803, the Banque de France obtained the privilege of issuing banknotes in the Paris area, a monopoly that was extended several times during the period in question (1806, 1840); this monopoly was extended to the whole of France in 1848, after the financial panic caused by the 1848 crisis.

¹⁶ It seems that in 1837 and at least until 1847, Chevalier attributed a kind of efficiency and virtue to a discretionary monetary policy, conducted by a central bank with a monopoly. In the 1860s, his position dramatically changed, and he became a supporter of banking competition (Domin 2007). In this, he returned to the analysis of Jean-Baptiste Say according to which "the establishment of several banks which issue trust notes is better than the establishment of a single one; then, each establishment of this kind seeks to deserve the public's favor by offering it better conditions and more solid guarantees" (Say 1803, 21).

¹⁷ Similar reasoning can be found among other liberal publicists, such as Léon Faucher and Horace Say. Regarding the suspensions of payments that occurred in England, Faucher considered that "competition had more to do with these faults and excesses than monopoly. Thus, from 1823 to 1825, private banks doubled their circulation. (...) Nothing similar can be seen in the history of the mother-bank" (Faucher 1845, 175–6). Horace Say, for his part, attributed to the French banking system (and to the specificities of the management of monetary policy by the Banque de France) the greater resistance of the French economy to financial crises, in comparison with England or the United States, where privileged banks regularly suffered from episodes of inconvertibility (1847).

In the immediate aftermath of 1825, Jean Charles Léonard Simonde de Sismondi (1773–1842) offered another analysis of crises, particularly that of 1825, which had a profound impact on economic thinking, at the margins of French political economy but with some influence on it however. Throughout his work, he developed an analysis of crises that consisted of broadening the classical perspective (Arena 2013).¹⁸ In the second edition of the *Nouveaux Principes* (1827), Sismondi observed that “completely unexpected crises have followed one another in the industrial world,” and explicitly mentions the crisis of 1825 as one such episode of strong disturbances caused to trade and industry. As the literature (Aftalion 1899; Arena 2013; Bridel 2023) had extensively shown, crises in modern industrial economies have multiple causes in Sismondi’s thought. The core problem in industrial economies stems from the tendency to general glut that arises from the modern way of production in which workers do not have the means to purchase the goods they would like to buy, and in which producers, wishing to increase their profits, are encouraged to produce more: “For Sismondi, overproduction is a recent phenomenon. It is a fatal effect of new forms of production, a necessary consequence of large-scale industry and free competition” (Aftalion 1899, 87).

The banks and the financial system are aggravating factors of the crisis: through their credit operations, banks finance companies and speculators, contributing to an increase in production without any corresponding increase in demand. In this way, they further accelerate the situation of overproduction and market congestion. Financial crisis and overproduction are intimately linked: bankruptcy, according to Sismondi, affects industries as much as banknotes holders. In the end, to Sismondi:

The bank that has made loans to manufacturers who have become insolvent as a result of the crisis, or who, having used their loans to acquire fixed assets, are unable to pay up immediately, is unable to meet its commitments. It goes bankrupt, dragging down all those who lent to it! (Aftalion 1899, 95)

The banks are guilty, hand in hand with industry, of the general crisis affecting the economy. Sismondi, in contrast to Ricardo and Say, did not believe that crises could be partial or transitory, because of the imperfect mobility of factors. Nor can we count on consumption by the wealthiest. Thus, industrial societies and the modern social organization based on low wages for workers give rise, according to Sismondi, to an

¹⁸ Arena (2013) distinguishes between three types of crises in Sismondi, which are not incompatible and, in fact, most often combine: market crises (in the framework of the general glut controversy), industrial crises (accelerated by industrialism), and monetary and financial crises.

inevitable repetition of crises, with the same causes always producing the same effects. Bank failures are only a symptom of this, and it is not enough to find ways to mitigate or prevent them in order to stop general crises from occurring.

3. The Crisis as a Symptom of Insufficient Competition and Bank Freedom

The liberal economists who followed Jean-Baptiste Say did not take the exact same path as he did, and shed the light on banking competition and freedom. One of the founder of the *Société d'économie politique* and the *Journal des économistes*, the French liberal economist Charles Coquelin (1802–1852),¹⁹ developed a theory of commercial crises which had a large audience and numerous upholders. In this section, we observe a significant shift since Jean-Baptiste Say's contributions: whereas Say saw the behavior of banks as a major source of risk, Coquelin identified banking regulation and public intervention as the main dangers.

Charles Coquelin developed his theory of commercial crises in his 1848 book *Le crédit et les banques* (1848), which he set out again in the entry “Crises commerciales” (1852) in the *Dictionnaire de l'économie politique*. He proposed a different approach to that of Jean-Baptiste Say, highlighting the role played by the issuing monopoly in the emergence and spread of financial and commercial crises.

According to Coquelin, commercial crises, particularly that of 1825, occurred in a context of calm; there was no cyclical imbalance that explained their occurrence: “England, for example, was enjoying profound peace and was not afflicted by any physical calamity when the terrible crisis of 1825–1826 broke out, which wreaked such cruel damages on it” (1852, 527). Nor is the credit system at fault, according to him, although a concomitance between the development of credit and the occurrence of crises is observed:

Seeing the coincidence of these unfortunate accidents with the development of credit, it has sometimes been concluded that the use of credit is in itself an evil, or that it is at least a perfidious auxiliary for commerce, which always makes it pay too dearly for the services it provides. Certainly, the conclusion was not just. For it to be, it would be necessary to suppose that the explosion of a commercial crisis makes a country lose more than it has gained by the use of credit in calm times. (Coquelin 1852, 527)

¹⁹ Together with editor Gilbert-Urbain Guillaumin, Charles Coquelin coordinated the *Dictionnaire de l'économie politique* (Dictionary of Political Economy), which was the reference work for liberal thought in the second half of the 19th century, bringing together contributions from all the writers of the *Journal des économistes* and the *Revue des Deux-Mondes*.

In his entry in the *Dictionnaire de l'économie politique*, Coquelin strongly emphasized that “calm times” are conducive to creating the conditions for a future commercial crisis, which will therefore have the appearance of a spontaneous crisis. He also notes that crises have a repetitive nature — he observes the reproduction of similar episodes in 1811, 1819, 1825, 1830–1831, 1837, and 1846. However, he did not go so far as to theorize the cyclicity of commercial crises as Juglar would later do (Juglar 1889, 1891).

One particular protagonist is at the heart of the process leading to the crisis, in Coquelin’s view: the privileged bank, *i.e.* the bank with a monopoly on issuing banknotes. The reason is as follows: it operates what Coquelin describes as unfair competition (“unequal competition”) because it offers a more favorable discount rate to borrowers than private banks can, while making higher profits. This sort of unfair competition was unsustainable for private bankers, who were deprived of “the best commercial assets” and left with “only the scraps” (1852, 532); bank failures multiplied, and the only acceptable use for capital was in the National Bank’s capital reserves. Some of the capital, instead of returning to trade, was hoarded at the Bank: capital that had not found a job “accumulated and clogged up” (1852, 532). This is when the “project makers” (1852, 532) step in, attracting this capital to speculation. According to Coquelin, the individual behavior of capital holders and project developers is not to blame: modern crises arise from the existence of the monopoly on issuance (1852, 533).²⁰ As Numa points out (2017), modern crises (those that combine several explanatory factors) have as their primary cause the monopoly of issuance, which destabilizes credit and leads to sectoral distortions. As long as the banking monopoly exists, crises are bound to recur. Of course, in the absence of a monopoly on issuing money, crises are not eliminated, but they have external causes (agricultural, for example, in the case of the crises of the Ancien Régime) and are not inherently recurrent.

While monopoly is a clear cause of the crisis identified by Coquelin, competition between banks (and the absence of a monopoly granted to a central bank) is a factor for improvement and stabilization: competition would encourage bankers to limit their risk-taking, and the multiplicity of banking institutions would make systemic risk more diffuse. In addition, there is another reason for Coquelin’s superiority of a competitive system: it is a way of making credit plentiful and not slowing down the economy through insufficient discounting. In this way, the possibility of a latent crisis linked to insufficient activity (caused by too little credit) would be reduced.

²⁰ The defenders of plurality of banks have in common to consider banknotes as different from money (Batie, Baudrilart, Chevalier, Coquelin, Courcelle-Seneuil, Garnier, Juglar, Puynode, Molinari, Leroy-Beaulieu). They develop a view of banknote as an instrument of credit. Admittedly, banknotes are accepted as a payment medium in circulation, but cannot be confused with money.

Coquelin's analysis was significant and influential on several levels: he identified, before Juglar, the repetitive nature of trade crises and highlighted a causal link that no one else had seen. While other economists criticized the monopoly on issuance, they often did so on grounds of economic efficiency or violation of the principle of natural law. However, Juglar was quite critical of Coquelin's assessment: to him, Coquelin "accuses the privilege, in the absence of freedom of issue, of saturating the circulation of paper, thus making the use of real capital more and more difficult by lowering the interest rate. Repelled by this artificial competition, they take refuge in the Bank, where they increase the number of deposits in current accounts while waiting for better time" (Juglar 1889, 47), and that "Ch. Coquelin's attacks on the monopoly, however specious they may be, do not stand up to examination of the facts" (Juglar 1889, 47).

Inside the liberal group, Coquelin's ideas were also developed by Joseph Garnier, Henri Baudrillart, Gustave de Molinari among others.²¹ Joseph Garnier, following Coquelin, advocated "the abolition of all intervention by the authorities, of all administrative supervision, of all privileges granted to certain establishments, and especially of the privilege of issuing banknotes, by means of which the privileged banks monopolize discounting, dominate circulation and provoke crises by untimely restrictions on their issues" (Société d'économie politique 1857, 303). Courcelle-Seneuil will become twenty years after Coquelin a famous advocate of the *Banque libre* (1867).²²

4. Commercial Crises as a Result of Structural Imbalance

For Jean-Baptiste Say and his supporters, as for Coquelin, commercial crises are temporary in nature, caused by the private banking system or the privilege of issuing currency. The period after the crisis of 1825 was also a moment of important reflection on the possibility of deeper crises than most liberal economists had envisaged. As a result, correcting deficient individual behaviors in one case and increasing competition in the other, are seen as not solving the crises, or even as a factor in their aggravation. Here we return to explanations of a real nature of modern crises, which would ultimately be linked to real explanations (general congestion, sectoral maladjustments, etc.) as were the crises of the Ancien Régime in some way. This path is taken by economists, both liberal and on the fringes of liberal thinking, who have emphasized the real, one might say macroeconomic, causes of the crises, somewhat in the way Sismondi began to think earlier.

²¹ Let us note that, for Coquelin as for other French liberals who will develop similar ideas, the activity of issuing money is viewed as being a commercial activity like any other, for which the exercise of freedom produces better effects than monopoly (Coquelin 1852).

²² See Domin (2007).

In this respect, it should be noted that the diagnosis of the crisis proposed by the Saint-Simonians in the 1830s was part of the late developments of the general glut controversy between Sismondi and Say (Lutz 2019). The crisis of 1825 epitomized in a way the problem of gluts; the workers' revolts against the use of machines and the spreading poverty among the working class called into question the validity of industrialism and its ability to generate progress. Bazard, Enfantin and Carnot, who were the heirs and disseminators of Saint-Simon's thought, then extended his thinking by introducing new concepts: the "exploitation of man by man,"²³ and the need for the organization of labor, as opposed to competition, which produces crises (Ege 2023):

Let us look at the society around us. Numerous crises and dreadful catastrophes smite industry daily; a few people have started to notice [them], but they do not realise the cause of such great disorder, they do not see that this disorder is the result of the implementation of the principle of unlimited competition. (Bazard et al. 1831, 200)

In a context characterized by gradual market liberalization and economic modernization, the pace of production growth seemed insufficient to the Saint-Simonians; network infrastructure (railways, canals, communication routes) is neither sufficient nor modern enough, and sectoral and geographical mobility is lacking (Lutz 2019). The reorganization of the banking system is a central element of this approach: to support the development of modern society and economy that the Saint-Simonians were calling for, it had to stop benefiting the idle and allow producers to access cheap credit through low interest rates (Jacoud 2010). Consequently, for the Saint-Simonians, the struggle against crises involves improving the conditions for growth, which in a way echoed Jean-Baptiste Say's analysis. But the practical measures were different: association and the development of networks (transport, communication, banking), supported by a reformed banking system geared towards providing low-cost financing for industry and infrastructure, were seen as well as a way of preventing crises as a means of emancipation for workers (Ege 2023).

Two later economists, who are more often associated with the liberal group, emphasized the real imbalances that led to the crisis, aligning themselves to some extent more with Sismondi and the Saint-Simonians than with liberal heterodoxy. First, the engineer and economist Jules Dupuit (1804–1866), who was as much involved in the field of engineering economics as in that of economics, proposed an original analysis of crises, emphasizing their real dimension. Another analysis pointed to the real and structural nature of the crises of the first half of the century: that of

²³ This phrase circulated among the Saint-Simonians after Saint-Simon's death in 1825.

the young Courcelle-Seneuil. In a way, these arguments, developed by both these economists explicitly belonging to the liberal group, echoed that of Sismondi and the Saint-Simonians developed some years earlier.

Jules Dupuit, first, offered an original, not to say iconoclastic, analysis of the crises in his contributions to the *Journal des économistes*, once again distinguishing himself from his peers.²⁴ First, Dupuit advocated the idea of the multifactorial nature of crises. In an 1856 meeting of SEP, he declared:

One of the great difficulties of political economy is that when we want to examine the facts, we find ourselves greatly perplexed, because, as they are the result of a large number of causes acting simultaneously, it is very difficult to determine their separate and distinct influence. (Dupuit 2009 [1856], 674)

However, the fact that crises are multifactorial does not prevent one factor from prevailing over others: to Dupuit, real causes predominate over monetary and financial causes, particularly during the crisis of the first half of the 1850s, which was characterized by rising prices. It should be noted that Dupuit never specifically addressed the crisis of 1825, but became involved in the Society of Political Economy in the early 1850s, participating in discussions on the post-1848 crisis, which was characterized by a stock market and commercial collapse and severe political unrest. Despite the different context from the crisis of 1825, Dupuit pointed out that even in the circumstances of 1848, with the added problems of monetary and currency issues, the real dimension of the crisis was the most important factor. Regarding the (monetary and financial) crisis of 1857, Dupuit wrote, “any crisis of the nature of the one we are experiencing is never anything more than the result of a decrease in the production of truly useful goods” (Dupuit 2009 [1857], 684). The causes of this low production may be external (e.g. wars) or internal (misuse of capital and labor resources, e.g. excessive production of luxury goods). Monetary or financial issues are then merely aggravating factors (Dupuit 2009 [1857], 685); as remarked by Numa (2017, 252), in what could be described as a pre-quantitative reading, variations in the quantity of money (coins or banknotes) only result in a variation in nominal values, not real values.

Dupuit proposed quite contrasting ways of remedying crises. He generally favors solutions that can be described as market-based, consisting of lowering barriers to the expression of supply and demand, both in product markets and in the labor market.

²⁴ Breton and Klotz, editors of Jules Dupuit’s Complete Economic Works, were unable to determine whether, at the time of the discussions of the Société d’économie politique in which Dupuit participated in 1856 and 1857, Juglar’s earliest works were well known to liberal economists, especially his early contribution in the *Annuaire de l’économie et de la statistique* with the title “Des crises commerciales” (See “Avant-propos des éditeurs” in Dupuit 2009 [1857], 683).

He believed that the fight against customs tariffs, as promoted in his book *La liberté commerciale* (1861), will reduce the severity of crises:

Commercial crises and food crises, which are so painful when confined to small areas, will be mitigated by the spread of goods and capital, which can easily be transported to where they are most needed. (Dupuit 2009 [1861], 502)

However it should be noted that a decade earlier, in his role as engineer in charge of the Ordinary Service of the Maine-et-Loire department in Angers, Dupuit implemented a measure to cushion the effects of the 1848 crisis that was completely at odds with his liberal principles; he was the one who opened and directed the socialist-inspired National Workshops (“Ateliers nationaux”) in Angers (Chatzis 2009, 672).

The young Jean-Gustave Courcelle-Seneuil, during his republican period, also explained that the origin of crises can often be found in the real world. In his book *Le crédit et la banque* (1840), he examined the possible causes of crises: political unrest, wars and uncertainty in the business climate, which lead capitalists to hoard capital. Crises can also manifest themselves through a decline in trade and industrial activity, leading to bankruptcies and a fall in production.²⁵ Whatever their causes, crises go through a phase of “credit contraction”; however, credit plays a fundamental role in an industrializing economy, according to Courcelle-Seneuil: “Credit is based on trust. All causes that undermine trust therefore undermine credit” (1840, 14).

Courcelle-Seneuil devoted a section of his book to analyzing the crisis of 1810 in England, in which he draws comparisons with that of 1825, considering that “the terrifying crisis of 1825 had similar causes and effects” (1840, 19). The sequence begins with a period of booming trade and production, linked to the opening up of trade to South America, whose Spanish colonies are gaining independence, which fueled a rise in profits for English producers, in a climate of euphoria that encouraged capitalists to borrow. Indeed “capitalists are full of confidence; credit is expanding, and the representative signs of capital, the money order, the bill of exchange, and the bank note are multiplying rapidly” (Courcelle-Seneuil 1840, 18). There comes a time when capitalists discover that the expected opportunities in South America are actually much smaller than hoped for; “the speculators’ madness had gone so far as to ship ice skates

²⁵ In the article “Crises” that he wrote in 1842 for the *Dictionnaire politique* published by Pagnerre, Courcelle-Seneuil reiterated this analysis, considering that the main characteristic of crises is the weakening of credit, and that there are multiple causes (commercial unrest, speculation, political uncertainty, price fluctuations). See Frobert’s (2012) chapter devoted to the study of the concept of crisis in dictionaries of the 1830s and 1840s.

to places where ice was unknown” (1840, 18–19), writes Courcelle-Seneuil, referring to MacCulloch’s *Principles of Political Economy*. This was followed by a collapse in the price of goods that remained unsold, causing bankruptcies and a credit crunch.

What all the crisis factors described by Courcelle-Seneuil have in common is that the economic system of the time was fragile; more specifically, the wealth creation of an industrial economy, fueled by a process of gradual liberalization, relied heavily on expectations, or what we would call today confidence and the state of “public opinion.” It is therefore fragile and inherently subject to sharp fluctuations. These weaknesses are exacerbated by the development of modern financial instruments that accelerate and internationalize the spread of crises:

Due to the speed with which transactions are executed, a single value gives rise to a multitude of signs, and advances multiply with the signs. In this state of affairs, miscalculations, capital losses, bankruptcies and ultimately discredit are inevitable. (Courcelle-Seneuil 1840, 19)

While he did not go so far as to call for greater regulation (as others, such as Louis Blanc, did in the same *Dictionnaire*, see Frobert 2012), it is noteworthy that in 1840, Courcelle-Seneuil, future advocate of free banking, cited the interventions of the Banque de France and the Bank of England during previous crises (particularly that of 1825) as a factor in halting panic and crisis (1840, 20). Crises, seen as a pathology to be cured in industrial economies, and the implicit call for regulation of its failures, naturally echo the ideas of Sismondi and the Saint-Simonians in the previous decade.

5. Economic Crisis, Social and Political troubles: Views of a Moderate Liberalism

In contrast to the economists mentioned above, who focused on the economic, monetary, and financial characteristics of crises, some economists, still belonging to the broad circle of liberal political economy,²⁶ espoused a more moderate form of liberalism in their understanding of the crisis and its consequences. Crises are thus viewed in a wider way, as part of social and political problems. Two figures played a specific role in this story: Adolphe-Jérôme Blanqui and Charles Dupin. Both, in some different ways, focused much more on the social consequences of the crises, than on the mechanisms of its development or contagion.

²⁶ In its broadest sense, the French liberal group brings together non-socialist economists; they may have very different views on how market mechanisms work and the role of the State, but they are united in their opposition to socialist thinkers.

Blanqui from his part, was a Professor of Industrial Economics at the Ecole Spéciale de Commerce de Paris and as Say's successor at the Conservatoire National des Arts et Métiers, positions on crises that differ from those of liberals such as Garnier, Dunoyer, and Coquelin. His writings from the 1820s show a tendency to downplay the severity of crises and a lack of interest in explaining the mechanisms that lead to them (Blanqui 1826, 1836). As an illustration, Adolphe Blanqui's *Précis élémentaire d'économie politique* was published in 1826 precisely when England was at the peak of its crisis; the book mentions the 1825 crisis but offers no explanation or theory, apart from mentioning an episode of excessive lending that led to a drain on bank reserves. In the *Précis*, he does not seem to blame the behavior of banks, but rather that of governments: "the origin [of banks] is modern, and if from the starting point they did not do all the good that was expected of them, it is the incompetence, greed, or violence of governments that must be blamed" (1826, 159).²⁷ During the 1820s, he displayed optimism, without echoing concerns about the welfare of the working class (Demier 2024).

However, as 1848 approached, Blanqui became increasingly concerned about the consequences that crises, whether industrial, financial, or commercial, could have on the political and social order. He wrote in 1849 the book *Des classes ouvrières en France pendant l'année 1848*, in which he deviated quite sharply from the liberal line taken by the Société d'économie politique at the beginning of the *Journal des économistes*.²⁸ Blanqui (1849), writing on the 1848 crises, strongly emphasizes the risk of a financial and industrial crisis turning into a social and political crisis.

At this time, Blanqui's positions offers a counterpoint to Charles Dupin,²⁹ who, faced with recurring crises, calls for a return to a strong (central) State to deal with individualism and excessive competition³⁰ (Frobert 2018, Demier 2024). Faced with Dupin, who advocated a form of nationalism, an alliance between the state and big capitalist industries in the face of repeated crises, Blanqui defended freedom, as long as

²⁷ Another illustration of this is the fact that in speeches delivered in 1825 and 1826 to the council for the improvement of the École spéciale de commerce de Paris, Blanqui merely praised industrial progress, fuelled by scientific advances and the expansion of trade, and said nothing about the situation in England at the time, whereas others were more concerned (this was particularly true of the banker Jacques Laffitte).

²⁸ The inquiry into the working classes was commissioned by the head of the executive branch, General Cavaignac, to the Institute; it prompted significant political debate both in the Chamber as well as among economists and intellectuals. See Demier (2024).

²⁹ Charles Dupin is a French engineer (1784–1873) and a former student of the Ecole Polytechnique. He embarked on a long observation trip to England with the aim of visiting its arsenals and studying its navy, which resulted in a substantial work describing the characteristics of English military and commercial power. More details on his biography and thought can be found in the book of Christen and Vatin (2009).

³⁰ "That's what it is, to use my industrial jargon, breaking and crushing society, grinding and sifting its elements to achieve individual selfishness and antisocial isolation!" (Dupin 1839, 16).

it serves to improve the conditions of the poorest, echoing Saint-Simonian concerns. Where Coquelin and Garnier saw crises as inevitable but temporary phenomena in a free society, Blanqui believed that reasonable regulation could be useful.

In 1832, Charles Dupin was commissioned by the Academy of Sciences to write a report on the memorandum by agronomist Emile Bères on the “industrial and commercial malaise in France, and ways to remedy it.” In this report, he clearly identified the repetitive nature of crises, which he said belonged “to the succession of natural phenomena” (1832, 183). Thus, the period from 1818 to 1826 was characterized by “admirable fertility,” marked by moderate prices and rising incomes, which led to an improvement in living conditions. This was followed by a “contrary trend” (1832, 183) from 1827 to 1831, which resulted in higher agricultural prices and an increase in the share of income devoted to subsistence expenditure. As a result, people restricted their spending on other manufactured goods, at the same time as industrial progress accelerated production volumes. For Dupin, the most serious consequences of the crisis are social and political: the development of antagonisms, hostility, and even the possibility of war, which are both the consequences and the causes of the persistence of great uncertainty. Dupin estimates workers’ confidence based on the amounts they deposit or withdraw from savings banks, and concludes from a historical comparison that “even cholera, the most devastating epidemic, does less harm to business and affects workers’ well-being less than riots do” (Dupin 1832, 188). Reasoning somewhat like Sismondi, Dupin explains that as industrial production increases “geometrically” (Dupin 1832, 194), it eventually leads to overproduction in the face of slower growth in producers’ incomes. Dupin, in his 1839 book dedicated to the 1839 British commercial crisis, also referred explicitly to the crisis of 1825, which he believes offered a quite similar scenario:³¹

Since we cannot hope for an uninterrupted continuity of favourable circumstances that perpetuate our commercial prosperity without any unfortunate alternatives, it is important to study with deep attention the disruptive causes that, from time to time, exert a disastrous influence on the useful arts and, consequently, on the fate of the people. (Dupin 1839, 5)

In the end, in a crisis, Dupin proves himself to be a supporter of the Banque de France’s actions, which he describes as the “vigilant guardian of commercial credit” (1839, 17) that comes to the aid of industry in times of difficulty, both in Paris and in provincial

³¹ “A crisis similar to the one we are experiencing today was felt towards the end of 1826, in the midst of a period of profound peace, under an administration that was unpopular, it is true, but powerful, skilful and proud of five years of success” (Dupin 1839, 5).

offices. He agrees in some extent with Rossi and Blanqui that the Banque de France's lending practices helped absorb the shock of the crisis and limit the number of bankruptcies. He attributes the few bankruptcies that did occur to the "irrational fear" (Dupin 1839, 26) of capitalists, who blocked transactions, causing unemployment and rising poverty, which led to social unrest.

Two shades of moderate liberalism could be identified here: one leaning towards social liberalism, the other towards nationalism, characterized by a focus on the consequences of crises rather than on understanding their causes.

Concluding Remarks

The crisis of 1825 left a noticeable mark on economic thinking in France. This mark is certainly less visible in France than in England, where there was intense theoretical debates between leading figures in monetary theory (Tooke, MacCulloch, Mill), but it was widespread. Many works until the end of the 19th century continued to mention this crisis, which economists saw as one of the first mixed crises, to which the usual model that prevailed until the early 19th century no longer applied. In a way, the 1825 was a fundamental point (if not a departure point) for analyzing financial crises throughout the 19th century.

By looking at how the crisis of 1825 was perceived and analyzed by French economists, we were first able to show that there was indeed a form of crisis analysis in France before Clément Juglar, distinct from that of English economists. French economists were interested in the causes and manifestations of crises (financial and commercial) in a broader sense than their English counterparts, linking them more to real problems (conjunctural imbalances, structural underconsumption, individual behavior failures) than to monetary or exchange rate issues. This particularity stems as much from the specific historical context in France, where economic crises tended to degenerate into revolts and riots, as from the intellectual perspective of French economists, who were publicists.

Secondly, and unsurprisingly, there are many liberal approaches to crisis analysis, particularly with regard to the crisis of 1825. Some liberals, following in the footsteps of Jean-Baptiste Say, attribute crises to failures in the individual behavior of banks, arguing that some regulation of private banks could mitigate their severity. Others, such as Charles Coquelin, insist on the destabilizing nature of regulation, and in particular the monopoly on issuing money, which they believe to be the main cause of crises. Lastly, other economists, who are more moderate liberals or on the fringes of liberalism, focus on analyzing the social and political consequences of crises. By

studying the distinctive contributions of certain economists, we have shown that there were original compositions and recompositions on this subject, with each author taking a position that was not necessarily expected. The liberalism of Jean-Baptiste Say, Courcelle-Seneuil, or Jules Dupuit, for example, is capable of accommodating a certain degree of public intervention and regulation when maintaining social order is at stake. The question of crises therefore reveals a real diversity of positions among liberals, only some of whom see market mechanisms as the appropriate solution to overcome them.

Finally, it appears that the crisis of 1825 had a very different impact in France compared to England: while in England it gave rise to rich theoretical debates and had profound consequences on the rules governing the issuance of money, the situation was very different in France. The crisis of 1825 caused less economic and financial unrest, and the policy pursued by the Banque de France was seen as a factor in reducing risk. There was therefore no significant theoretical revival, nor even any immediate discussions calling for a reorientation of central bank practices; these discussions only came later in France.

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