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1450–1820
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CHAPTER NINE

THE PENINSULAR ECONOMIES AND THE IMPACT OF GLOBALISATION (CA. 1494–1700) ¹

Bartolomé Yun-Casalilla

INTRODUCTION: THE CROSS-CULTURAL ROOTS OF THE FIFTEENTH CENTURY-EXPANSION

Perhaps because his celebrated circumnavigation of the globe was financed by Castile, it is often forgotten that Magallanes, the first man capable of organising this extraordinary feat, was a subject of the King of Portugal. This project was an example of the high degree of integration and overlapping between the various societies of the Iberian peninsula, a characteristic found not only in the oceanic expansion but also in the economic growth that has often been underestimated by historians. The following pages are an attempt to bring out these ties as well as the exact nature of the expansion and the subsequent crisis.

The dynamism of the Iberian economies was already obvious in the fifteenth century. Indeed, it had been manifested in the conquest of the Islamic states of the peninsula: Portugal had taken the Algarve in 1249; the Crown of Aragon had recovered Valencia (1238); in Castile this movement would culminate in 1492 with the conquest of Granada. A process of this sort, in which military collaboration between the armies of these Christian kingdoms was frequent—conflict between them was not entirely absent, it has to be admitted—was both a symptom and cause of the notable economic vitality of the peninsula states. Two factors or tensions were crucial to this phase of military and territorial expansion: first, the rivalry and internal tensions in the heart of the seigneurial aristocracies; second, the needs of the monarchies for economic and military resources. As land and labour (a variable that one can equal to the population) were the most important factors in the productive system, so military expansion was also a form of economic growth. The acquisition of new territories would, through their cultivation and repopulation, favour demographic expansion.

The Iberian peninsula was one of the richest centres of Christendom for the development of knowledge and technology. Here mathematics and a range of other
sciences, many originating in Arab and Jewish cultures, had taken root: geometry, astronomy, and cartography; agriculture involving sophisticated irrigation mechanisms; oriental techniques of construction and textile weaving; the most efficient means of navigation (this thanks to advances such as the caravel, a synthesis of the type of ships sailed in the north of Europe and the Mediterranean galley) and the compass, of Muslim origin. All of these arts and sciences were the consequence of the intense trans-cultural relationships between the Christian, Jewish, and Muslim civilisations. Moreover, thanks to its role as intermediary in the commerce between the north and south of Europe, the Iberian peninsula had become a “central corner” in the European-world economy. International commerce also created maritime routes that, having penetrated the hinterland (for the sake of convenience, the term “interior” will be used to denote non-coastal regions), gave impetus to the regional economies by providing a great abundance of productive resources (Constable 1995).

These international connections strengthened the need to explore new worlds, at the same time that they provided the means for doing so. In this way, the search for gold, needed to satisfy the requirement for monetary circulation in an expanding European economy, encouraged the Iberian states to explore and conquer the African coast as far as Sudan, this being necessary to cut out the nomadic Saharan tribes who previously had acted as intermediaries. The kingdom of Portugal, moreover, also needed fish, wheat, and other products from the coasts of Morocco, North Africa, and the Atlantic, which it started to explore. Growing Genoese colonies, in Portugal as much as in Castile and Aragon, fed the growth of sugar and wine production in the Canary Islands, Madeira, and the Azores. But, crucially, Iberian societies had the means to achieve all of this: as we have seen, it was the melting pot for the technologies and branches of knowledge that made possible this phase of expansion. The school of navigation created in the Cape of San Vicente by Henry the Navigator of Portugal brought together rich seams of knowledge in mathematics, trigonometry, cosmography, cartography, and so on, that had begun in the so-called “School of Translators” of Toledo, the famous “Alfonsine tables” and in Mallorca, itself perhaps the finest example of the positive effects of this cross-fertilisation of ideas and knowledge.

THE IBERIAN ECONOMIC GROWTH OF THE SIXTEENTH CENTURY

The economic expansion of the sixteenth century was manifested in the growth of population. Between 1500 and 1560 Castile moved from 3.9 to 5.6 million inhabitants. The Crown of Aragon also witnessed a phase of growth: 0.78 to 1 (Nadal 1984, 74). Even in Portugal, the population passed from about 1 to 1.4 million. A process of this type was not unique in Europe, but neither was it a symptom of backwardness. The European population grew from 80.9 to 102.1 million, slower than the Iberian kingdoms (Kriedte 1985,12). It was a form of expansion that sits well within the so-called ancien régime demographic model: high-birth rates accompanied by high rates of mortality due to famine and disease, a result of which was low rates of vegetative growth in comparison with those of the nineteenth century. As always with preindustrial economies, demographic growth was accompanied by
an agrarian expansion, which was manifested in the tithes figures for many peninsular areas. Different estimates have been made for the evolution of GDP and of GDP per capita, although they all lead to similar conclusions for both Spain and Portugal (Álvarez and Prados de la Escosura 2013; Reis 2016). Whether or not these statistics are correct, they give us reason to believe not only that the population grew, but also that the wealth per inhabitant was increasing, a picture which does not correspond to the old model of the “economies immobiles”, which in any case has been nuanced by recent economic historiography. This phenomenon was corroborated by the fact that the levels of urbanisation increased in both countries. In economies such as these, this pattern reinforces the idea that Iberian agriculture was capable of feeding an increasing volume of persons who were not dedicated exclusively to the cultivation of the soil; that is to say, that agrarian productivity grew *grosso modo* in response to a parallel increase in industry, commerce, and services.

For many years, historiographical thinking has explained this expansion by the availability of lands that permitted an extension of the farmed surface area, a process typical of preindustrial economies. In fact, this growth was evident on the local level, where references abound to the breaking of new soils; it was also manifested in interregional migration, predominantly from north to south. A continuous stream of emigrants made their way from the mountainous zones of the Cantabrian cornice and Galicia, from the north of Portugal, from the Pyrenees, and even from France; they headed south, migrating to the areas around Lisbon, the south Tajo Valley, and even the Algarve; some, alternatively, made for Andalusia, Murcia, and the kingdom of Valencia. The permeability of the frontiers of this time explains the trans-frontier character of these movements, which was manifested in the abundance of Portuguese in Castile, of Frenchmen in Catalonia and even in Valencia or of Castilians in Valencia. But growth would have been impossible without other ingredients and factors: property rights; institutions that regulated the use of natural resources; ecological conditions; forms of combining work, land, and technology.

Portuguese historiography has given importance to *enfeiteusis*, a form of long-term land grant that favoured agrarian activity and combined relatively low rents with a degree of security for the tenant farmer (Miranda 2016). True, its inherent capacity to attract immigrants was limited in areas such as Alentejo, whose meagre soils were inappropriate for wheat cultivation; on the other hand, things were much easier in the North of the Tajo valley or even in the Algarve. Enfeiteusis, moreover, was not exclusive to Portugal. It was also widely present in the Crown of Aragon and, above all, in Catalonia and Valencia, where it was associated with the farming of irrigated lands and intensive fruit-tree cultivation by the Morisco population. In Castile a form of seigneurial land grant to peasant collectivities was widespread, involving the communal use of the soils. Across the peninsula, and above all in Castile, the abundance of terrain belonging to the royal domain (the *realengo*), unfarmed fields (*baldíos*), or soils belonging to rural communities and councils (*concejiles*) also facilitated the movement of population and the extension of cultivated lands.

South of the Tajo, in Portuguese Alentejo, New Castile, and Andalusia, these sorts of lands allowed the development of livestock breeding but also encouraged the migration of farmhands, who provided a workforce on the great estates and allowed them to make use of previously unused soils, whose produce was oriented towards the growing urban markets and, little by little, America. Thus, property
rights that originated in patterns of shared or common ownership, and which were largely inconsistent with the logic of modern capitalism, in fact had a very positive effect upon economic growth. Furthermore, the Mesta, the great transhumance association that has traditionally been viewed as a cause of agrarian backwardness, probably had precisely the opposite effect (Klein 1920). Certainly, its existence led to frequent conflicts that suggested a high degree of insecurity in property rights and denoted forms of corporate privilege that limited the capacity of the individual farmer for innovation (North and Thomas 1973). But account should also be made for the fact that the cañadas (the herding routes taken by the vast flocks of transhumant sheep) affected only a very small proportion of the available farmland and that the complementarity between mountain and plain resources helped the adaptation of both agricultural and pastoral activities to the many and varied ecological systems of the peninsula. The regulation of property rights by the town councils (ayuntamientos) and chambers (câmaras)—the municipal corporations of Spain and Portugal respectively—also had a positive overall effect. These bodies created a way of dividing soils into different pockets of exploitation (typically with cereal crops, vineyards, and pastureland) that permitted efficient combinations between livestock breeding and agriculture and also increased security against the indiscriminate entrance of livestock (Yun-Casalilla 2004).

The Iberian peninsula boasts a huge variety of regional ecological systems: these stretched from the mountain ranges with an Atlantic climate of frequent rainfall, great forests, and fertile soils which were difficult to farm, to the plains with a Mediterranean continental climate, dryer and hotter. And, even if patterns of exploitation tended towards a monoculture of either cereals or ovine livestock, the outcome was the diffusion of the white mulberry tree (in the Levant regions and the south of the peninsula), industrial plants (such as linen and esparto grass), fruit trees, and rice production. The results of all of this were different but highly complementary agrarian calendars and, consequently, a series of peasant seasonal migrations that allowed for the mobilisation of a workforce throughout the year and a more efficient exploitation of the labour force. In the same way as occurred with the circulation of livestock, these arrangements implied a more efficient adaptation of labour to regional ecological conditions.

This complementarity was also found on the local or regional level to the extent that the multiplicity of markets created by the urban network encouraged peasant activities tied to rural domestic industry (the production of woollen fabrics, linen and hemp fabrics; crockery), and carting and peddling in which farmhands, both male and female, were employed in the moments of lesser intensity in cereal production. What Joan Thirsk (1997) called an “alternative agriculture” that would be crucial to English growth from the seventeenth century onwards, was already present in Iberia. The successful combination of labour, the seasons, the work calendar, and land availability would be taken further by important “technological” advances, such as the growing use of animals for pulling carts and load-bearing; above all, the diffusion of the mule as an animal of work and transport was a crucial step. This animal, much quicker than the oxen and cheaper to feed, allowed for the ploughing of more land in less time—facilitating the greater combination between labour, a scarce resource, and land, an abundant one; this step not only advanced interior commerce, but also made it more responsive and flexible. Few other advances
have been studied, but it would seem highly possible that when Cervantes had don Quijote charging against “windmills and giants” and spending the night terrified by the sound of the textile machines of the Sierra Morena, he was reflecting wider changes in the economy. The Castilian “meseta” and many other areas were also being populated by these machines, whilst similar advances were taking root elsewhere: in Andalusia and the south of Portugal the number of mills producing olive oil was growing, as were the country estates with stables; in Catalonia the house-farms (masías) were proliferating, as were the sugarcane mills of Valencia; meanwhile the infrastructure of the wool industry was taking root in Castile, and so on (Vilar 1962, Vol. I; Halperin 1980). Far from being a simple extension of the cultivated terrain, important advances stood behind the agrarian and demographic expansion. These contradict the model of an economy that was backward or lagging behind the others of its time, although, this having been said, it was, of course, primitive in respect to today’s.

TECHNOLOGY, INDUSTRY, TRADE, AND URBAN DEVELOPMENT

Recent findings have made it clear that the Iberian peninsula was a privileged place in the history of the development of mining (Sánchez 1989). The impetus provided by the American sector and the demand for iron and other non-ferric minerals for the army and naval construction—a strategic sector for the most important maritime empires of the period—meant that it was necessary to import and adapt German and central European techniques, often through encouraging the immigration of artisans from these areas, which were also dominated by the Habsburgs. The intense political, economic and cultural relationships with Italy, the centre of technological and scientific innovation, had similar effects on the development of these sectors and engineering, which was in turn in part a consequence of the circulation of knowledge, books and manuscripts, but also of artisans. A number of individuals involved in these changes have been studied in depth, and these have made it clear that the expulsion of the Jews, and the consequent loss of human capital, did not prevent the development over a reasonable amount of time of sciences such as medicine, thanks in part to the legacy of this “nation” (the term used at the time) and the presence of the conversos or Jewish converts, who remained in the peninsula. The role of the Iberian countries in globalisation lay behind the development of the science of botany and the experimentation with medicinal plants which was undertaken by figures such as Monardes (from Seville) or the Portuguese d’Orta. Obviously, not all of these fields of knowledge had a practical effect upon the economy, but their impact was noted in various ways.

The development of nautical sciences, cartography, and the techniques of navigation should come as no surprise to us. Naval construction, which was especially important in Biscay, Barcelona, Seville, Lisbon, and Porto, would develop to the point that the technical advances it generated would be the basis for the progress subsequently made by the Dutch navy in the seventeenth century (De Vries and van der Woude 1997). Recent research into the so-called arbitristas, who were similar to the English projectors, have made it clear that there existed a primitive but active
system of patents, based on the concession of monopolies granted to those inventors who presented their ideas to the court (García Tapia 1990; Yun-Casalilla 2016).

The role of the peninsula as a centre for the redistribution of merchandise between the Mediterranean and the Atlantic was strengthened by the oceanic expansion and globalisation. From 1510–1520, Lisbon and Porto became the focal point for the distribution towards the north of Europe of great quantities of Atlantic sugar, slaves, and wines, as well as for peppers brought from Asia, thanks to the Estado da Índia, the institution created by Portugal for the organisation of the commercial monopoly with Asia.

In Castile, the export of wool, iron (the basis for the prosperity of Burgos), and salt grew in strength, and these were soon joined by silver, sugar, dyes, and other American products that would be re-exported from Seville. Barcelona reignited its old rivalry with Valencia, with whom it competed for the commerce with Italy, it being a staging point for both armies and shipments of oriental merchandise on the “Spanish road” to Flanders (from 1566 onwards). In 1503 the House of Trade (Casa de la Contratación) was founded in Seville, and in 1543 the Consulate of Seville, thus converting the city into a centre for world trade. The Indies silver accumulated there: it would serve to finance the Habsburg campaigns in Europe and to acquire products from Italy, France, and Flanders, which were destined for both the internal Iberian market and America, thus reinforcing the connections of the Atlantic economy with Europe.

It has often been said that this commerce was prejudicial for the peninsula economy. It would, of course, create tensions to the extent that it was based on the exportation of primary materials that were important for the industry, such as wool, and the importation of industrial products. But this commerce also had positive effects upon the Iberian internal market and industry. The intensification of traffic connected to the trade fairs, which had been largely encouraged by the financial transfers effected by the monarchy in the fairs of Castile to pay for its overseas military campaigns, favoured the articulation of the internal market. The cities also helped this trend and encouraged expansion: this was not only for purely economic reasons, but also on account of their role as political and social centres, which infused dynamism into the demand for agrarian products and made internal traffic more responsive.

This commerce was increasingly intensive between the different kingdoms, despite the existence of tolls between them: Portuguese merchants were increasingly present in the fairs of the Duero valley or in cities such as Seville, Cordoba, or Toledo. The same was true for the Catalans in Medina del Campo. Population growth was also encouraged by trade in products such as Valencian silk, which was now found in Castilian cities dedicated to industry, such as Toledo, or construction, and in flourishing cities such as Zaragoza, Porto, Lisbon, Toledo, or Granada, to name but a few. Here the local nobility, the ecclesiastical institutions and Cathedrals concentrated agrarian incomes and made greater the demand in this sector, which was sometimes tied to Mudejar or Morisco technology, and other branches associated with industrial and artistic development. In this context the expansion of the leather and textile industry in cities such as Cordoba (silk and wool), Toledo (silk), Segovia (wool), Valencia (silk), Granada (silk), and others is especially eye-catching. In Portugal, the exportation of products such as wines from Madeira and the Azores,
pepper and other spices, formed part of a much more complex arrangement—in which the imperial system itself must be considered. The Portuguese needed to sell pepper and other spices because this was the principal source of income for the imperial machinery; it was also, of course, a way of paying for the demand for wheat and, perhaps above all else, a method for obtaining liquid money, without which it was impossible to make the cogs of the empire turn. It is now clear that the empire had, during the seventeenth century, a positive impact upon the economy of the country (Costa, Palma, and Reis 2015).

Credit and finances developed at the same time and to the same degree. Here a long tradition of Jewish financiers, who continued to be active in Portugal, and Genoese bankers in Castile, meant that the financial sector saw technical advances that would later be exported to the north of Europe. These businessmen (hombres de negocios), alongside German bankers, were especially decisive in financial developments, as they alone—and, again, here the Genoese were pre-eminent—were capable of dealing with the enormous transfers of money that were required to pay for the distant wars of this composite monarchy. The Habsburg dominions stretched across all of Europe. But the role of Castilian and Portuguese bankers also grew throughout the century and was tied to the development of the fairs of Medina del Campo, Seville, and the trade between Lisbon and Flanders (Ruiz 1990).

All of this was helped by the development of state finances. True, here very different characteristics were observable. Castile was capable of constituting a system that offered certain degree of control to the Cortes, which were required to vote services and to negotiate the encabezamiento (the amount paid by each of the cities and towns) in regards to royal incomes such as the alcabalas. For this reason and thanks to the flow of American treasures, this system served to overcome one of the great limitations of the composite monarchies of the period: to transfer funds from the kingdom to distant theatres of action in which the interests of the king, and not of the kingdom itself, were being defended, an arrangement which broke the sacred principle that the crown had to live off its own means (Chapter 2). The result was a fiscal system that, if it clearly had strong counterweights in the Cortes and the kingdom itself, would be relatively efficient in serving the dynastic interests (for a synthesis on this, see Yun-Casalilla 2004). This was not the case in Navarre, Aragon, Catalonia, or Valencia, where the control over spending exercised by the kingdom through the Diputaciones and surveillance over income by the parliaments was far more efficient, arrangements that were much less conducive to the absolutist interests of the crown. In both cases, these were systems in which the degree of negotiation between king and kingdom was very high and that can hardly be described as having led to a form of untrammelled royal absolutism (see Chapter 2). Despite the many similarities, the Portuguese model had its peculiarities (Hespanha 1994). Here the king’s incomes, thanks to the revenues of the Estado da India and the pepper trade, provided more than enough funds to satisfy the needs of the crown. Moreover, the king of Portugal had no need for money to send to wage distant wars in Europe. The result was that public debt developed to a far lesser degree and, second, that the kingdom and the Cortes were much less involved in the fiscal regime. If in Castile a tax state was emerging, in which the kingdom was highly involved in the needs of the monarchy, in Aragon the fiscal incomes were being fossilised, at least in relative
terms, thanks largely to the fact that Castilian funds were deployed to attend to the many needs of the Habsburg’s dominions. In the final instance, Portugal was establishing a “rent state” in which colonial revenues allowed for a notable but still relative involvement of the kingdom in the fiscal system.

A SEMI-PERIPHERY? THE PATTERNS OF ECONOMIC GROWTH

For a great deal of time it was thought that the peninsula economies were semi-peripheral, their function being to be mere bridges for the re-export of products manufactured in Europe to America and for the import of primary materials into the heart of a world economy, whose “centre”, involved in a process of industrialisation, emerged in the north of the old continent (Wallerstein 1974). Today, this model is unacceptable. It is impossible to speak of a global system with a centre in Europe, but rather of a polycentric economy where local forces were crucial and in which, moreover, Asia played a decisive role (Frank 1998). Neither is the role of the peninsula economies taken to be as simple as was once widely believed. It is interesting in this sense to remember the development of the urban networks. They never obtained the physiognomy of the urban systems of the north of Italy or the Low Countries (De Vries 1984; Yun-Casalilla 2002). But it is possible to distinguish, at least until 1580, an urban development that hardly corresponds to the characteristics of a semi-peripheral and dependent economy, where the most dynamic nuclei are the ports, tied to exports and the international services sector. Certainly, the Iberian peninsula saw the growth of number of littoral cities associated with international commerce, such as Lisbon, Porto, Seville, Valencia, and, more and more, Barcelona. But the formation of urban networks in the interior is very instructive, above all in the Duero Valley. The industrial development of a number of these interior cities (where up to 30% of the population might be involved in industry) also underlines how difficult it is to apply a mechanical model of dependence, a schema which is usually behind the traditional interpretation in one way or another. The Iberian economies had a marked export sector, but they were not semi-peripheral.

On the other hand, it is clear that these were not integrated national economies of the sort seen in the nineteenth century. On the contrary, expansion was the consequence of convergent forces of a clearly regional character. Portugal is, without doubt, the territory that most closely resembles a proto-national economy. In fact, the role of this kingdom in the world economy as a means of transferring colonial products on the international scale was increasingly setting the rules for a large part of the country. The Portuguese economy advanced due to the dynamism of coastal cities such as Lisbon and, since 1560s, Porto. Both were closely connected to diverse hinterlands. But the areas of the south—the Algarve, for instance—and the more inland zones of Alentejo, on the frontier of Castile, were governed by very different endogenous forces. Despite being a small country, and one making rapid steps towards the integration of local economies, their regional character remained obvious.

The case of Portugal helps us better to understand the overall peninsula conjuncture where, despite the increasing level of integration, important regional characteristics remained in place. A series of coastal poles existed that, often tied
to different ecological conditions, acted with a certain degree of regional and local autonomy. The Atlantic Spain, from Pontevedra to Navarre, was an agrarian economy with notable forest and mineral resources, abundant rainfalls and connections with the interior that created autonomous pulses or beats. If its connections with the hinterland through Burgos and the mountains of Leon and Zamora were intense, it remains clear that this was very far from creating a market for heavy but essential products (such as wheat) that was totally integrated with the meseta or Castilian plain. The fact, for example, that the poor harvests of the interior could not be overcome by importing cereal from the North of Europe through the Cantabric sea coast is an indicator of the inadequacy of these merchant networks in this regard. In the Mediterranean area two poles of growth, Barcelona and Valencia, set the economic rhythm. Both were creating strong coastal commercial ties through cabotage (García Espuche 1998) and strengthened their interior hinterlands. But, once again, short run price oscillations, very much dependent on harvests, demonstrates that the commercial ties with the Castilian meseta affected important products such as wheat and were a long way away from creating full economic integration. Of course, the chain of tolls between the kingdoms of the Crown of Aragon and of Castile did not disappear, as it belonged to the well-defined political frontier between these kingdoms (Lapeyre 1981).

Facing these great coastal areas, there existed a series of regional economies in the peninsular interior; these occupied the regions between the Crown of Aragon and Castile to Alentejo in Portugal, and from the Cantabrian cornice to the Guadalquivir Valley. This area might also be considered an area with a certain internal unity. It was characterised by notable urban development, with two subsystems: one belonging to the Duero Valley and one shaped around the Andalusian cities; both were united by Toledo, which served as the centre of intermediation and brokerage (Ringrose 1983). Another major characteristic was the impact of the Atlantic expansion through Seville. It was, however, only relative due to the limited development of the overseas markets for the products of the hinterland, and the growing presence of foreign goods in America. In any case, if we look at their population figures and evolution, these lands of the interior constituted the most important motor of the peninsular economies until 1580.

Lastly, it is important to consider that, within the above progress, the limits of integration of these regional economies derived above all from the fact that agriculture, in spite of its progresses, continued to be one of subsistence. Given the productive limitations found in all agrarian systems of the time, it was unable to avoid the cyclical crises and allow the provisioning of the cities to the extent necessary for an adequate integration of the markets of agrarian products.

**CRISIS, POLITICAL ECONOMIES, RECESSION AND RECOVERY (1580–1700): A REVISIONIST VIEW**

This overall model of economic development reached its ceiling between ca. 1580 and ca. 1600. By these dates, the population began to stagnate, grew more slowly or even fell, depending on the area in question. The same tendency can be found in agrarian production. Curiously, this deceleration in growth coincided with the
Union of the Crowns, that is, the annexation of Portugal by Philip II (of Castile and Aragon) or I (of Portugal) and which gave great impetus to world commerce. But today’s perspective on this crisis is less dramatic and, above all, more regionally varied than the traditional view of “Spanish decline”.

It was not surprising that the problems should be especially grave in the zones of the interior, where it would result in a crisis that, if sometimes exaggerated, led to a genuine recession in some areas. Figures on cereal production demonstrate that a ceiling was reached in many interior regions between 1560 and 1580. In many areas wheat production fell by more than 30% between 1600 and 1630. The same trend can be found in birth rates in many towns and settlements (see, example, García Sanz 1986; Yun-Casalilla 1987; López-Salazar 1986). Even if with very different rhythms, the growth of many cities reached a peak before 1600 and in quite a few of them the number of inhabitants fell not only until 1640, but also into the second half of the seventeenth century, and perhaps even into the next one (Yun-Casalilla 1999).

This process was little more than the manifestation of an industrial crisis generated at precisely the moment that the colonies began to exert more pull on this sector; this pull could not be fully taken advantage of thanks to the productive rigidities, on one side, and the incursion of other countries, in the ways described above, into colonial commerce. This negative image can be nuanced in light of the growth of Madrid. The city on the Manzanares passed from 10,000 inhabitants in 1560 to around 90,000 in 1590, and it continued to grow, reaching 130,000 in 1630.

Taking these figures into account, it seems possible that a good part of the demographic losses of the interior cities, and their deindustrialisation, were caused by emigration to the capital. This view is suggested by the fact that quite a few of these emigrants appear to have been artisans (Nieto and Zapico 2016). On the other hand, the industrial crisis of the Castilian cities was not a simple free-fall. By the first decades of the century, the arrival of dye products and other primary materials for the textile industry, the demand of the Court and the armada, and the chance to take advantage of a small but stimulating participation in the American market, helped the resistance of some centres. Toledo, whose industry specialised in silks for the high classes, would resist for some time, despite the competition from Milanese and French silks (Montemayor 1996). The same would occur in the high-quality cloth industry of Segovia, which drew strength from demand from the well-heeled classes and even from America (García Sanz 1986). Taking these perspectives as a whole, it is possible to think that the recession was much less traumatic than has often been said. But it is no less certain that it represented a radical change in both the model and the economic structure. From a poly-nuclear model, focusing on growth around several urban centres in a network and with certain bases in industry, it moved to one based upon the Madrid macrocephaly and the development of the court and the services sector, one which in a preindustrial economy had less capacity to generate wealth and basic goods for the overall population.

This economic crisis is usually linked to the Malthusian limitations on growth that were typical of preindustrial economies and with the falling performance of the model of extensive agriculture that was increasingly widespread in the peninsula. This explanation has some basis to it, despite the diversity of agrarian systems, and it was certainly the case that the areas of extensive cereal agriculture were ones were the problems would become very noticeable. But, this having been said, it has to be borne in mind that the Malthusian limits also originated in a property system...
that put a brake on qualitative changes to the cultivation system. Even if we cannot imagine the massive development of an irrigated agriculture in Castile, then it is pretty clear that the techniques for the successful exploitation of water resources, well known in the Muslim tradition, were widespread only in certain areas of the southeast of the peninsula. Their impact in the centre of the peninsula seems to have been almost non-existent. The expulsion of the Moriscos (1609–1614) made this option even less likely and, in any case, it faced serious ecological impediments in the interior regions characterised by irregular rainfalls and very low levels of summer precipitation. Moreover, the consolidation in many areas of forms of regulation in the use of agricultural and livestock resources by rural communities had solidified a series of interests—in particular those of the rural elites—which made it difficult to change collective practices. Furthermore, major investment from the nobility and ecclesiastical institutions, whose properties had grown throughout the century, was not forthcoming.

It was not the case that improvements were entirely absent, as can be seen in investment by the great landowners in crops such as the olive, which needed a considerable initial cash outlay and subsequent care (it would be some five years before their first fruits were harvested), not to mention the construction of mills to produce olive oil, the wash tubs to clean wool, country houses, granaries, enclosures (above all, in Andalusia). But these investments were insufficient in light of the needs of an abundant population and some of them reinforced even further the extensive model of agriculture in the drylands, which was a practical choice in light of the ecological conditions of large areas but which was coming close to the limit of its efficiency. The arrangements that guaranteed ownership rights over the entitled estate (*mayorazgo*) and ecclesiastic entitled properties (*propiedades amortizadas*) against forfeiture and eviction because of unpaid mortgages—this was, of course, a frequent occurrence—reduced the incentives for major productive investments, which, in addition, were normally risky when made on a massive scale.

That the incomes of the Castilian nobility and clergy were often collected in the form of tithes or exactions on commerce encouraged them to reinforce their control over and monitoring of peasant produce, but not to invest massively in risky innovations. The development of the political system, particularly that of Castile, mitigated against economic efficiency. The opportunities enjoyed by elites to obtain political incomes through their service in the empire, or to claim other related incomes tied to imperial development, reinforced forms of *rent seeking* that led them to invest in political resources—the purchase of offices and jurisdictions; service in the imperial administration; obtaining privileges and acts of grace—which rendered it less necessary to plough money into productive improvements. Given that lands subject to practices of this sort had increased notably, in part because of donations to the Church, these exploitation criteria affected an increasing quantity of resources.

Malthusian limits have to be set in relation to the entire social system and a political and institutional economy that acted in a very specific ecological context. Moreover, the result in many areas was that the social elites responded to its rising expenditure by increasing land rents paid by peasants or by transforming the *enfiteusis* into a revisable rent, something which weakened the peasantry, whose resistance to illness, disease, and hunger diminished. In technical terms this reduced the chances of work factor efficiency. Many areas, above all in the dynamic Castilian
centre, were affected by the auction of unfarmed and council lands (*tierras baldí as y concejiles*) by the crown, which was badly in need of money (Vassberg 1983). This move aggravated existing problems and eroded one of the bases of the previous expansion. In many regions where peasant use of collective resources had not been as prevalent—for instance, in Extremadura and Andalusia—municipal oligarchies had formed or, alternatively, patricians had emerged seeking to monopolise advantages in the use of the soils. Not only was this undermining some of the key attributes of the previous expansive model, but also the very institutions that had fed it were now increasingly in the hands of social groups that limited the distribution of incomes and contributed to the weakness of the work factor, undermining the basis of the peasant class that had been in part responsible for the expansion. It is not strange that, in this context, the quantitative indexes of social inequality increased throughout the century, reaching a historical peak around 1600 (Á lvarez and Prados de la Escosura 2013).

Historians have also traditionally blamed the growing fiscal pressure for these problems. This assessment is not correct if we consider only taxes in the strict sense of the word—not for Castile, and even less for the other peninsula kingdoms, including Portugal. Despite the recent revision upwards by scholars (and the multiplication of fiscal figures they have produced), the fiscal burden does not appear to have been very high in macroeconomic terms and, even if taxes increased quickly, they were also reduced by inflation. But, on the other hand, the action of the crown took only one direction over the long term, one that was poorly suited towards maintaining an increasingly voluminous population and an efficient economy. The sale of unfarmed and council lands, mentioned above, was followed by that of seigneurial jurisdictions, which led to the fragmentation of the economic map and its legal regulation framework, trends which increased uncertainty for interior commerce and heighted transaction costs, at the same time as it created insecurity in economic activities in general. In some communities jointly owned or shared forms of resource exploitation disintegrated, ones that previously had been highly beneficial. If this were not enough, the fiscal burden fell upon the trade of consumption goods such as wine, olive oil, meats, fish, and others, thus affecting above all the artisans and limiting the subsistence capacity of the workshops in which apprentices and officials were employed. Accompanied by a noticeable rigidity in the forms of industrial organisation, the result was not only that they were inefficient in adapting to changes in demand—these changes were in part a result of the growing social inequality—but also that they were less competitive against foreign products. For some time, this loss of competitiveness was attributed to the rise of salaries brought about by the arrival of American silver, but it is clear that these did not evolve in a very different way in other countries that faced the crisis of the end of the century with greater success, such as England (Yun-Casalilla 2004). The result was that, together with the severe rural problems, the cities, who faced considerable provisioning difficulties in securing foods from an increasingly inefficient countryside, were plunged into crisis. The subsequent decomposition of the urban network of the peninsula interior would in turn also hit the countryside, to the extent that it reduced the positive stimuli on both peasant production and the auxiliary activities and alternative agriculture that had been the basis of the expansion. Nor did development of the royal court in Madrid help the situation, as it grew explosively to a
large degree thanks to the incomes provided by the empire and the composite monarchy and contributed to the decomposition of the urban network of the interior and the market network that this bound together. Monetary manipulations—above all, the minting of vellón coinage (copper and silver alloy)—worsened market volatility and the general stability of the urban economies, thus increasing the transaction costs and risks in commercial activities.

In reality, it is impossible to speak of an economy in ruins and entirely inefficient from 1600. Many of the problems mentioned above were also found in other European countries. The very low levels of investment by the nobility and clergy, their interest in investing in prestige and political incomes that drew capital away from productive investment, and so on, were perhaps more pronounced in Castile, but they were by no means exclusive to this part of the continent. But it is clear that Iberian cities, industry, and agriculture were unable to meet the enormous challenge before them. It is worthwhile considering that these years saw important advances in the countries that competed with Spain and Portugal. In Holland the foundation of the commercial companies, the VOC (Vereenigde Oostindische) and WIC (Geoctroyeerde Westindische Compagnie), the development of the capital market (the stock exchange and bank) and the impulse towards a more intensive, flexible, and efficient agriculture were creating the basis of a much more competitive economy. Something similar was happening, albeit in a less precocious but more long-lasting form, in England. France, with a political and economic model that was very similar to those of the Iberian peninsula in general and Castile in particular, would reconfigure its economy after the pacification of 1598. These countries would better overcome the problems that were besetting the Iberian peninsula. Their overall population did not collapse; agrarian production would oscillate but would not go through long periods of recession in the vast majority of their regions. Their ecological conditions, derived from climatological systems with greater and more reliable levels of rainfall, would of course help in all of this. And in some countries, above all Holland and England, an industrial development would take place which explains the firm establishment of the urban networks even in times of war and social and revolutionary conflicts.

**PERCEPTION OF THE PROBLEMS, REFORMISM, AND INSTITUTIONAL RIGIDITY**

It was not the case that contemporaries were unaware of what was happening. On the contrary, this process took place in the heart of the peninsula, in what had previously been the engine room of the economic growth and an area that remained central to knowledge production and public opinion; it necessarily produced a profound revisionist and reformist movement. From the end of the sixteenth century the arbitristas, an unfortunate name for a generation (or two) of political thinkers and writers on political economy, detected and described many of the ills of both countries. Encouraged by the cities, the Cortes and factions of courtiers proposed a series of remedies to achieve the “conservation” or the “restoration” of the wealth of “Spain”, a term which for some was starting to denote not only Castile but also the territories of the Crown of Aragon and even Portugal. And the remedies and
solutions were clear: reduce the influence and presence of foreigners, including, of course, the Genoese; limit the mayorazgos and the religious foundations; stabilise the currency; defend industrial work; establish forms of economic protectionism; encourage agriculture, and so on. This was, then, a proto-nationalist ideology with a mercantilist basis that in some aspects was not exclusive to the Iberian countries, but rather was manifested in the work of such thinkers as J. Child, T. Mun, and others.

Despite the withering criticism that they had to put up with, the storm of self-criticism unleashed by defeats on European fields of battle made even governors, such as the Count-Duke of Olivares, adopt a reforming policy. In a society that understood economy as *oeconomia* (the government of the house in all of its aspects), and envisaged society as a body (a sick one, in this case), this logically resulted not only in reform efforts that could be called economic in the strictest sense of the word, but also in attempts to re-engineer social customs and political habits. But, above all, Olivares wanted to reform the way that burdens (taxes and military levies) were distributed among the different kingdoms of the monarquía. He was convinced that the problems lay not only in the economy, but also in the minimal response of these “peripheral” states to battlefield exigencies. This was accompanied by new tax increases and innovative fiscal measures: indeed, these grew in proportion to the defeats and reverses of these difficult years. This programme resulted in massive protest not only in the “peripheral” kingdoms, where discontent spread like wild-fire, but even in Castile, which he theoretically sought to liberate from debilitating burdens, and where the fiscal pressure now fell on an economy which was weaker by the year and in which corruption and fraud in property administration had grown in proportion to the involvement of the local oligarchies in the collection of royal taxes (Elliott 1986).

The result, in the first instance, was a reduction in the efficiency of both the fiscal mechanisms and the overall system for the mobilisation of resources, as well as an increase in transaction costs and an upsurge in uncertainty amongst economic agents when faced with a government whose behaviour was often arbitrary. The problems were not, on the other hand, exclusive to Castile: they could be found in Aragon, Catalonia, Valencia, Navarre, and Portugal and, moreover, a crucial part of the reform programme was that these kingdoms should contribute more to the war efforts of the monarchy. This was a delicate matter, especially in relation to the Crowns of Aragon and Portugal—more sensitive, even, than in Castile—where the governing principle was that the king should live off his own means and could not use the resources of the kingdom for any end other than the interests of its own subjects: that is to say, the basic principle went against the use of the resources of these kingdoms for the dynastic wars of the Habsburgs in Europe or the defence of the other territories of this composite monarchy. Logically, the resultant tension would be one of the reasons for the rebellions of Catalonia and Portugal in 1640. But the situation of Portugal was still more awkward. Until 1570 the fiscal pressure on the kingdom had been light, thanks to the king being able to live off his own resources, that is to say the incomes of the Estado da India and taxes levied on commerce. Mention should also be made of the fact that, in absolute contrast to the composite monarchy of the Habsburgs, Portugal had not incurred great military costs. Only after the tragic expedition of King Sebastian in the north of Africa (1578) had debts increased (Disney 2009). But from 1600 onwards, a number of
developments were changing the overall situation: the fall in the direct incomes of the crown, thanks to the crisis of the Estado da India; the problems experienced in the licensing system and fraud; the growing demands of the Court of Madrid; finally, the crisis of Asian commerce, although this was not as significant as the fall in royal incomes. A tax state was established, increasingly based on taxes paid by the kingdom. This was an unacceptable novelty, even more so when, perhaps erroneously, the Portuguese were increasingly convinced that these efforts were not always employed in the defence of their empire and interests, but rather in those of the Habsburgs and Castile. The fiscal and economic bases of the rebellion of 1640 were thus established (Schaub 2001).

In reality, behind the economic problems lay the fact that these were conditioned by a political and institutional system that remained intact, without great deep and substantial qualitative changes and, therefore, that the elites were able to retain the management criteria that allowed them to take advantage of their privileged position and to search for political incomes without the need for economic improvement. This explanation is quite different to some visions recently set forth of the problems of the Castilian and Portuguese economies, such as the well-known interpretation of Acemoglu, Johnson, and Robinson (2005). They argue that the great difference between the Iberian empires and those, like the English, that would undergo an early process of industrialisation, lay in the predatory character of Iberian absolutism, which had aborted the flourishing of “positive” institutions capable of reducing risk and transaction costs in commerce. It is certain, however, that, independent of whether or not it had these effects and was—or was not—highly different to the seventeenth-century English system, this political skeleton in reality operated with a marked degree of negotiation, in particular in regards to relations between elites and the crown. It is this negotiated relationship that very possibly explains the capacity for reproduction of political systems in the heart of each of the polities that made up this monarchy; this alternative model of conflict and accord, rather than parasitic absolutism, also helps us to understand why the ruptures in Iberia were caused by programmes of disintegration rather than subversive formations of the constitutional order, as in the end occurred in England and which are considered one of the keys to the development of the island in this period.

The reason why there was not, in Castile, Portugal, or the Crown of Aragon, a break of this type and the conflicts were focused on the periphery of the monarchy is not a matter for this chapter. The fact that it did not happen is, in any case, one of the reasons for the maintenance of the political and institutional system that lay at the root of the economic problems.

FROM CRISIS TO STAGNATION IN THE PERIPHERY (1580–1640): TOWARDS A NEW MODEL OF ECONOMIC GROWTH (1640–1700)

The available data shows that from 1580 peripheral regions—Galicia, the Cantabrian cornice, Catalonia, the kingdoms of Valencia and Murcia, the Mediterranean areas of Andalusia, and even some areas of the Lower Guadalquivir and, of course, of Portugal—experienced a stagnation of both agrarian production and population. In many senses, this evolution was not very different from that of the areas of the
interior (Yun-Casalilla, 1999, 2002). It is very possible that only Seville and Porto provided exceptions to this pattern. The former benefited from its ties to Atlantic commerce and the explosion produced by the second silver cycle, as well as by the initial development of the plantation economy in America. Porto escaped thanks to the colonial expansion in Brazil.

The reasons for the problems in the periphery are similar to those in the centre of the peninsula: Malthusian readjustments; the increase in land rents; and the revision of enfiteusis. Although considerably less important, in some of these areas, a certain increase in fiscal pressure was felt; this was the case in Catalonia. In some areas of Valencia, Aragon, and Catalonia, banditry, an old problem, generated insecurity for interior commerce and raised the risks and transaction costs. The propensity of elites to live off investments and property incomes can even be found in some industrial areas, such as Catalonia (Amelang 1986). As in the interior zones, these were regions visited by plagues and famine, even if the coastal zones were more easily provisioned with pan del mar, bread from the sea, usually cereal brought from the productive areas of northern Europe and the Baltic. In the wake of the War of Granada (1568–1570), the Morisco minority had been redistributed across Castile; even then, its expulsion in 1609–1614 would negatively affect the Valencia regions, Aragon, and Granada. But a few other (positive) factors were also at play which would help in facing the problems. In fact, the crisis did not always lead to recession, understood as prolonged diminution of the population and agrarian production. In only a few of these regions can anything be found that resembles the general fall in baptisms and

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**Figure 9.1** Interior and periphery in Spain: baptisms in rural areas, 1585–1800

Source: Yun-Casalilla, Bartolomé (1999)
tithes seen in the peninsular hinterland between 1580–1590 and 1630–1640 (Yun Casalilla 1999).

In general terms, these regions did not see the massive sale of council lands, in part because these were less extensive. Given that the previous growth had not been based in as widespread use as in Castile, its effects would be, necessarily, much reduced. These were, moreover, zones where the fiscal pressure was far from the suffocating levels of Castile, although, given that this was not the most negative factor, this perhaps strengthens the idea of a more fortunate situation from this point of view. The negative effects of public debt were very far from approaching those of the juros in Castile (Vilar 1962). The sale of jurisdictions by the crown had been much less notable. But some specific trends existed in a number of these areas. On the Cantabria coast, Galicia, and the north of Portugal, the expansion of maize farming—and later, of the potato—slowly, but inexorably, helped the diversification of available resources. This was also a region characterised by very limited urban development and a high degree of peasant auto-consumption, where the model of Castilian fiscal pressure, based above all on the collection of taxes on the selling of consumer goods, would necessarily have much fewer negative effects. The wide spectrum of available resources, with an abundance of woods, prairies, and an Atlantic climate of frequent year-round rainfall, made these populations more resistant to calamities and shortages. In many areas of Portugal, productive improvements were implemented that made their presence felt in the construction of vineyard terraces, spurred on by the growing trade with England. Here there was also a tendency to diversify crops for the market and export. Enfiteusis acted positively here, as it remained important in many areas (Neto 2016). Something very similar also happened in the southeast of the peninsula, in particular around Valencia and Catalonia. Even the wounds produced by the expulsion of the Moriscos were to heal in one or two decades in the Valencian lands (Casey 1979). Moreover, in this region the development of agriculture in those irrigated lands near to the capital compensated for the losses in the drylands. The areas surrounding Barcelona witnessed the emergence of a new type of woven wool industry; in time it would become the basis of the region’s industrialisation (Vilar 1962). In these areas a growing diversification of peasant production also took place, often orientated not only towards local markets, but also to export. In addition, the farming of products such as barilla (salt tolerant plants, used to produce soda ash), esparto grass, linen, and others, helped to push things forward.

This process was intimately related to broader changes in the global economy, and above all to developments in international commerce. The upward trend found in the Mediterranean coastal regions between Catalonia and Malaga (where cabotage navigation took over) was brought about by a number of reasons (Martínez Shaw 1981, 251–257). But one important general factor was the development of Mediterranean commerce, which was caused by a sum of changes: the penetration of Dutch and, above all, English businessmen; the advance of Marseille, which would be vital during the eighteenth century; and the opening up of commercial routes of Levant with the Indian Ocean. Two other developments should be mentioned: the widespread smuggling of American products associated with the plantation economy (cacao, tobacco, dye products, etc.) and the flow of commerce from Seville towards the Mediterranean. The progress of the Portuguese economy
can be tied to its capacity to adopt a new role in Atlantic commerce once its presence in Asia had been marginalised by the Dutch and English. The development of the Brazilian plantation economy, the definitive recuperation of Pernambuco, and, from the end of the century onwards, the exploitation of the gold mines also had positive effects. Compared with Castile and Spain in general, Portugal was also precautious in the foundation and development of overseas companies. After the Count-Duke’s failure to impose the Lisbon Company to trade with Asia, the new dynasty was able to create the General Trade Company of Brazil (Companhia Geral do Comércio do Brasil, 1649) even before the war with the Habsburgs finished. Portugal would assume also a more intense relationship with England, in part in response to the political reasons that had led to English assistance being offered during the war with Madrid and the recovery of Pernambuco from the Dutch. In this way the English were able to acquire the Brazilian gold in exchange for their exports to Portugal and its colonies. But the crucial moment arrived when the exports of agrarian goods, above all, wine, of which the production raised in some regions, in return for British industrial products sent to Portugal and its colonies through Lisbon, assumed a greater intensity and had positive effects upon a number of sectors and the development of the cities connected to the Atlantic. The northern regions of the Iberian peninsula would become increasingly active in commerce with the north of Europe. In these circumstances it was logical that criticism should grow of the concentration of Spanish commerce in America in the Seville-Cadiz axis. It was obvious that many regions of the littoral, immersed in smuggling, would have benefited from a legitimisation of their commerce, as perhaps would have been the case for the peninsular economy as a whole—we shall never know.

If the differences between regions were very notable, it can be said that around 1640–1660 the symptoms of recuperation could be found across the greater part of the peninsula. The reasons and rhythms were very different according to regions. It is also unclear to what extent this change of economic trend has to do with reformist economic policies. In Portugal, in example, there were measures for the protection of industries by the Count of Ericeira, superintendent of the kingdom’s industries. In Spain there was also a reformist movement materialised in the creation of the Junta de Comercio y Moneda, the attempts to attract foreign artisans and the monetary reforms. But what is very clear is that this growth was based on a model very different to that seen before 1580. The records on baptisms, reflecting the demographic situation, and those on tithes are very expressive in this regard. The regions of the periphery, and in particular Galicia, the Basque country, Catalonia, and even Andalusia, were especially precocious in their recovery, as of course was Portugal (Yun-Casalilla 1999; Costa, Palma and Reis 2015). The areas of the interior, such as Old Castile, New Castile, and Extremadura, began to recover in the second half of the century, although this process was slower. Moreover, these rhythms of expansion would be prolonged for much of the eighteenth century. And the same happened with agrarian production and interior commerce (Yun-Casalilla 1999). The reasons for this are well known. Across the entire peninsula, but above all in the interior regions, an increase in agrarian production and interior commerce was helped by a fall in land rent was accompanied by a fall in land rent that allowed tenants easier access to it. This phenomenon can be tied to the concentration of property of this sort in their hands, the increase in the offer of land to rent, and the reduction of the
economic advantages that their involvement in the government of the empire and the composite monarchy offered to elites (Yun-Casalilla 2019). In itself, this was not a qualitative change in the type of property rights, but it produced changes affecting, for example, the way productive factors interrelated. More important, these changes in the productive system help us to understand the economic process in the Iberian peninsula without having to use too general, and rather dramatic, explanations—like the old paradigm of the economic decline.

But the expansion was above all a reflection of the notable capacity for recovery of the regions of the periphery. This new expansive cycle in the peninsula was accompanied by a greater dynamism in the coastal cities, many of them boasting fewer than 10,000 inhabitants and, therefore, outside of the statistical parameters usually cited by scholars. In some cases, the phenomenon is evident in the displacement of economic activity to areas of the littoral, as happened in the movement of American commerce from Seville to Cádiz, in this case to facilitate the use of larger ships that could not sail the Guadalquivir river to the city. This also affected the interior. But the connection difficulties between coastal regions and those of the interior meant that this was limited in impact. The result was a very slow growth in the interior population. The marked concentration of industrial activities (themselves highly regulated) in Madrid, many of them in the hands of corporations of a monopolistic bent, capable of creating entrance barriers for products from other zones or closely tied to the commercialisation of foreign products, limited the capacity for industrial growth in the peninsula heartlands (Pérez Sarrión 2016). This occurred at the same time as a mercantilist economy was being imposed across Europe, or one with strong protection for colonial markets, that would also be applied in Spain and Portugal, above all in the eighteenth century, but whose efficiency would be reduced by the loss of the economic, military, and naval primacy that had been enjoyed until 1648. The international treaties of the period reflected this situation. But were the Iberian economies an exceptional case of decadence or an anomaly in the overall European picture?

**IBERIA IN THE EUROPEAN URBAN SYSTEM AND THE SMALL DIVERGENCE**

What was happening was that a peninsular model of growth based on urban development and the expansion of the interior economy had been substituted for a different one. As, it has been said, the overwhelming role and influence of Madrid, a royal, court, imperial centre, and marketplace for political rents, had replaced a more equilibrated urban network, with a marked industrial character and relatively little differentiation within its hierarchical structure (Ringrose 1996). At the same time, emergent, but still weak, urban networks in the littoral areas were developing in line with the march of global commerce and, within them, the Seville-Cadiz axis played the role of centre of a supposed “monopoly” of commerce with America, which at heart was not really a monopoly at all (Oliva 2004). It has even been said that the Carrera de Indias was the “international monopoly of all of Europe”. And rather than feeding Spanish growth, it put a brake on it. This growth model, viewed in a comparative perspective, does not really tie in with an idea of deeper decline of the seventeenth century nor on that of a lack of recovery before 1700;
rather it appears more of a small deviation from what was happening in other countries such as England and Holland—which in reality are the positive exceptions in Europe—or France and even Italy, where the so-called crisis of the seventeenth century increasingly appears to have been a soft landing after a long period of growth (Federico and Malanima 2004). But, above all, this panorama resembles processes that were occurring across Europe: a greater dynamism of urban networks tied to international commerce and predominantly situated in the coastal zones, and upon which regional models of industrialisation tied to domestic and international models from 1750 would be the norm (De Vries 2008). For this reason, Spain, and the Iberian peninsula in general, is a variant on a series of European cases. This variant was largely derived from the fact of empire. But neither Spain nor Portugal were absolutely exceptional and abnormal cases.

NOTE

1 A good deal of the ideas expressed in this chapter are an advance of a longer and wider text (Yun-Casalilla 2019). Part of this text has been written thanks to the financial support of the research group “HAR2014-53797-P, Globalización Ibérica: redes entre Asia y Europa y los cambios en las pautas de consumo en Latinoamérica”, financed by the MINECO. Translation by Phillip Williams.

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