

TEÓFILO F. RUIZ and HILARIO CASADO ALONSO,- “Economic Life in Late Medieval and Early Modern Spain, 1085 to 1815”, in *Oxford Research Encyclopedia of Economics and Finance*, Oxford, 2019.

DOI: <http://dx.doi.org/10.1093/acrefore/9780190625979.013.481>

*Economic Life in Late Medieval and Early Modern Spain, 1085-1815*

*Hilario Casado Alonso (Valladolid University)*

*Teofilo F. Ruiz. (UCLA)*

**Introduction: Medieval Spain, 1085 - 1469**

We must begin by dispelling the notion that Spain was a single political entity or that had a single and coherent economy. After the demise of Caliphate (1030s), the Iberian Peninsula fragmented into a plurality of kingdoms. From the emerging Muslim taifa kingdoms in the south to small Christian realms in the north, these polities evolved throughout the Middle Ages into distinctive regions (Portugal, Castile, the Crown of Aragon [itself composed of three distinct regions], and Granada). Each of these realms had its own administrative structures, languages, traditions, and economies.

Something approaching a “Spanish economy” did not really exist until the early eighteenth century. Although we know that the Islamic taifa kingdoms served as intermediaries between Iberian and North African trade (as did the Balearic Islands both under Muslims and Christian rule) and that Barcelona, Valencia, and other Mediterranean ports connected the Peninsula to Mediterranean economies, these examples do not diminish the peculiarities of each of these distinct economic systems, nor of their regional nature.

## Rural Economies and Geography to 1212

For the sake of clarity, we examine rural economies in this early period as separate from urban or mercantile ones. In the Middle Ages and most of the early modern period, this dichotomy is a false one. As was the case elsewhere in the medieval West, most urban centers in Castile, Catalonia (with the exception of Barcelona), and elsewhere were agrotowns. After the twelfth century, urban elites invested heavily in the town's hinterlands; numerous town inhabitants worked as rural labor. The ruling urban groups often lived in their country estates during summer months. The countryside supplied agricultural products that allowed for large urban population. Even large urban centers, such as Seville, had a significant portion of its population engaged in agricultural pursuits.

Close economic links bound cities to their hinterland. The countryside (the *alfoz* in Castilian) supplied the city with much needed provisions. It was the source for rural migration to the city and even for a steady flow of rural artisanal products. In Granada's hinterland, peasants (mostly Moriscos after the surrender of the city in 1492) were largely focused on silk production until the Alpujarra rebellion in the late 1560s. Christians were re-settled there after the defeat of the Moriscos, but they failed to maintain the mulberry trees, silkworms, or artisanal expertise in the making of silk cloth.

## Agriculture and Geography

Spain's geography determined, to a large extent, the social organization of rural space, forms of cultivation, and production in the Middle Ages. Although variations occurred throughout the period between the 1030s and 1469, there was everywhere an enduring commitment to the cultivation of grain (wheat, rye, barley, and so forth) and to viticulture. The demands of diet (based mostly on bread), hospitality, and liturgy (wine for visitors and the Eucharist) made peasants adapt to climate, to soil conditions, and to the burdens of seignorial power (or relative absence of it) to produce locally those crops that served as the basic sources of food in the Middle Ages and the early modern period. Nonetheless, soil conditions, the amount of precipitation, or the relative size of village communities led to rough forms of specialization and preference for certain crops. Although diverse conditions were not unalterable, impacted by climatic, social, and political changes, as

for example, the economic transformations triggered by the Christian conquest of south in the mid-thirteenth century, certain patterns of the rural economy remained fairly constant through time.

#### Agriculture in the North: Two Models

The mountainous, green, and Christian north -- extending from Galicia in the northwest to the edges of Catalonia in the northeast -- received a great deal of precipitation and differed greatly from the drier high plains to the south. Throughout Galicia, Asturias, Cantabria, and the Basque region, small free or fairly free peasants (though in Galicia in the late Middle Ages they toiled under oppressive lords) worked small holdings that, although seeking to produce the necessities of everyday life, focused on the tending of fruit trees, livestock, dairy products, and other commodities associated with mountain economies. The northern mountains also provided the demographic capital for settlement in the area to the south in the 9th to 11th-centuries (the northern Castilian plain), providing the human resources for Christian expansion and repopulation.

Besides farming, coastal northern communities from Galicia to the Basque region actively pursued fishing and seafaring activities in the Atlantic and the Bay of Biscay. Although these communities connected to long distance trade with England and Flanders in the thirteenth century, here we emphasize the nature of agricultural production throughout northern Spain. Dictated by frequent precipitation, sea breezes, and humidity trapped by the mountain ranges and high plains to the south, the whole area constituted, albeit local differences, a cohesive economic whole. Small and numerous villages, inhabited by free peasants, dotted the countryside.

Peasant "freedom" made most of the Spanish realms' economies quite different from the rest of the medieval West. Whether because of the flow of people to the southern frontiers or other reasons, the economic and social relations between peasants and their lords in the Spanish Christian realms did not rest on servitude. The Becerro de Behetrías (1351) listed how much the peasants owed, what types of dues they paid (and when), and to whom they owed either work or payments, but neither this survey nor other documents indicated servile status. Nobles, ecclesiastical establishments, and the Crown collected

dues from villages, most of them, located in Castile's northern region. Other peasants, those of *behetría*, could, in theory, choose and change their lords. Peasant 'freedom,' whether in the north or in the south, played a significant role in the rural economy. Peasant mobility and the greater freedom and reduced dues created by an advancing frontier played a central role in the peasants' economic roles. Peasant freedom contrasted vividly with most of the medieval West until the fourteenth century. It also did so sharply with conditions in Northern Catalonia.

### An Exception: Catalonia

Eastward of the mountainous north, the hill country of Old Catalonia witnessed a very different form of lordship, and of ways of organizing labor in the countryside. Some areas of the Crown of Aragon witnessed severe forms of predatory lordship, as was the case in Ribagorza, where conflicts between lords and peasants became endemic. In Northern Catalonia, feudal lords deployed a whole host of spurious claims for legitimizing their harsh rule: that the peasants had failed to resist the Islamic invasion, their cowardice an excuse for their servitude. Lords imposed severe restrictions on the freedom and mobility of their subjected peasants. As serfdom began to wane north of the Pyrenees, the *remença* peasants (named after the fee peasants had to pay for their freedom) fell into harsh servitude. Because the peasants in the region resisted, agricultural production and rural life were disrupted. After waging (with royal support) two successive campaigns against their lords in the fifteenth century, the peasants were granted the right to purchase their freedom in 1486 (the Sentence of Guadalupe).

These small farms, cultivated by servile peasants and engaged mostly on subsistence agriculture (a mix of grain cultivation, fruit trees, livestock, and the like), would give way, with the arrival of freedom, to more sophisticated (and at times prosperous) forms of cultivating large farms, the *masia* (in Catalan) that, like similar developments in the Basque region, allowed for extended familial housing complexes and increased production.

### Agriculture on the Plains

Most of Castile and Aragon were geographically defined by high plains. In the eleventh century, the high plains of Castile, the Duero River area, and the river banks along the Ebro River in the kingdom of Aragon were the foci for grain production. This was mostly dry-farming in Castile, centered on the cultivation of wheat (the preferred in-kind payment collected by secular and ecclesiastical lords) and other grains. Gardens provided vegetables and other needs. Nearby woods (montes), less a seignorial preserve in Castile than in northern Europe, were important sources of wood for heating and building. Woods were the pigs' domain, a cherished resource in a world without an abundance of meat. Livestock (mostly but not entirely sheep), gaining in importance after the official establishment of the Mesta and the opening of lands in Western Andalusia to grazing in 1276, formed an important aspect of the rural economy in these regions.

Villages were larger than in the north. Villages of over 100 inhabitants were not uncommon, but they were also spread farther apart from each other. Throughout the Middle Ages and into the early modern period, travelers often mentioned the long span of deserted territory between inhabited areas, except for the occasional presence of a venta or road inn. Located on the dry high plains, these villages hugged streams and other water sources that allowed for life. The soil was quite unyielding, requiring constant work. In the area of Avila yields of 2x1 had been reported in the thirteenth century, leaving little margin for survival. Prices of rural property and the market for land in the central plains serve as indicators of the harshness of life. The fairly constant prices over time (in spite of inflation) affirms the view of a rural world slowly adapting to new conditions with little demographic growth.

Yet, some rural communities in the thirteenth and fourteenth century (until the Black Death dealt a blow to the population) continuously litigated (and even fought) with other nearby communities or ecclesiastical lords over the boundaries of their respective holdings, access to grazing lands, and to dwindling wooded areas. Rather than a sign of a crowded rural landscape (for which there is scant evidence in the early fourteenth century), what we see are pockets of good land with access to water and connections to towns nearby. These were islands in the midst of the vast sea of lands in the northern plains that were neither worked or well suited for agriculture.

Not everywhere was the same however. Gazing eastward, the fertile banks of the Ebro were cultivated, after the Christian conquest of Zaragoza in 1118, mostly by Mudejars

(Muslim living under Christian rule) and by Moriscos (Muslims who had been, in theory, forced to convert to Christianity at the beginning of the sixteenth century). These conditions were duplicated in Valencia after the Christian conquest in 1238.

#### The Islamic and Christian Rural Worlds: The South to 1248

Two distinct but not unconnected agricultural economic systems developed in southern Iberia in response to political changes. In broad terms (local conditions varied according to numerous factors), the 711 Islamic conquest of most of Spain and the Muslim withdrawal south of the Central Sierras (except in the regions of Zaragoza and Catalonia) introduced into the Peninsula new crops, husbandry and horticulture manuals, and the preservation and improvement of Roman irrigation techniques. The so-called “green revolution” revolutionized rural production in Islamic Iberia, mostly so during the heyday of the Cordoba Caliphate (9th to early 11th centuries). In some areas, as for example in Seville’s hinterland, the Alfaraje, or in Valencia’s fabled huerta (gardens), the introduction of new plants, hydrological innovations, such as the noria or water-driven wheels, vertical mills, husbandry, and irrigation yielded an agricultural bounty and the ability to sustain large populations. Fruits, such as pomegranates, figs, lemons, oranges thrived in Andalusia’s rural world. Sugar and rice, mostly in Valencia, plus a sophisticated husbandry literature propelled the region to prosperity. Olive trees, the vine (in spite of the Islamic injunctions against wine), other fruits, and silk production served as locomotives for economic growth and for a dynamic economy linked to the wider Islamic commercial networks. Important also was the more skilled use of what Vicens Vives called “industrial plants:” madder, flax, cotton, silk, and other products. This led to a sophisticated textile production based upon agricultural innovations. Such high-end products as saffron and others also played a significant role in the monetizing of the rural economy. Above all, the south (as was the case with the Rioja in the north) was a region well suited for the cultivation of grapes and, even more so, olive trees. Olive oil was one of the most profitable crops in medieval southern Spain.

This is, of course, a broad view that does not take into account the many different local conditions or departures from the model. Types of cultivation and rural social conditions varied, reflecting how the Islamic conquest of most of the Iberia peninsula

organized rural space. The accepted model for early patterns of settlement has been that Arabs, a minority among the heterogeneous invaders, occupied the cities. Berbers, the largest group among the initial settlers and later immigrants, preferred rural spaces (but not always). Other important groups were the so-called “Syrians,” as well as “Slavic” people, adding to Islamic Iberia’s ethnic diversity and impacting land distribution. Significantly, a large number of Christians, converted to Islam in large numbers after 711 also ended up as peasants in the thriving agricultural world of al Andalus.

Islamic settlers did not come into an empty land or an uncultivated one. Roman agricultural practices, mostly organizing the land into large estates or *latifundia* worked earlier by slaves and then by *coloni* after the early fourth century, and the widespread use of irrigation, influenced Muslim rural practices and the social and economic organization of labor. Although slavery was not widespread, the small farm communities of the Christian North, worked by free peasants, was not the norm in the South under either Muslims or Christians.

#### The South After the Christian Victories, 1248-1469

In the decades after the Christian victory over the Almohads at Las Navas de Tolosa (1212), most of Western Andalusia came under Castilian rule. In the southeast, the Muslim kingdom of Valencia also came under Arago-Catalan rule in 1238. In the latter, the rulers of Aragon-Catalonia made a critical decision. Even after Mudejar revolts in the 1260s, they did not disrupt the previous patterns of Islamic cultivation, irrigation, and rural work. In many respects, these patterns of organizing rural labor had already been tested in the kingdom of Aragon, above all, around Zaragoza. There most of the agriculture work was undertaken by Mudejars and, later on, by Moriscos until their expulsion in the early seventeenth century. The Aragonese example was carried south to Valencia, and the region, its fabled *huerta*, remained a bright agrarian spot in Iberian rural life.

This was not the case in Western Andalusia. In the early stages of the Castilian conquest and settlement of the south, there was an attempt to introduce patterns of cultivation and small holdings (worked by free peasants) that were common in the north.

For a variety of reasons, most significant the expulsion of Muslims from most of Western Andalusia, this model partly or fully failed. In Murcia, the irrigation works so carefully tended by the Muslims collapsed in a few years after the Christian conquest. Faced with this quandary, the King of Castile, Alfonso X, drew a new repartimiento (distribution to new settlers). Later repartimientos favored great lords, important ecclesiastical establishments, and Military Orders. In the absence of Mudejar labor and skills, the latifundia (already present in Roman Iberia) emerged as the dominant form of organizing rural space -- large villages inhabited by a growing rural proletariat -- and a sparse population (concentrated in the towns or in highly productive areas).

By the second half of the thirteenth century, the transhumance (the annual movement of livestock from summer to winter grazing lands) brought huge flocks of livestock into the area. Although the transhumance had a long history in Iberia, the Mesta, or guild of shepherders, was officially established by royal decree only in 1276. The movement of livestock throughout the peninsula and the introduction of the merino sheep (with its higher quality wool) after 1300 transformed the economy of the diverse Christian realms. Here, more vividly than in any other example, the rural and urban economies overlapped. The expansion of the Mesta also paralleled a dramatic shift in the Iberian economy, as insightfully described by the late Olivia Remie Constable. As Constable argued, the Iberian economy shifted from one connecting Iberia to the vast trade networks of Dar al Islam to one connecting northern and southern markets (including England and northern Europe) into growing commercial relationships.

#### Urban Economies, 12th-15th centuries

With the already noted caveat that most towns were intimately linked to the rural world around them, cities introduced new dynamic elements into Iberian society. Not every region developed urban societies in the same fashion or in the same chronological period; nor were towns and their commercial activities the same everywhere. This is markedly so when grouping these towns into specific geographical and religious contexts. Cordoba, Seville, Mallorca, Valencia, Granada, and other Muslim polities had large populations and active trade before the 12th century. Linked to North African markets, sub-Saharan trade, and Islamic entrepots in the eastern Mediterranean and bound by



religion, and complementing production patterns, Islamic Iberian cities represented one type of economic organization until the Christian conquests in the mid-thirteenth century. Granada, the last outpost of Islam in the Iberian Peninsula remained a vital urban economy until its surrender in 1492. Silk, iron work, and other luxury or specialized items were produced in the city and its hinterland. An active trade linked Málaga, the main port of the kingdom of Granada, with Islamic cities in North Africa and other regions of Dar al Islam. This is not to say that some urban centers in Christian Iberia did not show the same agile attitude towards commerce and economic exchanges. That two of them, Seville and Valencia, had previous lives as part of Islamic trade networks is also significant.

## Barcelona, Valencia, and Seville

### Barcelona

Traveling from his home to the Holy Land, Benjamin de Tudela, a Jew from Navarre, came to Barcelona in the early 1160s. He described the city with laconic precision (his main interest was to report on the number of Jews on the cities along his journey), but he also provided important hints as to Barcelona's thriving commercial life. According to Benjamin de Tudela, Barcelona had a lively trade with the usual Mediterranean (read here Italian) cities, Pisa, Genoa, and others, but its trade network extended to the Islamic Eastern Mediterranean, Byzantium, and other locations eastward. As such, Barcelona served as an interlocutor between the areas of the Iberian Peninsula (Aragon, Navarre, and other lands west and south of the city) and markets in Egypt and the Maghreb. Barcelona's commercial life increased substantially after Sicily became a part of the Crown of Aragon and even more so after Alfonso V, the Magnanimous, conquered Naples in 1441. Thus, Barcelona's economy became firmly linked to Italy's economic life. The unexpected yet mutually beneficial alliance between the Crown of Aragon and Genoa in the mid-fifteenth century also expanded Barcelona's commercial reach.

But Barcelona became an important economic center for other reasons as well. The *Llibre de les solemnitats de Barcelona* often list the guilds participating in royal entries, the

Corpus Christi processions, and other festive celebrations. It is an impressive list of different crafts, ranked by their importance. The honored citizens of Barcelona's lavish houses (almost strongholds) along the carrer de Montcada and elsewhere throughout the city also attest to the power of trade in turning merchants into nobles.

As Barcelona reached its economic peak in the fifteenth century, the city began to decline. Changes in the general Spanish economy, the rise of the Atlantic after the encounter with the New World (especially after 1521), the hegemony of Castile within the peninsula, and the slow decline of the Mediterranean marked the end of Barcelona's pre-eminence in the Peninsula. Torn by civil conflicts between two factions, the Biga (the ciutadans honrats and powerful merchants) and the Busca (artisans and lesser merchants seeking to wrest power from Barcelona's oligarchical elites), the city entered its long period of decline. This meant Valencia's gain.

## Valencia

Better located for trade in the Western Mediterranean (above all with the Balearic Islands and North Africa) and with Atlantic ports through the Straits of Gibraltar, Valencia rose to economic prominence in the late middle Ages. Valencia drew on a productive hinterland, enjoyed an inexpensive labor pool (Moriscos), and profited from the production of commodities such as sugar, rice, saffron, and other products. Silk and paper, the later, produced mostly at Xàtiva (a city in the kingdom of Valencia) enjoyed great popularity in markets throughout the region, in the rest of Spain, and even abroad. Paper became important in Valencia, as it began to replace (or complement) parchment from the early fourteenth century onwards.

Valencia was far more than agricultural products from its fabled huerta or paper from Xàtiva. It was a thriving port city, with a heterogeneous population of Christian, Jews, Muslims, and others. In the late fourteenth and fifteenth centuries, it was an important slave market. In Valencia Muslims captured in corsair raids or in peninsular wars, natives from the Canary Islands in the late fifteenth century, or Slavic women from the Eastern Mediterranean were sold and bought. Some of them became converts to Christianity in a complex dance of social, economic, and cultural relationships.

## Seville

More than a century before Seville became Spain's most vital economic center because of its monopoly of the Atlantic trade, the city had already one of the largest urban population in the Iberian Peninsula and a robust economic life. Drawing on its hinterland, the Aljarafe, producing such exportable commodities as grain, olive oil, and wine, Seville also benefitted from a privileged location. The Guadalquivir River connected it to the Atlantic and, after the early sixteenth century, to the New World. Though a series of river valleys and road networks, Seville had also access to the Mediterranean Sea, circumventing the perils of the Straits of Gibraltar. Under the Almohads, the city had long attracted foreign merchants, above all, the Genoese, who set their trading stations and business there. Many of them settled in Seville for the rest of their lives, as was the case of Francisco Imperial. Born in Genoa, he lived in Seville for most of his life, becoming a noted poet in Alfonso V's court in Naples. After Ferdinand III's conquest of the city in 1248, the foreign mercantile presence remained vital for the economy of the city, connecting the Mediterranean Sea to Atlantic ports and Northern Europe.

Collantes de Terán's work offers a guide to the city's economic diversity and liveliness. Artisanal pursuits, in a wide range of areas, general manufacturing, ship building, leather goods, textiles (including silk cloth), and a large variety of other goods contributed to Seville's prosperity in the 14th-century and afterwards. The city also benefitted from the presence of Jewish merchants and small shopkeepers, as well as a number of Mudejars, many of them engaged in the building trade. Its large foreign mercantile colonies connected the city to a wider world beyond peninsular boundaries and to banking institutions abroad. All of these activities rested on profitable agricultural and livestock pursuits that gave Seville advantages not present, to such an extent, elsewhere in Castile.

## Urban Centers Along the Road to Compostela

Urban life on the northern high plains (above all on the regions that would later become Castile) was essentially absent until around the eleventh century. The river of pilgrims traveling along the road to Compostela, the reconquest of territories on the

borders of Islamic Iberia, such as Avila, Segovia, and Zaragoza, and the resettlement policies of Peninsular kings led to the rise of northern towns and cities. In northern Castile a new dynamic social group, the bourgeoisie, came into being. Their growing social, economic, and political roles transformed Iberian society in general and its economy in particular.

#### Northern Maritime Towns, 12th-15th Centuries

From their origins and settlements in the 12th-century, coastal towns developed two specific economic profiles. First, these towns carried out a substantial trade with England, the English possessions in western France, and Flanders. Although this trade would only reach its highest point in the early modern period, the introduction of the merino sheep into the peninsula around 1300, the need for quality wool by Flemish textile centers, and the discovery of marketable iron mines around Bilbao established patterns of trade that are easily documented by the late 13th-century. Some ports, as the accounts of the early 1290s show for San Sebastian and Fuenterrabía, became the entry point for fine cloth and many other products, including salted fish, manufactured products, and the like. In the dated parlance of the 1970s, thirteenth century Castile was an “underdeveloped economy” (a condition reversed in the 16th-century), exporting raw products (wool, iron, spices from the south, and so forth) and importing finished goods in rather extraordinary amounts (over 1,000,000 maravedies in one single year through one single port). These maritime towns’ second significant economic activity was fishing, an important aspect of these urban economies then and today. Together with livestock and fruit trees abundant in their lush green hinterlands, these small towns played a significant role in the realm’s economy.

#### Towns on the Road to Compostela

These coastal communities were part of sophisticated trade networks centered around the cities along the road to Compostela, most of all, Burgos. The latter town did not have extensive manufacturing or the pretense of an established textile production, as Segovia and Cuenca did. It did not have a significant role in the Mesta, as Soria (south

east of Burgos) or Avila (south of the Duero River valley) had. It was not a center for wine production, as Logroño or Haro were. It did not draw upon a rich river valley agricultural production as Zaragoza (in Aragon) did. What was then its role in Spain's late medieval economy?

#### Economic Life in Burgos: A Case Study

Burgos served as a node for complex trade networks. Goods coming from the south were transported to the Bay of Biscay and Cantabrian ports for export to England and Flanders. Numerous Burgalese merchants traded abroad (their numbers rose substantially in the sixteenth century). They were also found in the Basque and Cantabrian ports receiving merchandise from Northern Europe (mostly Flanders) for distribution throughout Northern Castile, Navarre, and eastwards to Aragon. Unlike Avila, where Jews and Muslims had a significant presence in local trade and artisanal pursuits, in Burgos Christian merchants monopolized those activities. Economic activities translated into political power, as these merchants played leading roles in the city and the realm's political life.

Burgos seems to have also had a significant role in realm-wide finances, though Jews and Conversos (after the 1391 destruction of the city's Jewish community) had perhaps the lion share of those financial activities. The city, probably around 8,000 inhabitants by 1300, did not have the economic power of Seville, Barcelona, and Valencia; nor did it have their far-flung links to the Mediterranean and Atlantic world. Yet, Burgos filled an important niche in the regional economy of northern Castile, linking it to other areas of the Iberian Peninsula.

#### Decline and Revival in the Late Middle Ages, 1350s-1469

As was the case in most of Western Europe, the Iberian Peninsula was deeply affected by the late medieval crisis. Throughout Spain, demographic dislocations, following the conquests of most of Andalusia in the mid-thirteenth century, changing climate, the chronic political conflicts (triggered by royal minorities), and noble rapacity created a context in which economic growth was difficult. In Castile and elsewhere in the peninsula, the population did not recover its pre-crisis level until 1500. By 1351, the

Becerro de behetrías showed that almost one quarter of the villages in northern Castile had been deserted. In parts of Aragon and Catalonia, the conflicts between peasants and lords also affected agricultural production and the realms' stability. Some semblance of order would not be restored (mostly in Castile) until the reign of the Catholic Monarchs and economic reforms, the taming of the nobility, and renewal of royal authority provided the context for Spain's rising status in the European political world.

As a counterpart to the violence and noble selfishness, displays of wealth reached new levels. In Castile, the increased importance of wool exports to Flanders (and the linking of the Castilian economy to that of the Low Countries) brought untold wealth to nobility and Crown. Merchants, who were part of these commercial networks, also profited. Taxes on the movement of the livestock across the Peninsula and on the Jews brought fabulous sums for the Crown, even though some of it often ended in the magnates' coffers. This new wealth, standing in sharp contrast to the economic difficulties of those below, was displayed in elaborate festivals, cathedral building, and patronage of the arts. By the end of the fifteenth century, Castile also benefited from the opening of the Atlantic trade. In fact, the entire peninsula witnessed a slow but significant shift from the Mediterranean to the Atlantic.

The eastern realms' economic well-being was linked to Mediterranean markets. The disruptions of agriculture, already noted above, were initially compensated by the Arago-Catalan links to Genoa, Naples, and Sicily, and by the greater prosperity of Valencia to the detriment of Barcelona. The union of the crowns by the marriage of Isabelle and Ferdinand led eventually to the final shift of power and reform to Castile. The shift to the Atlantic, in spite of the enduring Spanish interest in Italy, also affected the Catalan economy. There, especially among the semi-noble urban elites, display and lavish expenses were also the counterpart to a society growing more impoverished by the day.

## Conclusion

Emphasis should be placed on the fragmented nature of economic life in the different realms that comprised medieval Spain. The rural economy varied from location

to location. What was cultivated, by whom, and where followed the geographical and topographical conditions of Iberia, the presence or absence of Mudejars and Moriscos' labor, and the quality of husbandry. Agriculture, especially in the urban hinterlands, always existed in a symbiotic relationship with urban economies. In terms of the latter, diversity was also a fact. What manufacturing took place? Where? Who to trade with? All these factors dictated diverse urban social structures.

The fourteenth century affected negatively the Iberian economy in almost all localities. War, civil conflict, and the Plague had serious impact on the economy; nonetheless, the growth of wool exports to northern European markets and the Iberian eastern kingdoms' links to Mediterranean economies brought untold wealth to the upper classes and to the Crown. The Iberian realms, united by marriage in the late fifteenth century, were then poised to become the hegemonic military and political power in Europe and the world. Its vast colonial empire provided new resources. These wide range of developments propelled the medieval Spanish economy into the early modern period. The outcome of greater political integration, the demise of Islamic rule in the Peninsula, and closer ties with Flanders and Italy, Spain moved towards a more integrated economy. It is to that period of change in late medieval Spain and in the early modern period that we turn now.

### **The Spanish Economy in the Early Modern Age**

The period from the end of the Middle Ages to the Napoleonic wars (early 19th-century), and, especially the years between the mid-15th century and the end of the 16th represented the high point in Spain's economic history; a fact confirmed by the Spain's international prominence. During these centuries, Spain emerged as one of the greatest empires in world history, with territories in several continents: Africa, Asia and, above all, in Europe and the Americas. Throughout these domains, merchandise, people, fashions, cultures and ideas circulated, signalling the beginnings of the First Global Age.

Economic Expansion, Discoveries and Conquest (Ca. 1450- Ca.1504).

One of the Iberian Peninsula's most salient economic features was its early recovery from the late medieval crisis, being one of the areas of Europe to first emerge from the long

enduring crisis. At the end of the Middle Ages, the Iberian Peninsula's economy was notable by Castile and Portugal's dynamic recoveries, far more vigorous than that of other parts of Europe. In contrast to what has traditionally been said, recent research shows that the great development of both territories in the 16th-century began in earnest at the beginning of the previous century, laying the foundations for later economic and cultural growth. A resurgent economy also served as the steppingstone for the geographical discoveries of the Atlantic routes, the departure of Europeans to America and, ultimately, the formation of the Portuguese and Spanish Empires. The arrival of wealth and precious metals from Asia and America accelerated the economic and political developments that begun in the early 15th-century. The characteristics of this growth were varied and multiple, although, as shall be seen later, it was the commercial and financial sector that saw the most growth.

At the beginning of the 15th-century and, specifically since 1425-30, there have been obvious indications that the late medieval economic crisis was ending. The recovery occurred mostly in Castile (in the Duero River Valley area), in Andalusia, and in the kingdom of Valencia. Several factors show the slow, but continuous growth of the Spanish economy. First, the reversal of demographic decline and a clear population growth. Although it is very difficult to quantify this demographic increase due to the absence of statistical sources, the population in continental Spain rose from an approximate figure of 3.4 million inhabitants in 1400 to 4 million in 1480, 4.6 million in 1530, and 6.6 million in 1590. Within this demographic trend, 80% belonged to the territories of the Crown of Castile. More than a quarter of these corresponded to inhabitants in the Duero Valley, followed by Andalusia and la Mancha. This demographic growth affected both countryside and cities, resulting in the development of multiple medium sized cities and towns, making up a Castilian urban network comparable to those found in Italy or the Netherlands.

Demographic development was accompanied by agricultural expansion. In this regard, it is worth highlighting several matching facts: the clear extension of the cultivated land, the result of the new clearings and the management of the system of cultivation by leaves; the expansion of new crops, since the agricultural growth was not merely cereal, but in certain sectors of the Duero Valley vineyards and certain industrial crops, such as madder or linen, could be found. Without a doubt, the most spectacular was the growth in the



number of livestock. The merino sheep numbered around 10.5 million heads distributed throughout Castile in 1500. As noted, the Castilian merino sheep transhumance was organized by the Mesta. One third of the wool was exported. Another contributing factor to the rural growth was the diffusion of proto-industrial activities. Thus, in the regions around Segovia, Avila, Palencia, Cuenca, Bilbao, Cordoba, Ciudad Real, Toledo and Cameros, one finds a multitude of craft activities, such as leather, iron and, above all, textiles from the middle of the 15th-century onwards. Although some were of little importance, others, such as those from Segovia, Cuenca, Ávila or Palencia, were structured under more complex organizational forms by adopting the home delivery system or *verlagssystem*. If the panorama of the Castilian rural world was one of prosperity until at least 1570-1580, the same could also be said of the cities. During the 15th-and-16th-centuries great urban development took place in inland Castile and Andalusia. The population grew and the territory expanded. The industrial framework was renewed both by manufacturing activities aimed at a public with increasing purchasing power and by the development of rural crafts linked to the Castilian urban merchants.

In contrast, in the rest of the Spanish Christian kingdoms the situation was very diverse. Valencia was in a golden age, the outcome of its strong contact with other regions and the arrival of foreign merchants. Together with its agricultural development, the city had for a while the largest population in the Iberian Peninsula with about 70,000 inhabitants. The 15th-century, however, was also a time of deep crisis for previously prosperous areas of Catalonia, Aragon, Navarre and the Muslim kingdom of Granada. The Catalan case was especially severe. Apart from losing a large part of its foreign markets (dating back to the previous century), it was, as already noted, plagued by strong social tensions and civil wars. This caused most of the economic activity of the Spanish Mediterranean coast to shift to Valencia and, to a lesser extent, towards Mallorca.

Economic activities linked to trade and finance help to explain the early resurgence of the Iberian Peninsula, both in Spain and in Portugal. One initial cause for this commercial success was the changes that occurred in the structure of international trade in Europe at the end of the Middle Ages. On the one hand, the economic and, above all, the commercial recovery of regions on the European Atlantic coast should be noted. Portugal, Gascony, Brittany, Normandy, England, the Netherlands or the German coasts with centres such as

Hamburg, Lübeck, Bruges, Antwerp, London, Rouen, Nantes, Bordeaux and Lisbon experienced a vigorous economic revival. In the Mediterranean, on the other hand, the late medieval crisis had altered the landscape of commercial powers, ennobling the mercantile elites of Genova and Venice - plus other minor ones, such as Florence, Lucca, Ragusa or Milan - and sinking Pisa and Barcelona. In the Iberian Peninsula, although subject to Italian influence, the Valencian economy experienced a boom, and there was a remarkable presence of merchants and Castilian fleets in that sea. The third area of commercial development was located in the mid-Atlantic: the Canary Islands, Madeira, Azores and the west coast of Africa, serving as launching points for the subsequent routes to Asia and America. Thus, throughout this new commercial geography, the merchants of Castile and Portugal, being located in the middle of all these territories, had the ideal location to take advantage of these new opportunities.

From the middle of the 15th-century onwards we witness a spectacular growth of Spanish foreign trade, reflected in the formation of permanent colonies of Castilian merchants in the main European commercial centres: Bruges, Antwerp, Nantes, Rouen, Bordeaux, London, Bristol, Lisbon and Florence. Although trade encompassed all kinds of articles, those from Spain -- wool, iron, dyes, oil, sugar, fruit, etc. -- played a significant role. Significant, merchants in these locations, Castilians and otherwise, were also skilled in the handling of new mercantile techniques: such as the letter of exchange, maritime insurance, and double-entry accounting that gave them advantages over their foreign competitors. All of this was paralleled by an intense internal trade, as seen in the rise of fairs and local markets distributed throughout Spain. The most important exchange centres were located in Burgos, Valladolid, Toledo, Seville and Valencia, in addition to the great fairs at Zafra, Medina del Campo, Villalón and Medina de Rioseco.

It is within this context of general economic growth, especially trade, finance and navigation, where we have to situate the geographical expansion of the Iberian kingdoms, leading to geographical discoveries, especially during the reign of the Catholic Monarchs. The conquest of Granada in 1492, the last territory of the Iberian Peninsula in Muslim hands, marked the end of the Reconquista. It also led to a growing demand for gold, ivory and other African products, together with spices and exotic Asian objects. This, in turn, triggered the Portuguese conquest of certain strategic places on the west African coast (Madeira, Azores, Ceuta, Safir, Cape of Aguer, islands of Cape Verde, Guinea, etc.), by

the Castilians (Canary Islands), and the possibility to acquire commodities highly valued by a European population anxious for novelties and with greater purchasing power. Discoveries and conquests culminated with Vasco de Gama's voyage to India in 1498 and, above all, with Columbus's voyage to America in 1492. Beginning with the conquest and settlement of the Caribbean islands, Castilian presence in the New World continued with Hernán Cortés' overthrow of the Aztec empire in Mexico in 1520; with the Pizarro brothers' conquest of the Inca Empire in Peru by 1536; and so on, until the Spanish empire in America was established. This expansion, completed with Magallanes and Elcano's circumnavigation of the world in 1519-1521, signalled the first global age and the maritime linking of Europe, Asia, Africa and the Americas with the subsequent circulation of people, goods, fashions and cultures.

The Golden Age of the Spanish Economy (ca. 1504- ca.1590).

From the beginning until the end of the 16th century (albeit the crises of the first 21 years) the Spanish economy experienced continuous growth. That economic development allowed, to a large extent, for the establishment of a Spanish Empire that lasted until the beginning of the 19th century. The 16th-century Spain's economic growth resulted from gains made in the previous period, the general European economic transformations in the 15th-century, the promotion of transatlantic trade, and the arrival of precious metals and goods from America. In contrast to what some historians have argued about this period, Spain, and especially the Castilian territories, did not have a peripheral economy. Rather, it was far more robust than that of many of its European neighbours. The Spanish economy became one of the most dynamic in those years, attracting the notice and investment of businessmen and foreign monarchs, a situation that proved to be very different from that of later centuries.

The Spanish population, like that of Europe in general, increased significantly during the 16th-century. From 1530 to 1591 the number of inhabitants in peninsular Spain grew from 4.6 million to 6.6 million. There were, however, great regional differences. In Castile, the population grew at a rate of 0.5 inhabitants per year, allowing it to continue to be the Spanish territory with the greatest demographic resources. In Aragon the rate was 0.4 inhabitants per year. But within these political spaces, the differences were

significant. Those that previously had higher densities, such as the Duero Valley or the Basque provinces, grew less, while the rest increased at rates above 0.75%. The same demographic growth took place in Aragon, led by the kingdom of Valencia.

These increases occurred both in countryside and city; and, what is more significant, a dense urban network was created. Consisting of large and small urban nuclei - many of them with over 5,000 inhabitants and comparable, as already noted, to the ones in the Netherlands or Italy -- such demographic expansion had an agrarian base, continuing the patterns of the cycle started in the middle of the 15th century. The existing data shows, although, once again, with regional differences, that until the 1580s there was an increase in production, especially of wheat and other cereals, but also of other agricultural commodities, such as wine, oil, nuts, sugar and certain products for industrial use: linen, silk, hemp and barilla. This resulted in a sharp increase in the clearing of mountains and vacant lots. In addition, at least until the middle of the century, there was an increase in the number of the livestock, especially sheep, reflecting a growing demand for raw material for national and foreign textile industries.

Spain's 16-century economic growth was also marked by the increase in craft activities. Textile manufacturing remained the most important industrial sector, as was the case in other parts of pre-industrial Europe. Large textile centres in Segovia, Cuenca, Córdoba, Valencia, Perpignan, Toledo, or Granada, most of them organized under the putting-out system, increased their production, marketing their goods at fairs and other venues for commercial exchange. In addition, cloth manufactured in rural textile areas supplied segments of the market with lower purchasing power. During the 16th-century, the Spanish textile industry experienced an improvement in their products' quality, as well as an increase in production. Nonetheless, internal demand made the imports of foreign fabrics, especially linen and silk, to continue fairly unchanged. At the same time, in northern Spain, above all in the Basque Provinces, there was a marked increase in steel production, aimed at supplying the Spanish demand from the American colonies and from abroad. Similarly, the development of international trade and the needs of the monarchy to have large and armed ships (to be used in wars or fleets connecting Seville to America) spurred shipbuilding.

Trade and finance, however, profited the most from economic growth. Starting from the gains made in the previous century, internal exchanges rose dramatically, reflected in the

proliferation of fairs, and local and regional markets throughout Spain. In all of them, according to the fiscal data, there was a clear increase of buying and selling, both, well-off social groups and peasants. The latter resorted to the market for supplies and to sell their products. At the same time, an entire hierarchical system of exchange locations emerged (regulated by various legislations) with large general fairs (Medina del Campo, Villalón and Medina del Campo), others of regional scope and, below, the rural markets. These commercial sites were enhanced by a spectacular increase in consumer credit. In fact, there is reliable indication that the majority of transactions were made on credit.

The greatest economic advances, however, occurred in foreign trade. On the one hand, exchanges with the European Atlantic markets -- especially the Netherlands, France and England -- and with the Mediterranean -- Genoa, Tuscany, Sicily and Naples -- were characterized by the export of wool, iron, spices, dyes, sugar, leather or silk in exchange for cloth, metal objects, wax, wheat, wood, works of art, paper, and upholstery. This allowed for the formal establishment of strong colonies of Spanish merchants in Bruges, Antwerp, Rouen, Nantes, Bordeaux, Lisbon, and Florence. In addition, there was a vigorous colonial trade with America, *la carrera de Indias*. The latter grew steadily and spectacularly from 1504 to 1592, although there were moments of stagnation in the middle of the century. All kinds of merchandise flowed to the American colonies, from foodstuffs to manufactured goods. Many of them came from Spain, but many others from the rest of Europe. It was therefore not surprising that Seville, the port that controlled this trade, was filled with all kinds of merchants. Many of them were foreigners, who saw an inexhaustible source of profits in that market. The city had the largest population in Spain and one of the largest in Europe, comparable to Naples, Rome or Paris in those years.

Departing from Cartagena de Indias, Nombre de Dios, Veracruz and Havana, the fleets brought dyes, hides, sugar, cotton, objects from Asia -- arriving in the Manila galleons sailing from the Philippines to Acapulco in Mexico -- and, above all, gold and silver. In short, this enormous wealth benefited many people, Spanish and foreign alike. In particular, the goods from America (above all bullion) benefited the Royal Treasury, its well-being depending on the arrival of American bullion. All these exchanges brought about a sharp rise in the cost of living, the so-called "price revolution," with its devastating effects on the immediate and long term Spanish economy.

Current historiography has argued that one of the evils of Spain's 16th-century economy lied precisely on Spanish fiscal policies, characterized by budgetary deficits since the reigns of the Catholic Monarchs, Charles I and, especially, Phillip II. Although economic growth allowed for an increase in expenditure, the increase in income was the outcome of an increase in taxes, affecting mainly Castile (around 69%), while the rest of the territories under the control of the Spanish Empire (Monarchy after 1556): the Netherlands, Naples, Sicily, Milan, Catalonia, Valencia, Navarre or Aragon contributed on a smaller scale to the tax burden. This situation had a negative impact on Castilian taxpayers, the most prosperous of all the domains. Escalating expenses, caused by continuous wars waged by the Spanish monarchs to maintain their hegemony in Europe, also led to the painful state of the treasury. Along with deficits, as in all periods, strong credit growth appeared. Throughout the 16th century, Spain's kings resorted to the great international banks - first German, then Genoese - to obtain liquidity with which to cover the kingdoms' deficit and to pay their current expenses, above all, mercenary troops. Financing Spain's debt brought great benefits to these foreign bankers. Thus, a significant part of the American gold and silver ended outside Spain. In addition, the huge amounts of public debt detracted Castilian savings from other investment options that would have been more beneficial to the Spanish economy as a whole. New attitudes towards wealth and work emerged. While in part these ideas reflected the chivalrous mentality of the period, the economic reality was that the yields of public and private debt were greater than those obtained from investments in trade, agriculture or industry. Yet, in spite of tax increases and the continuous arrivals of precious metals from America, Philip II had to declare bankruptcy in 1557, 1575 and 1596. Bankruptcies resulted from the monarch's inability to pay foreign loans on time and the exclusionary policies towards the "hated Genoese bankers." Although the Crown put pressure on the Cortes to allow new taxes, these measures proved to be useless, plunging into an abyss the battered Spanish economy from the 1580s onwards.

Peninsular Spain's economic growth was reflected in Spanish America. After the discovery of America in 1492, an intense process of conquest took place that ended more or less by the mid-16th-century. Initially, the European arrival in the New World led to a sharp demographic decline, resulting from the epidemics brought by Europeans and the impact of harsh work on the indigenous population through the system of *encomiendas*. This decline was subsequently lessened with the arrival of Spaniards and, above all, with

the continuous marriages –opposite to what took place in North America in the 19th-century - between these and Indian women, resulting in an ethnically complex population. At the same time, a strong trade developed – la carrera de Indias - controlled by the crown through the Casa de la Contratación in Seville, the only entity authorized to make such exchanges. Through this route, organized through the fleet system that departed from Spain to Havana, Veracruz, Nombre de Dios and Cartagena de Indias, European manufactures and foodstuffs flowed in exchange for colonial products and precious metals. At the end of the 16th-century, this trade did not suppose more than 2% of the GDP of the Castilian economy, although it reported numerous benefits to merchants, financiers (Spanish, Germans, Genoese, French), and to the crown itself. A similar situation took place in regard to the income of the royal treasury. Income from the colonies - including remittances of precious metals - only represented 25% of those obtained by the Crown from different parts of its empire.

### The Crisis of the 17th Century

At the death of Philip II in 1598, the Spanish economy was already showing clear signs of decline. From the 1580s onwards, inland Spain, both the Mesetas and the Cantabrian coast, the driving forces behind economic growth since the Middle Ages, showed signs of exhaustion: bad harvests, stagnation of production, epidemics, sluggishness of the big fairs, a decrease in internal and external exchanges, etc. From then on, as we entered the 17th-century, the crisis spread throughout the whole of Spain. But the impact of it and, above all, its denouement was dissimilar in the different territories. While the centre of the peninsula was hit hard by the recession, the periphery managed to emerge from the crisis by the middle of the century. And so a process began that has continued to this day. The interior of the Spanish and Portuguese Peninsula became less populated - with the exception of Madrid because of its status as the capital - while the coastal areas were growing, a change from what had taken place throughout the Middle Ages and the 16th century. The subsequent industrialization in the 19th-and-20th-centuries would increase this centrifugal tendency, producing the economic and demographic structure that currently exists in Spain. In general terms, the Spanish population decreased until the middle of the 17th-century. The reasons for this decline were the same as those of other European regions, especially the Mediterranean ones:

epidemics, subsistence crises, the direct and indirect consequences of wars, emigration to America, expulsion of the Moriscos, and economic recession. All these factors led to poverty and peasant indebtedness, the sclerosis of social structures, the intensification of fiscal pressure and the nefarious economic policies carried out by the monarchy and other ecclesiastical and municipal institutions. Although exact figures are not available, it can be said that the Spanish interior lost between 30 and 50% of its inhabitants.

Although the population of the periphery grew, the global figures speak of stagnation, an important economic factor in itself. This is especially so since it was accompanied by the disappearance of the powerful urban network (large to small cities included) that existed until this century. The phenomenon was, therefore, the opposite of what took place in the kingdoms of North Atlantic Europe -- Holland, France and England during that period. These economies would then wrest from Spain its continental economic and political hegemony.

There were several indicators of decline of activity in agriculture: bad harvests, peasant indebtedness, fall in land income, fall in prices, decrease in agricultural and livestock exchanges, decrease in wool exports, etc. Differences, of course, existed. All the research, especially that based on the decimal data, coincide in pointing out the collapse of the peninsular interior (both Mesetas, Extremadura, Aragón and even Andalusia). In contrast, Galicia, the Cantabrian coast and the Basque Country, although they fell in the first half of the century, grew during the second half of the century thanks to the introduction of corn and other intensive crops. The same situation - with the boom in wine production, mulberry, legumes and some industrial crops - seems to have occurred in Mediterranean agriculture, despite various social conflicts: the war of "Els Segadors" ("The Reapers") in Catalonia and the expulsion of the Moriscos in Valencia. These changes increased in the 18th century.

In manufacturing and productivity, we observe the same signs of decline. A most important sector, textiles, saw the weaving activity of centres such as Segovia, Granada, Aragón or Valencia decline, while those of Cuenca and Córdoba practically disappeared. At the same time, imports of foreign cloth increased. In other areas, such as metallurgy and shipbuilding, both of these activities significant in the Basque Country, something similar happened. In general, Spain suffered from industrial sluggishness, fall in



consumption, technological backwardness, and the weakness of the export of manufactured products.

A similar recession can also be seen in domestic and foreign trade. The fall in consumption, the disappearance of the market network, fairs, and the lessened activities of many of the urban centres explain the first of these phenomena. As far as foreign trade is concerned, although colonial trade with America remained important, one should note that most of that trade was by then in the hands of foreign merchants: French, Dutch and English, who saw the *carrera de Indias* as an inexhaustible source of profits, with silver continued flowing to Seville. As a consequence, the American colonies became less and less dependent on the metropolis, while the Spanish presence in the European mercantile centres, once very important, practically disappears. As a result, the Crown's fiscal problems persisted as a heavy burden on the Spanish economy. Foreign policy needs, and the expenses of continuous wars abroad increased fiscal pressure, monetary alterations, the frequent issuance of public debt, bankruptcies (1647, 1652, 1662, and 1663) and the sale of everything that implied income: uncultivated lands, positions in the administration, titles of nobility, privileges, etc. And with all this, the dependence on foreign bankers. The Genoese financiers were replaced by the Dutch and the Portuguese Jews. The Crown's bankruptcies were paralleled by that of municipal institutions with similar consequences. The final result was an exhausted and impoverished country, together with Spain's loss of its international prominence.

Economic Recovery: Growth, Reformism and Enlightenment (Last Third of the 17th Century - 1789)

From the mid-17th century, demographic indicators show that certain Spanish regions (Galicia, Andalusia, Basque Country, Navarre and Catalonia) had fairly recovered from the crisis. As we move towards the end of the century, such development seemed to become generalized throughout Spain. The establishment of new crops, combined with the specialization in others such as wine, oil, or silk explains the growth of coastal areas. Even in the interior of the peninsula, the spread of legumes and minor cereals led to an increase in livestock farming. In the industrial sector there were also some signs of recovery, especially in textile production.

The arrival of the new Bourbon dynasty, after the War of Succession (1705-1714), accelerated these changes allowing the economic recovery to continue. The population grew from 7.7 million in 1700 to about 11 million by 1800. This growth was similar to that in the rest of Europe, although it was most evident from 1750 on with significant declines in catastrophic mortality. Demographic increases were more intense in coastal areas, but even inland Spain recovered the population it had in the late 16th century. Nonetheless, Spain was poorly populated compared to the rest of Europe.

Economic growth drove demographic gains. Agricultural production increased and diversified. In inland Spain, ploughings increased as did lands dedicated to the cultivation of cereals, vineyards and legumes, while transhumant sheep farming grew as well. In Galicia, the Cantabrian coast and the Basque Country, agricultural growth continued with the corn revolution and the introduction of potatoes. In Catalonia, the cultivation of vineyards to produce brandy for export increased, a phenomenon that extended to the areas of Malaga, Jerez and the Canary Islands. Meanwhile, in Valencia and Murcia, there was substantial gains in agricultural areas irrigated for the production of rice, vegetables, legumes and industrial plants. Yet, land ownership remained a problem in 18th-century Spain. The nobility and ecclesiastical institutions' dominance and the rigidity of legislation was not conducive to land reform. Hence, despite that century's agricultural expansion, social and economic inequalities increased in rural areas, leading to the discontent and social tensions prevalent at the end of the century. All this happened in spite of the rulers' enlightened attempts to enact measures favouring modernisation; yet, held back by fear of altering the existing social and political order.

As far as manufacturing production is concerned, there was growth, but it was weak. There were attempts to copy the French model of Royal Factories, but their results were not very successful. Some areas continued their traditional production: textiles (cloth in Segovia, Béjar, Alcoy; silk fabrics in Valencia; linen in Galicia), iron and steel industry (Basque Country), and naval construction (Basque Country, Cadiz and Cartagena). But the substantial change came from Catalonia's textile production. The cloth industry expanded there considerably. Since the arrival of the Bourbon dynasty, and despite the defeat of the Catalans in 1714, Catalan merchants and manufacturers could freely trade their goods throughout the rest of Spain and the American colonies. The most

important thing, however, was the introduction of cotton manufactures that, imitating the English model, were mechanised, giving rise to an incipient Catalan industrialisation.

General economic growth was directly linked to the development of commerce. Internal exchanges increased, there were improvements in land transport, the number of local fairs and markets augmented, and certain inland customs were abolished between Castile and the Crown of Aragon. Yet, the most positive side took place in foreign trade. There, trade activity reached the levels of the 16th-century with the Atlantic trade as the great protagonist. From the middle of the century, the government authorised free trade with America from different Spanish ports, thus ending Seville and Cadiz's monopoly. This fostered the formation of a mercantile bourgeoisie, especially in peripheral Spain, helping to explain its greater dynamism in relation to the inland areas (except Madrid, the site of the royal court). However, the danger of successive wars against England, and the problems derived from the boom in smuggling cast a pall over colonial trade.

At the same time, in the Spanish Empire, Bourbon interventionism, in accordance with the mercantilist doctrines prevailing at the time, led to greater control of the colonies. In global terms, all productive activities increased, both in America and in the Philippines, forming an economy less and less dependent on the metropolis. Nonetheless, the colonial trade in sugar, cocoa, tobacco, dyes and, especially, silver continued to be very important. Although it never accounted for more than 2% of Spain's GDP, it continued to generate good profits for traders and the royal treasury. Even the Crown itself promoted it through the creation of Trade Companies, such as those in the Philippines, Havana, and Caracas. Such wealth especially favoured a part of the American society, the Creoles, who began to see royal intervention with suspicion.

Economic Recession, Wars and the Beginning of the Crisis of the Ancient Regime (1789-1815).

In 1789 the Spanish economy, although it had been partially transformed, showed signs of stagnation and of having reached its productive ceiling. Agrarian expansion ended, leading to social inequalities and enormous popular discontent. In the countryside, production and income declined, leading to peasant indebtedness and the rise of

catastrophic mortality and famines. The only possible way out of such stagnation was institutional changes, fiercely opposed by the nobility and the church. In the urban world, the situation was not better, since in a deeply rural Spanish economy, the impoverishment of the population generated sharp falls in the demand for manufacture goods and trade. In one of the pillars of Spain's economy, the colonial trade, there was a sharp drop in exchanges as a result of the naval wars against England and the resistance of the American elites to continue dependence on the metropolis. All these facts had repercussions on another of the Monarchy's power base: the treasury. We have seen a fall in royal income since 1793, while also an excessive increase in expenses caused by the high cost of war. The only way out was to resort, once again, to indebtedness, as attempts to raise taxes collapsed in light of popular resistance.

## Conclusion

The War of Independence (1808-1814) put even more pressure on the weakened Spanish economy. The Napoleonic invasion and the guerrilla war against the French led to the destruction of a great part of Spain's productive sector. Added to this was the institutional confusion caused by the existence of two parallel governments, one under the liberals of Cadiz; another under French protection. All of this led to an increase in fraud, the refusal to recognise lordly rights, and to pay taxes due to town councils and the monarchy. The volume of colonial trade also fell, aggravating the imbalances in Spain's trade. But, above all, the war served to strengthen the desire for independence of the American Creole elites. The colonial independence revolts were about to begin against a monarchy lacking the economic resources to face them. It was the beginning of the end of the Spanish Empire.

## References

Bernal, A. M. España, proyecto inacabado: los costes/beneficios del Imperio. Madrid, Marcial Pons, 2005

Casado Alonso, H. "The Economic History of Spain in the Early Modern Ages", in F. Amannatti (ed.), *Dove va la Storia Economica? Metodi e Prospective*. Secc. XIII-XVIII. *Where is Economic History going? Methods and Prospects from the 13th to the 18th centuries*. Florence, Firenze University Press, 2011. pp. 173-189.

Casado Alonso, Hilario. *Simón Ruiz y el mundo de los negocios en Europa en los siglos XVI y XVII*. Valladolid: Universidad de Valladolid, 2017.

Collantes de Terán, Antonio. *Sevilla en la baja edad media: La ciudad y sus hombres*. Sevilla: Sección de publicaciones del excmo ayuntamiento de Sevilla, 1977.

Comin, F., Hernández, M. and Llopis, E. (eds.). *Historia Económica de España. Siglos X – XX*. Barcelona, Crítica, 2002 y 2009.

Constable, Olivia Remie. *Trade and Traders in Muslim Spain: The Commercial Realignment of the Iberian Peninsula, 900-1500*. Cambridge/New York: Cambridge University Press, 1994.

Elliott, J. H. *Imperial Spain 1469-1716*. London, Penguin, 2Rev Ed, 2002.

Elliott, J. H. *Spain, Europe and the Wider World, 1500-1800*. New Haven, Yale University Press, 2009.

Freedman, Paul H. *The Origins of Peasant Servitude in Medieval Catalonia*. Cambridge: Cambridge University Press, 1991.

Klein, Julius. *Mesta: A Study in Spanish Economic History, 1273-1836*. Port Washington, N.Y.: Kennikat Press, 1964.

Lynch, J. *Bourbon Spain 1700-1808 (A History of Spain)*. Hoboken NJ, Blackwell, 1994.

Marcos Martín, A. *España en los siglos XVI, XVII y XVIII. Economía y sociedad*. Barcelona, Crítica, 2000.

Phillips, C. R. and Phillips, W.D. Jr. *Spain's Golden Fleece: Wool Production and the Wool Trade from the Middle Ages to the Nineteenth Century*. Baltimore, John Hopkins University Press, 1997.

Ruiz, Teofilo F. *Crisis and Continuity: Land and Town in Late Medieval Castile*. Philadelphia: University of Pennsylvania Press, 1994.

Vicens Vives, Jaime (Jaume). *An economic history of Spain*. Princeton, N.J.: Princeton University Press, 1969.

Vicens Vives, Jaime, ed. *Historia social y económica de España y America*, 5 vols. Barcelona: Editorial Vicens-Vives, 1972.