

**PHILIP V: ECONOMIC AND SOCIAL REFORM IN SPAIN IN THE  
REIGN OF THE FIRST BOURBON KING**

**AGUSTÍN GONZÁLEZ ENCISO  
UNIVERSIDAD DE NAVARRA**

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Translated by Dave Langlois.

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Foreword

Relatively little is known about Philip V's reign in comparison to others, especially outside the major events that are usually called political. We do of course have a fair bit of information about individual events but it is hard to gain an overall idea of the reign as a whole. What actually happened? What form did Spain take in these years and how could the period be summed up? The dearth of information about this period is surprising on two counts: not was Philip V the first king of the Bourbon dynasty, happily still reigning today despite a couple of breaks, but he was also the longest reigning king in the history of Spain, from 1700 to 1746 (also with a brief interregnum, when Philip V abdicated in favour of his son Luis I only to return to the throne a few months later when his son died).

Received opinion has it that the immediately preceding Hapsburg kings, known for the development of the empire and its decline, were followed by a sort of ill-defined bridge passage before the reformist and modernising reign of Charles III began. It is often even forgotten that Philip V was the first Bourbon king and came to the throne after a war of succession, even though favoured by the testament of Charles II. In some parts of Spain this conflict is notorious because of the undesired effects it had there. For this reason the general image held of the reign is very negative, for it was then that traditional privileges and *fueros* (charters of regional privileges) were abolished. This is fact. But sometimes the negative judgment of this moment seems to override everything that came afterwards, as if there were no positive denouements. Such an approach can only give part of the whole picture; dwelling on the negative can only give an inaccurate and incomplete idea of what actually happened.

Philip V's reign filled half a century of Spanish history at a time when, both in Spain and in the rest of Europe, there were notable transformations. Such a period is important perforce, especially when there were active attempts to change the situation by almost everyone involved, as happened in this case. To begin sketching in events, we can say that in this reign there was a notable, forward-looking desire to change things, to create a new society, different from the preceding one; in this sense there was a fair bit of progress. This society would be new in the context of the times, obviously enough; it was not a case of revolutionary changes but rather of reform. This drive for change was not born from nothing; the seed was sewn in the previous reign. This seed might well have fallen on fallow ground, however, but for the dynastic change, with the concomitant changes in institutions and, above all, of personnel, and the ensuing context of the war of succession. The time was ripe for change. Everything done after this reign, including the most celebrated Caroline reforms, stemmed from this renovating period of Philip V and the ideas he passed on from his predecessors. It is surprising to find that works by seventeenth century writers were republished in Charles III's reign. The ideas were already there; they just needed to be put into practice. And the fact is, as we will see later, that progress in many of these aspects was made in the reign of Philip V.

Commemorations are the order of the day. This particular commemoration, however, might serve to refresh our memories, to recall little-known facts and bring together other information scattered in recondite sites to which the public at large has little access. When the publisher asked me to write a book about Philip V, I understood that what was needed was not a biography of the monarch – there are already many and some good ones – nor a summary of the interesting political and better-known events of the reign, all of which have been dealt with in some recent publications, listed in the brief bibliography at the end. What was really needed, I thought, was a more detailed analysis of the consequences of the social and economic change that occurred during the

reign. It would be a question, therefore, of activities and not merely events. What I wish to bring out here is what people actually did in pursuit of specific objectives rather than merely describing a steamrolling course of events with the long-suffering subjects mere passive lookers on. As far as possible, and certainly as a sort of dry run, what I'm proposing here is to answer the questions we started out with, which are worth repeating here even at the risk of redundancy; what does Philip V's reign signify in the history of Spain from an economic and social viewpoint? Why is it worthwhile dedicating another book – albeit a brief one – exclusively to him? What old and new things will we find in the endeavour? To answer these questions we will have to deal with concepts like “reform” and “modernisation”, which are real, although they have to be understood in their particular historical context. I hope the book will answer some of these questions.

Before embarking on this quest, however, it is probably worthwhile sketching in the political context, in the interests of understanding better the lesser-known economic and social aspects we wish to home in on later. It is not my aim here to give an exhaustive account but merely to provide the framework for our main objective, especially for any readers who might be less familiar with the era and its events. At the end of the day the book would be incomplete without the political aspects, for it is the governors who are the protagonists of the activities to be narrated, much as they may need the supporting cast of governees.

Before going on I wish to express my gratitude to all the authors who in one way or another have studied this period. I am certainly not the first to do so and most of the information and affirmations contained herein have been taken from many other authors, although the ordering of events may be my personal input. Without all this previous work this book would never have been written. I apologise to all of them for not being able to include the due acknowledgment, in view of the nature of the book. The brief bibliography at the end bears out these words without being able to redress the debt in full. Some people have read parts of the work and made suggestions that have helped to improve the perspective or approach. I thank them all for their help, well aware that any real worth the book may have is largely due to their generous help.

## 1- The Longest Reign at a Turning Point.

### 1.1 The First Half of the Eighteenth Century, a Time in its Own Right.

The reign of Philip V of Spain covers exactly the first half of the eighteenth century, years that seem to serve as a bridge passage in the history of Spain, a time of transition tucked away almost forgotten between two periods of a much more attention-grabbing character. Interest in the seventeenth century seems to peter out once the defeat of the Spanish Monarchy has become clear or after the end of the Thirty Years War. In Spain's case the reign of Charles II has also been totally overshadowed until very recently. Between Westphalia and Charles III only the War of Succession seems to be of interest and this is because it consecrated a new dynasty in Spain. After Utrecht it only remained to wait for the enlightened years. Nonetheless, the first fifty years of the eighteenth century are important in their own right. Historians tend to divide up time by centuries, labelling them with tags that do not necessarily apply to the whole century. The result is that interest has tended to centre only on the years when the tags really told, largely ignoring the rest. The eighteenth century has been tagged as the century of revolutions (American, French, the Industrial Revolution) and the century of enlightenment. All these revolutions occurred in the last third of the century, which therefore tends to hog the limelight.

The centuries of the Modern Era have been tagged as the centuries of the Renaissance, of the Baroque and of the Enlightenment. Another well-known approach is the division of time by national predominance: thus the sixteenth century would be Spanish, the seventeenth French and the eighteenth English. Spain's own eighteenth century was of course given a revolutionary epithet. Such approaches stemmed from the belief that a single, overwhelming cause could explain why things turned out a certain way, but such an explanation in fact holds true only for the most important events and circumstances.

This single-cause theory then fell into disrepute. When diverse phenomena were studied in greater detail and from several viewpoints, it became clear that the causes were more numerous and also of longer gestation in time. This gave rise to the vogue of antecedents and preconditions. A rash of "pres" broke out in the history writing of the sixties and seventies of the twentieth century, especially in synoptic works. There was a pre-renaissance, a pre-enlightenment; the society of estates was pre-industrial and there were, of course, pre-revolutions of all ilk. In the Spanish case the "pre" was tagged on to the time running up to the reformist part of the eighteenth century. The latter had been dubbed as the century of reforms (not to be confused with the religious reforms of the sixteenth century), manifested above all in the reign of Charles III. The preceding era was hence a "pre-reformist" time, in this case taking in the whole reign of Philip V. This was on the clear understanding that Phillip's pre-reformism was only a curtain raiser for the real show, the true Caroline reforms.

Although at first sight rather trite, this change of historical approach was in fact very important. It helped us to see time as a fluid process without gaps and disruptions between one epoch and another, each with its own personality quite apart from

determinist pigeonholing or irreparable lacunae. This improved our understanding of what came next. Seen in this light, the first half of the eighteenth century – without claiming any watertight encapsulation for it – clearly has a personality in its own right, picking up the thread from the upturn following the seventeenth-century slump, an upturn already clearly underway by 1680, and knitting us into the major events of the last third of the eighteenth century. It is not a "pre" at all; it is merely a moment reflecting the ongoing evolution of European society, the continual stream of historical change running over a bedrock of eternal truths, a moment, in short, that is well worth a detailed study in its own right.

From 1680 to 1715 the political situation of Europe changed substantially; viewed with the benefit of hindsight it could therefore be called a new era. The Rijswijk Treaties of 1698 more or less put an end to the seventeenth-century conflicts; Rijswijk marked the high point for Louis XIV, just as Vervins had done for Philip II. But the dynastic change in Spain and the subsequent war and the Peace Treaty of Utrecht would create a new European political situation. We can now speak of vanquished and victors. England was clearly in the latter camp; it controlled the balance of power, a system that no one could break on the continent, and it ruled the seas after the acquisition of most of France's North American colonies. Austria was another victor, the major beneficiary of the Spanish monarchy's territorial losses in Italy and in the Spanish Netherlands, territories in which diplomacy once more rode roughshod over cultural logic. France was lucky; it hung onto its power despite the defeat, although it was no longer the almighty France of the previous century. Holland also came out relatively unscathed, though it would now have to share its economic power with England, which had now beaten it in three maritime wars on the trot. These wars seemed to have been minor skirmishes in terms of the interests of the continental powers, but they in fact forged the maritime future of England, now restored after its Civil War. Utrecht also saw the rise of two new political stars. Savoy now shaped up as the great power destined to rule in Italy, while Prussia, now with the category of kingdom, would do likewise in Germany. In the north and east of Europe other conflicts were also reshaping the political scene, paving the way for Sweden to fulfil its ambitions and consolidating the power of Russia. In a relatively short space of time the political stage had changed completely and new acts were about to be played out on it.

As well as the wars there are also the monarchs. The first great change is the disappearance of the Hapsburg dynasty in Spain and the establishment of a new dynasty, the Bourbons. This would change Spain's footing with France from enmity to friendship. In England the Act of Settlement of 1701 brought Anne to the throne but also paved the way for a change of dynasty to the House of Hanover, implemented shortly afterwards. Since the Revolution of 1688, moreover, constitutionalism seems to have been fully established. In 1707, with the annexation of Scotland, the United Kingdom of Great Britain was formed. Further changes were in store, for Anne died in 1714, bringing the first Hanover to the throne, George I; in 1715 Louis XIV of France died, bringing to an end a whole era of French prosperity. The eighteenth century thus dawned differently for each of the three great powers: Spain would try to recover lost ground; France, for all its power, was already showing the internal cracks that would lead to the Revolution and Great Britain loomed as the great maritime power, upon which anvil it would forge its economic development.

The economy also seems to have come on in leaps and bounds in these years. Except for moments when war broke out, the problems that had sparked off the great crisis of the seventeenth century now seem to have been laid to rest. Harvests recovered, frequently disastrous hitherto, the catastrophic death rate plunged and the population

grew; precious metal was again flooding in from Spanish America, to the benefit of the whole of Europe, and there was a sharp upturn in the West's trade with the Far East. Asia would come ever closer. All these developments, as already mentioned, were clear by 1680 and from then on the upbeat mood lasted throughout the eighteenth century, until the revolutions began.

The new era also had a new way of thinking. The ideas and methods of the Enlightenment – rationalism, empiricism, changes in the idea of nature, the demotion of revealed religion, now considered to be scientifically irrelevant – were already present by the end of the seventeenth century. The ground was prepared, although each generation was then to make its own input. In politics the reason of state was by now fully established, especially since the overthrow of the Hispanic ideas. In economic thought a renewed mercantilism held sway, the labour theory of value had been discovered together with the importance of industrial production and the defects of monopolies, though physiocracy, with its defence of agriculture, had not yet made its appearance as such.

In light of these and other factors we can probably speak of a new era starting roundabout the year 1700, but it is not nearly so easy to pinpoint the end of the first half of the century. Nonetheless, the three wars of succession (Spain, Poland and Austria) had been chipping away at the continental powers. By the time the Seven Years' War broke out (1757-1763), Great Britain's advantage was blatantly obvious. These years are hence clearly a turning point. A new era was looming in which the continental powers would try to counteract Britain's advantage so as not to fall further behind, in circumstances that were not so benign as before and with social tensions building up to bursting point. Growth rates fell, disclosing structural defects that would call for a radical change. The situation was fairly calm until the sixties but social tension then brewed up quickly. Ideas were of course also advancing as well, while a growing number of economic indicators clearly showed that an industrial revolution was underway in England.

In short, an era of greater political, social and economic equilibrium was drawing to its end in about 1760, ushering in a new one in which differences would be more glaring. It is obvious, in any case, that the revolutionary fervour that seems to pick up pace from the sixties onwards did not spring from nowhere; its fountainhead, for good or ill, was the previous era's eradication of inherited privileges, preparing the terrain for new changes. What happened in the first half of the eighteenth century is the key to future events. By about 1700 political and social systems were faltering and everyone rushed to turn the screw. What was sewn then was harvested in about 1800.

## 1.2 The Old and the New in the Reign of Philip V.

In the specific case of Philip V's Spain, the system's inefficacy had come to light at the end of the previous reign, if not earlier. The idiosyncrasies of Charles II's reign and of the succession meant that some changes were brought in then and some later, and also that some were brought in quicker while others had to wait. I personally do not believe that Philip V's reign was pre-reformist. In fact some important changes had been made as far back as 1679. These reforms were in fact already being mooted by the thinkers of the time in about 1600 and were being considered politically in the early times of Olivares, shortly after 1621. The difference is that by the end of the seventeenth century the awareness was deeper: it would not be enough simply to correct

the system; it had to be changed. Things were taken more seriously from 1679 onwards – there is nowadays a body of work advocating a new vision of these years, despite the weakness of the king – but little was actually done. In Philip's reign, therefore, there was an urgent need to speed up the changes already underway and bring in some new ones. Some objectives were met and others not. In simple terms it was a reformist reign but in line with the historical circumstances of the time. A detailed comparison of the changes made and successes achieved shows that the reign of Charles III was not much more reformist than his father's, quite apart from the fact that many of Charles's achievements were Philip's brainchildren. Neither should we forget the progress made in the short reign of Ferdinand VI, from 1746 to 1759. Whichever way we look at it, the Caroline achievements are merely the culmination of a stream flowing from long before. This stream flowed throughout the whole of the century, sometimes ebbing, sometimes silting up; hence the sluggishness of events.

It is clear that many things of a truly reformist bent were done in Philip V's reign, i.e., with a modernising, forward-looking intent, mindful of the fact that what had gone before was now clearly obsolete. In many cases these actions were channelled by acts of government, via legislation, but there are also other private actors playing a shadowy part that has not gone down in official records. We soon realise that this reign both broke with and continued with the former. The base was also laid down for what would come later, often quite different from what had gone before. All these factors ended up by bestowing a unity on this long period: change of dynasty, transformation of the government system, end of Spanish sovereignty in the European territories outside Spain, more thoroughgoing development of some economic reforms, recovery of human and material wealth at a hitherto unknown rate, renewal of Spain's role in the concert of nations, new cultural paradigms and mindsets; and, as a result of all of that, a new way of being for Spain and the Spanish, amongst themselves and vis-à-vis the rest. Seen as a whole, the reign of Philip V brewed many changes that were then vigorously implemented in the future. Charles III culminated many projects but all of them were conceived and planned in the times of his father or even earlier; some had already been put into effect in the first half of the century.

If the advance of reformism is clear in the reign of Philip V, another question we might ask is how far back this reform process dated and what role the new dynasty played in it. It should be clear by now that the reform movement did not begin in the reign of Philip V. In the last twenty years of Charles II's reign there was a programme of reforms that was to bear fruit later, checking past decadence and laying down the bases for the future. Nonetheless the most important change in Philip V's reign is that the reform was geared towards the government system, whereby the other reforms could then be introduced in a more institutional and wider-ranging manner. In any case, as we will see later, these reforms were still bogged down in Philip V's reign by many of the lingering defects from the past, many of which were not even wiped out in later reigns.

When we speak of modernisation we are referring precisely to the reform programme that aims to achieve a more politically efficient society better able to vie with rival states and a more economically efficient society guaranteeing the king more revenue without impoverishing his subjects. There is a great risk of hindsight in any reference to modernisation, seeing it only from our present day perspective. It should be pointed out in this context that modernisation was a process actually felt by those putting it into effect, though they usually called it by another name: reform. This was the term they normally used but they were clearly alluding to the dropping of ancient methods and the taking up of new ones that were already being successfully put into practice elsewhere. The legend of the mighty king, who wins respect in the concert of



nations and of the subjects who are useful to the king, who furnish him with the necessary wherewithal, who know how to do what is necessary without needing to call in outside help, all this is tantamount to what we would today call efficiency and competitiveness, or in the political buzzword of today "the right path". This is what was sought in the reign of Philip V, either building it up from scratch or recovering it from the past. And to a large extent they succeeded if we compare the situation with the previous reign.

This, then, is the modernisation I am referring to here. By then the following ideas, commonplace today, were beginning to be considered necessary for sound government: economic yield, good information – economic as well as political – technological advances, bureaucratic efficiency – a professional attitude – institutionalisation of the work of government. These are some of the concerns now to the fore in a society that tended to value officials more for their expertise than their pedigree and brought state administration into the centre of social life. The career official was not born in that era but was consolidated then as a figure. From these points of view the first half of the eighteenth century rings many bells today, and represented a considerable advance on previous periods when this mentality was not so widespread.

### 1.3 The King or the Ministers

A question of interest here would be to gauge the importance of the king's role in all of this. When we refer to "the Spain of Philip V" is this a reference to the Spain this monarch forged or simply a chronological reference to the king who happened to be sitting on the throne at the time? What is the real importance of the role played by the king and how far could he have been replaced by another? Some kings have gone down in history as the true protagonists of their governments. The Emperor Charles V, Philip II and Louis XIV clearly seem to have played this starring role. Small wonder that historians have used the term "monarchic authoritarianism" to refer to this form of government from the second half of the fifteenth century onwards, presumably in juxtaposition to the predominant situation in the Middle Ages, when the kings seemed to be under the yoke of the nobles who were ostensibly at their service (this should not be misconstrued as an interpretation of medieval monarchy but rather as a vision, probably hackneyed even at the time, in contrast to which the later stage was dubbed as authoritarianism).

Two contrasting trends can be identified in the governments of the seventeenth century: on the one hand absolutism, seen as a reinforcement of authoritarianism, justified intellectually on the grounds that the king was the exclusive custodian of legality, and on the other hand the tendency for the king to offload his duties onto a *valido* (a sort of court-favourite cum prime-minister). It is clear that most of the seventeenth century monarchs did not govern single-handedly, falling back on *validos* who wielded an almost despotic power, in that it was not only authoritarian but also arbitrary. But the *validos'* time ended with their century and in the new enlightened century a new form of government was developed. The seventeenth century itself had also offered two models: English constitutionalism, triumphant in the Revolution of 1688, already involving a form of cabinet government, and the French model, in which, for all its absolutism, the monarch relied on a series of ministers of bourgeois extraction, who were experts in the techniques of the various areas of government. This

latter model had been tried out in the Spain of Charles II with the governments of the Conde de Oropesa and Marqués de los Vélez, who had emulated the politics and modes of Colbertist France in some aspects.

Philip V's Spain followed this model before switching immediately to another system akin to the English cabinet, then spreading across the continent. Orry and Amelot were the first Colberts of Philip V. Then Alberoni and later Ripperdá wielded an almost *valido*-like power, although from 1720 onwards Grimaldo would head some cabinet-type governments which would then be dominant after 1726, with Patiño. The cabinet government chimed in well with the future creation of *Secretarías* (Secretariats), the germ themselves of the future ministries, although there was also a tendency to concentrate several important *Secretarías* in the same hands, as was the case with Patiño, Campillo and Ensenada. At times the term "ministerial despotism" has been used to refer to an end-of-century minister. I believe this epithet could as well be applied in some years to these ministers of Philip V, who governed almost single-handedly, albeit with the backing of their teams and protégés.

It is clear that the king more or less met up with his ministers on a systematic basis. The moot point here is whether the ideas that came out of these meetings were his or theirs and whether social or political pressure sometimes pushed them in a certain direction. The king always ended up signing the decrees – of that there is no doubt – therefore taking on the ultimate responsibility and to some extent the authorship of the decreed provisions. In this sense we can safely speak of the government of such and such a king. But it is clear that the king may share the ideas and sign the decisions without necessarily taking the initiative.

Several factors can be distinguished in the case of Philip V. The first is that he personified a new dynasty and soon after he came to the throne a war broke out, under which circumstances he had to govern. These are all exceptional circumstances that forced the monarch's hand. Philip V had been schooled by his grandfather Louis XIV in some fundamental matters, for example the importance of looking after the *grandees* – the high nobility. The young monarch tried to follow this advice, sometimes with excessive zeal, which his ministers sometimes had to try to temper in the interests of adhering not only to the letter but also to the spirit of Louis XIV's ideas.

Also following the advice given by the King of France, Philip V decided to go to Italy, at the start of the War of Succession before the conflict came to the Peninsula, to defend those territories of the monarchy and show himself as close to his subjects. Furthermore, and on his own account, Philip decided to take part in the battles, in the real combat. Philip remained fond of warfare all his life, as befits the military education he had received, and this fondness helped to offset the melancholy vein in his character. Warfare always invigorated him throughout his life; sometimes he would participate directly, as occurred on various occasions during the Peninsula War, and other times he would run the conflict from his palace. In these first years of his reign he won himself the nickname of "*el Animoso*" or the Spirited King, in all likelihood due to this fighting spirit that made such a sharp contrast in his subjects' eyes with the decrepit Charles II.

War is bound up with international and dynastic policy and Philip was always keen to hold the reins of this policy himself. Only in acute phases of his illness did the king bow out, but in his periods of lucidity he always took a keen interest in international questions. His prime concern was the perpetuation of the dynastic inheritance, a precept laid down in the testament of Charles II and which Philip saw as a duty and right that had been taken away from him by international diplomacy in the Treaty of Utrecht. International politics therefore concerned him not only in the military sphere but also in terms of diplomacy. The king always kept a close eye on diplomatic

relations, potential alliances and what should be expected and desired from the diverse treaties. Above all he tried to direct the possible inter-dynasty matrimonial alliances. He always made sure he held meetings with ambassadors, even on occasions when his illness had plunged him into a slough of despond.

The fact that he always tried to keep his finger on the pulse of these events does not mean he was always successful. In fact, although Spain did manage during his reign to claw back some of its lost prestige in international politics, the Spanish diplomatic capacity for a long time was negligible. The Ambassador of France always wielded a considerable influence, largely because Philip was always deeply concerned about the friendship with what he considered to be his country. But he was also capable of standing up to France when the crunch came, without reaping many benefits from the endeavour. He was often forced to suffer French snubs but always sought reconciliation afterwards.

The international and dynastic interests were also closely bound up with the two queens. Marie Louise accepted the influence of the Princesse des Ursins, her lady in waiting, who was one of the mouthpieces of French influence. Not only the ideas for some reforms came at first from France but also instructions on the attitude Spain should adopt in the war of succession. In any case Marie Louise was also a good regent, standing in for her husband whenever he marched off to the battlefield.

More influence was probably wielded by his second wife, Elizabeth Farnese (also known as Isabel de Farnesio or Isabella Farnese). In this case Spain's dynastic interests in recovering Italian territories and taking on Austria for that cause chimed in with the queen's twofold interest of securing territory for her sons – for in theory they were not to inherit the Spanish throne – and affirming her family's hereditary interests in Italy. This coincidence of interests makes it difficult to ascertain if international politics were being run by the king or the queen. It was always the king who spoke in public and always he who held meetings with the ambassadors, but the queen was always present too and it was in any case logical that she should be on intimate terms with her husband. The queen herself always denied any influence and claimed only to second the ideas of the king. In this field they seemed in any case to be of like mind; much the same could be said of the first marriage.

If the monarch's interest and participation in international politics is clear, to the point of launching himself onto the battlefield at times against the advice of his ministers, things are not quite so clear in the other matters of government. The king's biographers have not stooped to this level of detail though they do usually refer to the vexation of ministers whose beloved reformist projects had to play second fiddle, funding-wise, to the pursuit of dynastic prestige. In no way can it be claimed that the king stood out against the reforms. As a rule he could be said to be in favour of them as a means of making the country more efficient in pursuit of its international commitments. To this extent he desired the reforms that were then in vogue, i.e., he shared the political-economic leanings of his contemporaries. But it is not clear whether the king was really aware of the top-priority necessity of the reforms or merely saw them as expeditors of his major political schemes, which always remained uppermost in his mind.

#### 1.4 Spain's Finest Hour?

Nearly forty years ago J. Caro Baroja published a book with a title as thought-provoking as its content: La hora navarra del XVIII (Navarre's Finest Hour in the Eighteenth Century). The author was referring to the fine careers being made by many courtiers from Navarre, especially in the first half of the century, and he delved into the circumstances behind it. It is not my intention here to reopen the question but merely to use it as the basis for posing the question asked above. Obviously the roots of Spain could be traced back a long way, at least to the Celtiberi peoples, to the Romans' consideration of the whole peninsula as *Hispania*, differentiated from other zones – *Gallia*, etc. – and even more clearly after the creation of the Visigoth realm, taking in the whole Peninsula as a first unit of territory separated off from other powers and lasting for a considerable span of time. After the Muslim invasions, the various Christian bastions initiated the long process of the *Reconquista*, the process whereby they hoped to expel the Muslim powers, deemed to be invaders, from the Peninsula and seek a new unity among the Christians. This would be no easy task, firstly because institutional differences had developed in the diverse territories and secondly because it was by no means clear who should head this unity. Spain of the Catholic Monarchs came up with the first answer to this problem, but as yet still makeshift. The question remained pending.

Far be it from me here to delve into the problem of the identity of Spain, an affair that goes well beyond the remit of these pages. But it is of interest here to gauge how far Philip V's realm represented a further stride forwards in the recovery of this unity lost in 711 and sought by all thereafter. Between 1707 and 1715 the idea of Spain as a political unit was once more tackled, together with the relations among its diverse territories. As P. Molas has written, "the reining in of the Crown of Aragon made the Basque Country and Navarre stand out as all the more singular. These territories, which could be classed under the Hapsburgs as the most Castilian of all the *fuero* kingdoms, now suddenly stood out as anomalous within a centralised, absolute State. The War of Succession, which could on the one hand be considered as the final crisis of the Hapsburgs' constitutional system, on the other hand ushered in the process of organising the Spanish centralised state".

Although we are referring only to the social and economic aspects, Caro Baroja's case of the Navarre courtiers gives us food for thought about the centralisation process: why did these *Navarros* feel prompted to go to Madrid? It is not enough to say simply that they went to seek their fortune; we have to ask also what type of fortune they sought. What we find is that the Navarre immigrant was a qualified emigrant, well set up in his home town, who sought to broaden his own or his family's business. Even though it may be true that most of the émigrés were younger sons excluded from their family inheritance, the fact remains that these were well-off, well-established families who chose to send one of their members to Madrid. Why? For the simple reason that Madrid was the court, i.e., the political and economic hub of the monarchy. So the *Navarros* question may well shed some light on the role played by Madrid, as a yardstick of centralism, while also helping us to plump the depths of this political union in Spain.

The court's drawing power had already been felt in other European countries in the seventeenth century. The Spanish case is slightly different for two reasons. Firstly, the *valido* phenomenon made the court a refuge of power only for some, the protégés of the *valido*, but less so for others. Much the same could be said of other countries but the effect was greater in Spain because of its particular political problems. The second reason is that in the second half of the seventeenth century things changed substantially in Spain in comparison to other countries. In England or France there were centralising

trends, of varied ilk, but centralising when all is said and done, whereas in Spain the process was different for two main reasons. The first is an empirical fact, population growth. In Paris, London or Amsterdam, for example, the population soared in the second half of the seventeenth century. In Madrid, on the contrary, it plunged from the thirties of this century onwards, flattening out during the rest of the century with an upturn at the end. The aforementioned cities were therefore able in the second half of the seventeenth century to consolidate their status as the political and economic metropolis and capital city, while Madrid was unable to do so to anything like the same extent.

The other difference is that the nobility still held the upper hand in the Madrid form of government and in its economic situation, and their power base was divided between Madrid and their own fiefdoms. The other cities mentioned above, on the other hand, were experiencing a marked growth of the bourgeoisie, both in economic activities and in other aspects of social life. Something of the same was in fact happening in Madrid, but the process was by no means so advanced. The centralisation of court life, in all its intensity and aspects, therefore occurred earlier in London or Paris, while in Madrid it had to wait until the start of the eighteenth century, a pivotal moment when new circumstances obtained. The new monarch, facing a situation of inland war, was obliged to renew the army, the administration and the fund-raising procedure. In a few short years, therefore, Spain had to transform its power elites, placing it fully within this mainstream current of courtly centralisation and allowing it to make up much of the lost ground on those countries that had started much earlier. The reform of the nobility and the rise of the bourgeoisie, as we will see later, could not have been carried through in a time of economic decadence. The first inklings of the social transformation process were to be seen in the last two decades of the seventeenth century but it picked up pace and substance in the first half of the next century, for the abovementioned reasons.

It was not only *Navarros* that Madrid drew in to the centre. Navarre's finest hour was also the finest hour of many other regions of Spain. The fortune of each one might ebb and flow according to the drawing power of the particular personage on his protégés. Goyeneche certainly enjoyed many chances of advancement and wielded much influence under Philip V, and this made it easier for his fellow *Navarros*. Those from La Rioja, for example, had to wait for Ensenada's rise, while those from Extremadura for Carvajal's, not until the next reign. To bear out this theory a detailed study would have to be made of the protégés in the court orbit of their particular *valido*, and this has not yet been done. The picture might well turn out to be quite varied. The growth of the administration, under the scheme of the new *secretarías* no doubt called for a different type of public servant, more skilled and technical, with more expertise, more in line with the qualified bourgeoisie than the old nobility.

## 2 The Political Framework: New Reign and New Kingdom

### 2.1 From 1700 to 1715.

Although it is not the remit of this book to give a detailed account of political events, an account that can easily be found in other publications (see the bibliography of basic references), it would not be untoward to give a nutshell account of them as an essential framework for the rest of the activities, since the presence of one or the other minister or the battlefield fate might well decide whether certain policies were pursued. The reverse is also true; many economic reforms were undertaken to gird the country's loins for a political-military action.

The death of Charles II, last king of the House of Habsburgs in Spain, on 1 November 1700 had consequences unlike those caused by the death of any other monarch. It had long been known that the king would have no heir; moreover, the political decline of the Spanish Monarchy had been made patent by the peace treaties of Westphalia and the Pyrenees, in 1648 and 1659, respectively. Although the monarchy had shown some signs of an internal recovery in the last decades, and even of some improvement in its government, its inefficiency against foreign attacks made it painfully vulnerable. In short, Spain and its empire looked set to become the whipping boy of the other powers, which had in fact been meeting for some time to carve up its territory between them. At the same time there was heavy diplomatic pressure on the court of Madrid to achieve a king's testament in favour of one of the several candidates. The designated heir would receive the kingdom of Spain but would have to accept the dismembering already agreed upon.

History turned a new page when Charles II decided in favour of Philippe Duc d'Anjou, with the recommendation that he should maintain the territorial integrity of the Hapsburg inheritance. At this juncture Philip was certainly the candidate with most possibilities, according to the criteria of dynastic inheritance. Philip was also the grandson of Louis XIV of France, supposedly the mightiest power, at least in terms of battlefield victories in the last decades. After Charles II's definitive testament, Louis XIV saw possibilities opening up that were not nearly such clear prospects beforehand, supposing that the alliance with his grandson would lend him extraordinary force, especially if he could keep the government of Spain at his beck and call. This seemed only too likely; no one trusted much in the personality of a seventeen-year-old king whose life had shown little of note hitherto. Louis therefore accepted Charles II's testament in his grandson's name and broke off his previous alliances *de facto* by refusing to honour the share-out agreements reached. This spelt war, initially Austria against France, since Austria coveted Spain's Italian territories that France had long wanted for itself. But the war did not become general until summer 1702, when England, abetted by Austria and Holland, invaded the Spanish Netherlands.

It seemed clear that the war was going to be fought mainly outside Spain, focusing on the territories whose share-out had been agreed upon beforehand. There were however some important battles on the Spanish coasts. In 1702 the English tried to take Puerto de Santa María, almost certainly with the idea of attacking the Indies fleet. Tipped off beforehand, the fleet changed course to Vigo, whereupon the English squadron followed suit, managing to destroy the Spanish fleet and reap a healthy booty. In another action, apparently of less significance, in 1704, Gibraltar was taken by an Anglo-Dutch squadron, an event whose consequences would come right down to our days. Meanwhile the peninsula conflict took a somewhat unexpected turn when Archduke Charles of Austria, the other main pretender to the Spanish throne and hence a direct rival of Philip, managed to coax Valencia and Catalonia over to his side; he was

further emboldened by the support of some Castilian nobles. This occurred in the summer of 1705. Until then the actions on the peninsula could be considered to be minor skirmishes; in fact it is not even certain that these actions before 1705 were even seriously bent on conquest: after this date the situation changed. The new facet of the War of Succession as a peninsula war, and to some extent a civil war, gave it unprecedented dimensions. From that moment on the contenders would be embroiled in a struggle to control the territory and win the population over to their side; these endeavours played an important role in the future history of Spain.

Philip, therefore, began to govern a country that was soon plunged into war. Nonetheless, the government was set in motion and right from the word go the administrators sent by France tried to grease and tinker with an administrative machine that was showing many signs of wear and tear, if not actually grinding to a halt. Spain was not really in a condition to take on its own defence, as the allies' attacks against Philip quite clearly demonstrated. The fact is that it was not at all clear at that moment "who" Spain was – I mean which pretender it came down in favour of, although it is clear that Philip had all the legal grounds on his side. The people tended just to accept whichever army came out on top in its area, for two reasons: firstly there were no real resources for taking on an army and secondly there was no real intention of putting up any resistance.

In general the Castilian people accepted the Bourbon without qualms, maybe because they were fed up with the previous dynasty and wanted a change or maybe in obedience with the last will of the previous king. The situation was different in the Crown of Aragon, where memories of the grave social problems at the end of the seventeenth century were still fresh. This prompted the people at times to opt for a candidate other than the one put forward by their own seignior, or by the neighbouring locality with which they were at daggers drawn. In Castile too there were some Habsburg supporters, but there were many more localities that supported Philip in the Crown of Aragon. Catalonia seems to have been the best ally of the Archduke, especially Barcelona itself. During the war some towns and villages put up fierce resistance and then came in for some harsh punishment from the victor. These were isolated occasions and occurred on both sides. But the chastisement was sometimes brutal and was always given by direct orders of the intervening military authorities, unbeknown to their governments.

As for the aristocratic elite many members were fickle and all too ready to switch sides. The Castilian nobility, as has already been pointed out, were not so much Bourbon supporters as indifferent. In fact many abandoned Philip when the Archduke entered Madrid. The Catalonian nobility, for their part, looked kindly on a Habsburg dynasty whose final days augured Castilian decadence and Catalonian resurgence. It can safely be claimed, nonetheless, that the Crown of Castile was predominantly loyal to the monarch appointed and accepted in the *Cortes* (parliament), and that the Crown of Aragon, especially Catalonia, was predominantly against the Bourbon candidate and hence disloyal to a monarch who had also been accepted in the *Cortes*. When the Archduke's troops entered Castile they were given a fairly cold welcome; on the other hand the subjects of the Crown of Aragon accepted the Bourbon troops without too much ado, except in cases of harsh punishment.

It should be pointed out, however, that until the international conflict broke out – full scale war – nothing suggested that the Crown of Aragon would stand out against the inheritance established by Charles II, or that the clash of feelings between Castile and Aragon would be enough to spark off the conflict. It was in fact the foreign presence and the headiness of being on a war footing that ended up by dragging many in Aragón

– certainly not a clear majority – over to the Archduke’s side and exacerbated the differences. It should also be remembered here that it was only the institutions of Catalonia that reneged on the obedience they had sworn in the *Cortes* and thus became rebels, not the institutions of the other kingdoms of the Crown of Aragon.

This difference presumably made it easier for Philip’s government to put paid to the *fueros* of the Crown of Aragon, but it seems to be clear that it was the war that really set up the chance, perhaps not taken wisely, of doing something that many regarded as a necessity: bringing all territories under the same jurisdiction. The monarchy had been toying with this idea for some time. In fact, both candidates to the throne had come out against *fueros privativos* (particular jurisdictions outside the common legal system), which were now becoming an anachronism in a quickly modernising Europe. Witness the fact, as pointed out by E. Giménez, that in the very same year of 1707 the parliaments of England and Scotland decided to unify as the United Kingdom of Great Britain, with a single parliament in London. This shows that centralising trends were in vogue politically, so Philip V’s decision chimes in perfectly with this prevailing mood. Philip would probably have wiped out these *fueros* even without the goad of the disobedience to his authority, and in all likelihood the Archduke would also have done likewise if he had won or been designated candidate. In fact the Valencia *fueros* disappeared soon after the start of the war, and their institutions had not stood out against the king’s authority. Be that as it may, the fact is that the *fueros* disappeared and war was alleged to be the motive. This would then lead, at least partially, to a modification of the political and constitutional organisation of Spain, supposedly on the grounds of the conflict.

The underlying idea in abolishing the Aragon *fueros* was to bring all territories into the same legal fold, i.e. legislative and constitutional unification. In the case of the Crown of Aragon the traditional *pactismo* (the principle of reaching agreements between central and regional authorities) gave way to a military based absolutism. Nonetheless, as P. Molas points out, this unification was *de facto* but incomplete legally speaking, for no clear proclamation was made of the merger of the two crowns into a higher body, as had been done in Britain. The *cortes* of each kingdom disappeared, that much is true, and Aragon citizens were invited to take part in the Castilian *cortes* which would henceforth be a unified parliament. In fact, however, the *cortes* played little part in eighteenth-century affairs once Philip V had established his power; it met to swear in the heir and then hardly again (to administrate in part, for example the tax on staples called “*impuesto de millones*”). The *cortes* of 1713 introduced, however, a new development, a new system of succession to the throne based on the *Lex Salica* or Salic Law of Succession; this would later serve as the legal base for the subsequent confrontations upon the death of Ferdinand VII.

In chronological order the first kingdoms to lose their *fueros* were those of Aragón and Valencia, by decree of 1707. This meant the disappearance of their own legislation and the ruling political system up to that time. The reason put forward was the right of conquest. *Fuero* legislation would be retained where it was most favourable to State interests. In practice this did not involve the introduction of the same administrative system as Castile but rather reinforcement of the military function of the *Capitán General* (Captain General); attempts were also made to improve some aspects that had not worked very well in Castile. But the first attempts were not enough. The brief interim of Hapsburg reconquest in Aragón and the return of the Bourbons led to some changes: Aragon civil law was restored and the system of the *Real Acuerdo* (Royal Agreement) was set up, aiming to strike a balance between the *Capitán General*



and the *Audiencia* (Royal Court of Justice). This system was extended to Valencia but without restoration of the civil law.

Catalonia and Majorca would have to wait for the definitive conquest, which did not occur until 1714. Attention was then given to how best to apply there the *Nueva Planta* (centralising) decree, implemented here with more finesse in terms of explaining the reasons, but with much the same content. In Catalonia the *Capitán General* already had a lot of practical power and the theoretical agreement with the *Audiencia* was not often reached in practice. The most important change in the *Audiencia* was the appointment of Castilians to its posts. Theoretically the Catalonians were entitled to hold posts in other Castilian *audiencias* but they seldom did so. Not only the *Capitán General* but also the *Intendentes* (Intendants) were much more important in the Crown of Aragon than in Castile. Among other things they controlled the treasury, including the old *Impuestos de las Generalidades* – customs duties – and the new taxies that were set up. Later on we will see the result of the *Nueva Planta* taxation system. The new decrees also substantially modified the municipal system of the Crown of Aragon, abolishing the municipal autonomies and municipal assemblies, all posts now being filled by royal designation. In the major cities, above all, the biggest effects of the changes were the disappearance of the old institutions, the rise of the new Castilian-style *Corregidor* (administrators of cities and districts with both administrative and judicial powers) and the appearance of the *regidor vitalicio* (councillor appointed for life).

It now remains to be seen why similar action was not taken against the institutions of Navarre and the Basque provinces. One explanation would be to accept the theory, after all, that the *fueros* of the Crown of Aragon were abolished solely as punishment for its revolt, while Navarre and Biscay were rewarded for their loyalty. It might also be worthwhile to think in terms of crowns: it was a question of bringing the Crown of Aragon into line with the Crown of Castile, so there was no point in introducing far-reaching reforms in territories already belonging to the Crown of Castile. Another option would be to suppose that the alleged centralising drive was really little more than a desire to increase the king's tax-raising power. In this case the wealth of the Crown of Aragon, which had recovered economically some years back, was a more attractive economic proposition than sparsely populated, poorish territories that had been on magnificent terms of understanding with the rest of the Crown of Castile for some time. In any case it is no less true that, with peace established, an attempt was made to abolish exterior tax anomalies and eliminate internal customs – the Ebro line – transferring them to Cantabria. Grassroots opposition put paid to this scheme but it does betray a clear unifying intention; probably the circumstances had changed by 1722, when the proposition was dropped.

Recent history writings have shown that the War of Succession, insofar as it was a civil war, was not separatist. The Catalonians, and especially Barcelona, were not fighting for independence from Castile; they were fighting for the dynasty they expected to fare better under, both politically and economically, while also being urged on by a strong anti-French feeling stoked up by the most recent aggression of Louis XIV at the end of the last century. Above all they were always in union with Castile. There is no sign of separatism in this conflict; rather a dynastic option. In fact the Archduke's claim also extended to the whole of Spain.

From the international point of view Spain came bootless out of the war, or perhaps we should say its situation was just as woeful as beforehand. The dismemberment of its territories occurred anyway, because Louis XIV lost the war in Europe and could not defend the Spanish territories. So it was that both the Spanish

Netherlands – handed down by Charles V to Philip II – and the Italian territories, some of which had been united to Spain for centuries as part of the inheritance of the Crown of Aragon – were Spanish no more. Philip held on only to Spain, and even then cut down in size because Gibraltar and Minorca, fruits of war, went over to Great Britain. Curiously enough the naval powers did not on this occasion claim any overseas territory affecting Spain, so it also held on to its American territories. Great Britain did secure a series of trading privileges that were almost certainly more advantageous than a territory itself, because they engendered a profit without the need to organise any sort of military defence. France had previously been enjoying this profit, since even earlier than 1700. Portugal also assured its occupation of the west bank of the Plata. As for the rest, the Americas were kept by Spain.

Shortly after beginning his reign Philip married Marie Louise Gabrielle of Savoy, daughter of the Duke of Savoy. The bride's father joined the allies against his son-in-law and daughter but Marie Louise was a loyal wife who gave Philip unconditional support in both personal and political matters. The French ministers Orry and Amelot and the queen's lady-in-waiting, Princesse des Ursins, had a notable influence on the government, especially while the war in Europe went France's way and things on the peninsula still hung in the balance. Things finally swung Philip's way in 1710. France's help in these years was a double-edged sword. On the hand it enabled Philip to defend his interests; on the other it balked some reforms that would have been of more benefit to Spain. The government was reformed, as a *sine qua non* of running the war, but economic reforms were limited to those deemed to be essential for funding military expenditure, while other initiatives less conducive to French interests had to be dropped or at least kept within the bounds of those interests.

Circumstances changed abruptly in the period 1713-1715. In 1713-14 the treaties of Utrecht and Rastatt were signed. These treaties rubber stamped the situation in Europe but not definitively so; Spain did not directly sign peace treaties with some powers, leaving some issues up in the air. Be that as it may, the war ended in Europe. The Catalonians decided to fight on even without the support of the Archduke, who had by then become Emperor of Austria. It was not until September 1714 that Barcelona fell into the hands of the Bourbon troops and in 1715 Majorca was finally subjugated, with somewhat less bloodshed.

Meanwhile Queen Marie Louise had died in 1714. She had always offered her husband stalwart support and has gone down in history as one of the queens most loved by the Spanish people, at least by the Castilians. It was urgent for Philip to be married anew, for he found in marriage a strong antidote to his melancholic-depressive tendencies. The chosen one was Elizabeth Farnese and the lightning quick arrangements were made by Julio Alberoni, then a priest in the service of the court of Parma, later cardinal. The new queen got rid of the Princesse des Ursins with no more ado. She was also a pillar of support for the king, but from now on it would be the Italian interests that loomed large over the king's international political decisions. France's star finally set with the death of Louis XIV in 1715.

## 2.2 War as a Hiatus

After the above considerations on the War of Succession we will look into its possible causes, the attitudes of the contenders and immediate aftermath. No clear cause will be found, no neat wrapping up of all the loose ends, but other considerations are

nonetheless possible. Viewing Spain's war of succession from a longer perspective it strikes us as a hiatus, a pivotal event bringing together many strands and weaving them all into a brand new country. The Spain of 1715 was very different from the Spain of 1700, or even of 1705. It was not the advent of a new dynasty, as French historians have always claimed. It was not a question of "enlightenment", for enough light had already been shed in Spain to illuminate the job in hand and more would be shed later. It was simply that the war, as an exceptional event, acted as a catalyst of all the underlying tensions and desires, of the aspirations and expectations of all the Spanish; especially the desire of change in the face of a groping monarchy that could no longer find a clear way forward.

The reformist process had picked up pace in the last decades of the seventeenth century but as yet, despite its results, it had not really kicked in and would continue freewheeling until the entire system of government was changed. The ideas were daring but doomed by the weight of vested interests. The new dynasty was received with a certain indifference: the problem was not the king but the system of government and this might change or continue, whoever the monarch was. The Castilians, probably because they had cottoned on to this fact, accepted him without qualms. The Catalonians tried to secure their privileges and succeeded in the *Cortes* of 1701-02, precisely because Catalonia had already shown clear signs of an upturn. In any case the former decadence affected everyone and it seemed no easy task to shrug it off. For nearly everyone a change was necessary, probably less for Catalonia because of the abovementioned recovery, much clearer than in other parts of the country.

But change is a multifaceted idea. You can change a part of something; you can change the method. It is also possible to change the whole caboodle but this would be revolution and that is not the question here. A distinction should be made here between the *arbitrismo* (problem solving by means of single-scheme panaceas) of the seventeenth century and the *proyectismo* (enlightened thought of greater intellectual scope) of the eighteenth century. The very historical names given to these schools of thought hint at the differences between them; seventeenth century *arbitrismo* sought reforms within the system to ensure it worked smoothly; i.e., they worked from the assumption that the past inheritance was sound and tried to make it work better by changing what was malfunctioning. The eighteenth century *proyectismo*, on the other hand, was more forward looking, proposing changes in the way of doing things and even in their very essence. Historians have packed this century (and the century starts with Philip V's reign; there is no need to wait for Charles III) with reformisms, bourgeois revolutions, enlightenment, reason, even freedom, according to the object in view. Even if we consider that we are still within the society of estates – which no one wished to change – and limit the scope of our words accordingly, all these terms indicate the desire for more far-reaching changes, more thoroughgoing modifications of the system of government. *Proyectismo*, in short, looked forward more than back; instead of offering *arbitrios* (expedients) to solve a problem, they propose a different society.

Viewed from afar, I would say that this general view of the writings of *arbitristas* and *proyectistas* is just about right. It is no less true that this change already existed in the thought of the last years of Charles II's reign, although it was not put into practice. We do not know what would have happened if Charles II's succession had been a normal process or even if the reign had been shorter. We just do not know, but everything seems to suggest that the winds of change were now blowing unstopably both in Spain and in the whole international arena. In this context, war has a different impact. The need to run the war had made the change of government all the more

necessary; raising funds was also urgent. The reforms to the government system – the *secretarías* now held sway over the old fashioned *consejos* (councils) – and the financial reforms were now seen to be inevitable. Furthermore, the very fact that the dynasty was new made the changeover easier; the measures were often taken without too much ado or looking back, giving priority to objective necessities over inherited privileges. True it is that French interests balked other reforms that were also urgent; it is also true that some daring proposals – in terms of American trade, for example – being mulled over since before 1700, had to wait; but it is no less true that many desires for change now began to be fulfilled due largely to the sheer necessity of meeting war needs, and this could be done with a new mindset insofar as the persons involved were completely new too.

All this needs to be borne in mind to avoid overestimating the French influence; it was important but limited. In fact it boiled down in the end to the provision of experts to reorganise the government, brought in not so much because they were French, of course, but more because they were foreigners, with no more interests than to fulfil a mission. Even so, it was certainly the war that triggered the change, speeding up reforms that would otherwise have gone through much more slowly. The comparison with the rest of the eighteenth century is also important here: in general the reformist process was slow and probably the most abrupt change of all was the system of government during the war. The change was also providential in that it hugely reduced the personalisation of the government in the monarch. If it had been up to Philip V to decide all affairs his reign would have been a great failure, because most of the time he was incapable of deciding anything due to his increasingly crushing depressions. He only had to make foreign policy decisions, an area he was always painstakingly careful about and in which he made considerable headway throughout much of his reign, if not always in the best direction.

The change in the system of government came across as decisive; from here on in projects could be seen as feasible, the future could be looked at, sometimes with hope and expectation. The social project in many fields probably entailed looking outside Spain and focussing more on Europe. Europe had become a more compelling reality by the first half of the eighteenth century. The country was now aware that there was something beyond the Pyrenees that had triumphed and needed to be emulated. Witness the abundance of European examples quoted in the work of Ustáriz, a character who, like so many others, had served in the administration of Spanish Flanders in the eighties of the seventeenth century. Flanders at that time was an important school for learning the French methods, triumphant at the time and physically so close at hand.

Modernisation, *proyectismo*, reformism all coincide in the eighteenth century not only in the quest for greater efficiency but also in a search for the new, in a rejection of the old, of the mores that had now been overthrown. It was the fight of old against new, already being mooted in the cultural and scientific milieus of the late seventeenth century and now extended to all fields, also administrative and economic affairs. As we have already pointed out, this was now a new era. There was an across-the-board willingness to challenge mistaken commonplaces, as in the endeavours of Feijóo. From this viewpoint Philip V's Spain was a new Spain in which hitherto almost unfulfillable ideas could now be realistically tried out. War provided the chance to accelerate those ideas, even if not everyone agreed on the desired candidate.

But this clutch of desires was not to be satisfied so easily. Some reformist measures were indeed brought in during the period running from 1701 to 1704, but the very urgency of the conflict ended up by reducing politics to the effort of raising the economic, administrative and military wherewithal for fighting the war. The end of the conflict ushered in a new situation, in which it was necessary to pick up the thread anew.

If the first fifteen years of the reign were characterised above all by war and French influence, the next ten were marked by a certain political chaos, which foiled many of the efforts being made in several parts of society. Some of these efforts were being made by new ministers with different interests, enforcing those of the new queen, which were fully seconded by the king. There was a radical change of alliances, a different manner of presenting Spain to the international community, a lightning reign that raised confusion about the monarch's real interests and a new and as yet unsuccessful attempt to solve international affairs. In 1726 the situation was similar to that of 1715; nonetheless Spain had proved its ability to think for itself and showed a certain international clout. Some headway in the reform process was already being made in these years.

Between 1715 and 1719 the main court character was Alberoni. He is traditionally attributed with a series of economic reforms that strived to recover Spain's military prowess in the interests of winning back the lost Italian territories. This has been dubbed "*revisionismo hispánico*" (Spanish revisionism). At stake in this process were not only the interests of Philip V, who wanted to repair the integrity of his inheritance, but also those of Elizabeth Farnese, who hoped to strengthen her family's interests in Italy and also win territories for her children to inherit, for the children of Marie Louise had preference in the line to the Spanish throne. Some recent authors have argued that the minister's responsibility was actually limited by his inclination towards peace, while the king and his generals were in a much more sabre-rattling mood. This interpretation is borne out by the proven fact that Philip V, right from the start of the War of Succession, in which he took an active part several times, always felt a blood-kindling liking for war, especially when his dynastic interests were at stake. Such situations cropped up on many occasions during his reign.

This is not to say that Alberoni was not interested in strengthening the country's warfaring capacity and war itself as a means to win political dominance. This way of thinking was widespread at the time and there is no reason to believe that Alberoni thought otherwise. His desires for peace would have been a question of timing, trying to check the king's often reckless liking for war. Meanwhile Alberoni was beavering away to restore the navy, with the efficient aid of Patiño, endeavouring not only to prepare the new Indies fleet but also to set up an organised navy in Barcelona for the imminent naval intervention. This immediately came with two attacks, one on Sardinia and the other on Sicily. The result was a pyrrhic victory. All powers including France immediately declared war on Spain, inflicting on it a serious naval defeat off Cape Passero in 1718, where Spain lost its reconstructed navy.

The defeat dragged down Alberoni, who fled from Spain, while the new minister, Grimaldo, also Italian, hastened to defend Spain's interest in the Congress of Cambrai, then getting underway with the remit of sorting out the international situation. Although the congress brought Spain closer to some of its erstwhile enemies, especially France, the progress was slow. Spain waived its revisionist claims – i.e., the recuperation of its Italian territories – albeit in exchange for other territories, Parma and Tuscany, on the grounds in this case of the queen's possible right of succession and her

anxiety to find a suitable territory for her children. This was long forestalled by the enmity of Austria, which had not relinquished its Italian pretensions.

Everything was still up in the air and diplomacy was dragging its heels in Cambrai, stalemated by all the difficulties, when Philip V suddenly decided to abdicate in favour of his son Luis. The king's decision is still an enigma, although discussion of the matter always centres round a religious scruple that convinced him he was incapable of governing with justice and hence unworthy of governing at all. Philip had apparently been mulling over the idea with his wife Elizabeth for years. This scruple was obviously bound up with his depressive illness, which had worsened in recent years, especially after he had suffered what he had never expected to endure: the enmity of France, his own country. A recent historian has insisted that there is no reason to doubt the king's sincerity, always bearing in mind his illness.

Be that as it may, the king's decision was ill received, generating above all bewilderment and dread of any unexpected and unnecessary changes. Many accused him of abdicating to be able to reign in France. He still had some succession possibilities there and international agreements did not let him reign in both countries at once so his only choice was to abdicate, said these critics. Quite apart from the king's sincerity, if he could be totally sincere on such a question, it is undoubtedly true that he missed his native France. Real love for Spain and dedication to its cause were not at loggerheads with this permanent desire to reign in France, a desire that came to the surface on other occasions, albeit always with the sense of being unworthy for the task. It seems paradoxical, in any case, that he should feel himself to be incapable of ruling with justice in Spain and find the solution to this problem by seeking the throne of France. Be that as it may, Philip abdicated in early 1724 and retired to Valsaín, although he kept a close eye on events. But the reign of Luis I turned out to be very brief, for the young monarch unexpectedly died only seven months later.

Philip still had his misgivings, but he did not scruple to retake the throne, belying his earlier oath that he would never reign again in Spain. The majority opinion seemed to be anxious to prevent a limbo period in which the former monarch would be the regent of the next heir, even younger than Luis, though many may well have been equally chary of Philip ruling again, for the king's illness was obviously worsening and many now wanted a change. These included the so-called "*partido español*" (Spanish party), who were impatient of the lingering predominance of foreign ministers who supported the queen's interests, sometimes to the detriment of what these critics perceived to be Spain's own interests. The reign of Luis I had fuelled soon-thwarted hopes. The *Cortes* of November 1724, with representatives from the whole of Spain, swore in Ferdinand as the future heir, but Philip it was who came back to sit on the throne.

Grimaldo was still the most important minister of the cabinet but the period from 1724 to 1726 saw the rise of a new star, a political adventurer called Baron Ripperdá, who had come to Spain in 1715 as ambassador of the States General of Holland and rose through the ranks of the Spanish administration under the wing of Alberoni. Ripperdá thought his moment had come and played a very risky game somewhat ineptly. Given the stalemate in Cambrai and the interests of Austria and Spain in Italy, Ripperdá convinced the monarchs that the best move would be a rapprochement with Austria to deal with the matters bilaterally. In this two year period Ripperdá negotiated several times in Vienna. These negotiations included open pacts and other secret agreements. The alliance between Austria and Spain prompted an international reaction that united England and France, who were soon joined by Prussia and Holland.

But the worst thing of all was not the international threats, substantial though they were, but the double-dealing insincerity of Ripperdá's negotiations, making both parties think that the other had conceded more than they were prepared to. Austria, for example, was loath to allow any Austro-Spanish marriage treaties to go ahead, ardently desired by Spain to shore up its Italian possessions but dreaded by Austria because they could bring it into confrontation with France; on the other hand Spain was not prepared to give too much support to the Ostend Company – created by Austria in the former Spanish Netherlands for overseas trade – whereas Austria wanted even more support to build up the company against rival Anglo-Dutch trade: this support would have entailed an undesired modification in American mercantile traffic. When the Austrian ambassador arrived in Madrid in 1726 to sign the treaties, it transpired that Ripperdá had gone too far, exaggerating the possibilities on each side on the expectation that last-minute concessions would be made, in fact rejected by both parties.

The discovery by the English of the secret clauses in the talks blew the whole thing wide open. There was no option now but to backtrack. Ripperdá, so recently lauded to the skies and rewarded with important ministerial appointments for his supposedly towering success, was immediately dismissed and prosecuted. He was imprisoned but managed to make good his escape. It seems to be clear that Ripperdá negotiated in bad faith, sticking his neck out and inventing chimerical agreements. The key to international politics in this period lay in the firm agreement of England and France to maintain the balance of power established in Utrecht. Given that they happened at this time to be the two most militarily powerful nations, their success was assured. Spain and Austria could not dream of coming to an understanding until both shrugged off their pusillanimity towards the two major powers. Spain did take some risks in 1725-26 but Austria was not in a state to do likewise. The emperor's prudence doubtless stemmed from his anxiety to assure international acceptance of the Pragmatic Sanction, especially from France, whereby his daughter Maria Theresa would be the heir to the empire. This prudence was not shown in vain, as was proven later when this inheritance had to be implemented in the midst of another war of succession.

#### 2.4 1726-1746.

Notwithstanding the above, the fall of Ripperdá did produce, temporarily, a new attempt to solve the problems; a rapprochement with France was tried out, and then with Austria, while England, ruffled by the secret clauses of the Spain's treaty with Austria, was stung into a campaign of attacks, especially in the Americas. Despite the privileges obtained by England under Utrecht, Spain's relationships with this country were obviously never going to be good, because of their rivalry over American interests. The conflict sparked off a first, unsuccessful attempt to recover Gibraltar. The crisis seemed to be serious but nobody really wanted war, except perhaps Spain, and the tension was geared down until peace talks began in 1727, preparing the international scene for the following years.

As far as the government was concerned, there was a certain clear-sighted acceptance of the need to rely more on Spanish ministers instead of foreign ones. In 1726 Grimaldo was still the *Secretario de Estado* (Secretary of State), but new, influential figures were now being brought in, such as Orendain, Marqués de la Paz, in charge of talks with Austria – which had to be continued – and who would later replace Grimaldo himself, and José Patiño, appointed to *Marina e Indias* (minister for the navy

and colonies), who had already demonstrated his efficiency as *intendente* under the orders of Alberoni. Patiño became the driving force behind internal politics, the reform policy and modernisation of the economy until his death in 1736. Before, in 1730, he was also given the War portfolio and in 1734, on the death of Orendain, the state secretaryship.

Orendain and Patiño marked a stage in which attempts were made to reconcile the desire for internal reform with the sovereigns' war needs and courtly affairs. These years were characterised by the court's five-year sojourn in Seville (1728 to 1733), the conflicts caused by Poland's War of Succession and the ongoing rivalry with England. The death of Patiño, with the subsequent advent of new ministers - Campillo and Ensenada – and the brewing up of new conflicts (war with England and Austria's War of Succession, from 1739-40), opened up a new scenario that would last until the death of Philip V in 1746. It would not in fact be brought to a close, and then only temporarily until 1748, outside Philip V's reign but as a logical consequence of everything done within it.

The court was moved to Seville partly because of a change in the international situation. The talks of 1727 had borne no fruit and Austria ended up rejecting the inter-dynasty marriages. Spain then definitively broke off relations with the Empire. The affair of the Italian dukedoms now came back into the forefront of Spanish interests, as possessions for Elizabeth's children. This meant reinforcing the rapprochement with France and the Hanoverian Alliance as a whole, which France had maintained with the maritime powers since 1725. In the new international situation there were to be marriages between Spanish and Portuguese *infantes*: the Portuguese heir married María Ana Victoria while the Spanish heir, Ferdinand VI to be, was married to the Portuguese *infanta* Bárbara de Braganza. The weddings took place in December 1727 and January 1728 respectively, the court moving to the Portuguese border to facilitate the ceremonies.

From Extremadura the decision was taken to spend some time in Andalusia, a territory that Philip had not yet seen. It was also thought that the move would be good for his state of mind. For one reason and another the court's stay there lasted five long years, during which time the administration continued to reside in Madrid, but the king and his main ministers stayed in Seville or in other Andalusian spots. In Seville the 1729 Treaty was signed to put the seal on the new situation created in 1727: Spain was brought fully into the orbit of England and France. In exchange for some trade advantages Spain obtained pledged support for the *infantes'* succession to the inheritance of the Farnese and Medici houses in Parma and Tuscany. The most objective historians have seen this treaty as one of Patiño's successes. He managed to kill several birds with one stone: satisfy the sovereign's dynastic interests, pacify relations with France and finally secure peace with England. Improving relations with France was another strong desire of the king, who could never understand how he could be an enemy of his own and his family's country, despite which he always defended Spanish interests, which were his own too. Peace with England was vital for developing trade, one of Patiño's prime objectives as we will see later.

History's own logic decided that the alliance with France was to be lasting while the dalliance with England was to be short. Nonetheless the treaty bore short-term fruits that were different from those that had originally been expected: France did not seem prepared to back Spain in its impatient desire to occupy the Italian dukedoms while England, benefiting from the trade concessions and keen not to rock the boat, ended up by persuading Austria of Spain's rightful interests in Italy and helping Spain with a naval squadron in the *infante* Charles's expedition to Parma. So confused and muddled



was the international picture by now that Charles ended up occupying Parma and Piacenza ostensibly as part of an alliance with France and England but in fact thanks to an Austrian agreement with England after France had reneged on its pledged support. In any case Spain, in late 1731, at last managed to gain a footing once more on Italian soil, by winning a possession there for one of its *infantes*. Logically enough, however, the territory was not formally attached to the Spanish monarchy. The dukedoms remained as fiefdoms under the higher authority of the Empire.

Buoyed up by the success in Italy, Philip V immediately ordered his troops to attack Oran, soon winning it back from the Muslims who had ruled there since 1708. This meant that he had also regained lost ground in the north of Africa. Spain suddenly seemed to have recovered a potency that was unthinkable shortly before. But 1732 was once again a year of diplomatic uncertainties. France was uncomfortable in its momentary isolation and England was always scheming away to increase its trade advantages. The English alliance was maintained for the while but a new international conflict was soon to cement the alliance between Spain and France.

In February 1733 Augustus II of Poland died. This monarchy was elective, so the different candidates hastened to muster their forces. Philip V was in fact interested in conquering a throne for one of his children but under an agreement with France, the first Family Compact of late 1733, Spain was bound to support the candidature of Stanislaw Leszczynski, father in law of Louis XV. Spain was in any case also interested in defending its own interests in Italy, or even enhancing them. Austria being the enemy, its possessions were attacked in Naples and conquered. In May 1734 Charles entered Naples and soon afterwards marched into Sicily, then being crowned king of both. France, on the other hand, failed in its objectives and it was the imperial candidate that won the throne of Poland.

Spain's apparent success here in fact rang somewhat hollow. Victory in Naples has to be set against the loss, after much diplomatic tension, of Parma and Piacenza. Furthermore the new kingdom of Naples-Two Sicilies did not form part of Spain's monarchy either; it had been conquered for the Bourbon dynasty but not really for Spain. The result was by no means clear for Spain. The friendship of Austria had been won temporarily but the Family Compact had been shown up as flawed in this conflict. The 1738 Treaty of Vienna, which rubber-stamped this situation, is usually said to be a mixed bag of success and failure for Spain, in terms of the resulting territorial situation and also the confused diplomatic situation. By the time he died Patiño had come in for a fair amount of criticism for events as they panned out afterwards. It could be claimed however, that Spain had weathered a fairly blustery storm pretty well, bearing in mind the enmity of Austria and England and shilly-shallying of France. Little by little, albeit with many difficulties, Spain was carving itself a niche in international politics. This new role would improve in the following conflicts with England and in Austria's War of Succession. War with England came after the tensions that had been boiling up even during the moments of formal alliance inevitably came to a head.

The English conflict has a complex aetiology. It was largely the result of England's interest in American trade and Spain's inability to put up any firm defence of its vast American domains. The sheer size of the territory and the distance to the corresponding metropolises favoured a host of misunderstandings. In any case the privileges won by England under Utrecht were harnessed by their beneficiaries as a bridgehead for further commercial ventures. Spain always responded by laying down the law but it was an impossible task. Events such as the seizures of English ships, coastal attacks in Spanish America and compensation claims, etc., all stoked up the tension further. The English minister Walpole tried to keep the peace, probably on the

grounds that it was better for trade, but the opposition steadily forced his hand until armed conflict broke out in 1739.

France, who did not want England to get too strong, seemed to be more firmly behind Spain in this case. By 1740 the conjunction of both forces seemed to be working well and England's military efficiency was slipping. But just at this moment the emperor of Austria died, bringing down with him all the diplomatic construction that had favoured the Franco-Spanish action. The trouble was that the death of the emperor blew wide open the question of the succession to the Austrian empire. The situation was by no means clear because many refused to accept the Pragmatic Sanction, whereby the deceased emperor, at the beginning of his reign, had altered the succession order in favour of his daughter Maria Theresa. Some rejected it outright; others, like Spain, only objected to certain territorial aspirations.

Those who criticised Patiño, then and now, fail to explain properly how the politicians who followed in his line, Campillo and Ensenada, managed in a few short years to make Spain capable of mustering a military force after 1741, similar to the naval force it had assembled shortly before. It would seem that, despite all the problems, all these ministers had managed to rustle up resources for what really mattered to the sovereigns, the dynastic and prestige-winning war.

Mustering the force did not guarantee the victory, however. Between 1741 and 1743, Spain suffered some defeats in Italy, some doubtful victories and was generally on the back foot. Up to now France's participation in the conflict had been indirect and it was keen to play a bigger role. Both countries therefore agreed to reinforce their alliance in a Second Family Compact in October 1743. But the death of the two pact signatories the following year would alter the French stance. Spain's military successes in Italy in 1745 gave it a potential base to work from, but no one, not even France, wanted a very strong Spain in Italy. The diplomatic waiting game gave Austria and Sardinia time to recover from Spain's recent victories and 1746 turned out to be another shaky year for Philip V's troops. In June of that year the king died. By then Spain had lost everything it had achieved in the north and centre of Italy and Naples was under threat.

Before dying, however, the king had realised that the solution depended on reaching an understanding with Austria, lowering the pretensions for the *infante* Philip and forgetting a France that was once more falling down on its Family Compact obligations. Two years later, when the definitive peace treaty was signed in Aix La Chapelle, Spain had obtained for the *infante* Philip the dukedoms of Parma, Piacenza and Guastalla, had held onto Naples for Charles and improved its situation in the permanent conflict with England over American shipping. Spain's new situation here undoubtedly owed much to the endeavours of the previous reign.

By 1748, therefore, Spain had reached a situation that would have been unthinkable in 1715. At that time Spanish diplomacy had set itself the aim of improving its situation in its two clearest spheres of influence, Italy and the Atlantic. How did it fare in these goals? By 1748, and even more clearly by 1750, Spain had indeed managed to restore some of its influence in Italy, while also heading off the risk of English attacks in America and overturning the trading privileges conceded to England in Utrecht. Maybe this was little in comparison to what it had in 1700, but it was substantially more than it had been left with after the War of Succession. It is usually said that Philip V's overseas policy was dedicated above all to Italian irredentism. This seems to be irrefutable. But this does not mean we should forget the strategic advances made in the Atlantic against England, which enabled this country's Utrecht-given trading privileges to be whittled down by 1750.

## 3 A Reformed Society

### 3.1 Spain's Growing Population

Against the political background sketched in above, Spanish society was still organised on an estates basis in the widest sense, drawing mainly on farming wealth and harnessing this wealth under a seigniorial system. Even so it was changing as well. One of the prime traits of the period under study is that Spain's population built up to unprecedented levels. Spain has never been a densely populated country. In the Modern Era Spain generally had a much smaller population than other countries of a similar or even smaller area. In 1600, for example, Spain's population was about 6.7 million (under 7 million, in any case), while France, with a smaller total area, had 19.6 million; Italy, even smaller, amounted to 13.5 million and England, smaller still, clearly exceeded four million. In relative population and territory terms, therefore, Spain had one of the lowest population densities.

A century later, i.e., on the brink of the eighteenth century and at the beginning of Philip V's reign, the population in relative terms had fallen further behind France and England, which had grown more quickly than Spain, and caught up on the slower-growing Italy. In any case the absolute differences were similar. In this reign some authors stress not only the population difference with other countries but also the fact that the agricultural revenue was proportionately lower in Spain. On this basis, some authors point to the actual poverty of much of Spanish soil, while others, more upbeat, insist that there was a lot of potential wealth that could never be tapped into due to a lack of manpower.

Spain's low population density has to be brought into relation above all with the natural conditions of land and climate. It should not be forgotten that the Iberian Peninsula in general has a much lower percentage of fertile land than any of the abovementioned countries and also a more extreme climate limiting the use of this soil. Before 1700, farming techniques in Spain were not really up to much; fertile soil was therefore the *sine qua non* for a population to be able to settle any given area: i.e. to be able to eat and pay taxes with good chances of long-term survival. Up to about 1700, diseases and epidemics had affected the whole of Europe the same, so they are not brought into the equation here. After 1700, however, the great plagues relaxed their grip – the last one mentioned is usually the one that hit Marseilles, mainly, in 1720. Spanish territory, on the contrary, was more prone than other European countries to various contagious illnesses – especially typhus – during the eighteenth century, which affected above all the southern half of the country.

The fact is that despite the upturn in the Spanish population, the gap was still growing in relation to other countries. A study comparing the intensity and frequency of mortality crises in 54 localities of inland Spain with 23 European localities shows a growing gap in favour of the latter from the mid seventeenth century onwards. The whole first half of the eighteenth century, therefore, falls within a period when the most

dynamic population, that of the cities, was growing quicker in Europe than in Spain, at least in terms of the sizeable sample upon which this study is based. This introduces us to a general truth about the Spanish society from this time onwards: Spain's population was growing; Spain was modernising its systems and structures; Spain was recovering from the generalised crisis of the seventeenth century; from an absolute perspective there is absolutely no reason to be gloomy, for this growth existed. Nonetheless the growth rate was slower than in other more important countries, especially France and Great Britain. Absolute growth and relative backwardness began to be a dichotomy in Spanish society from this moment on. The trend is not always linear. As we have already mentioned in terms of political aspects, an observation that could probably be extended to other fields, Spain was showing clear signs of recuperation in the last decades of Philip V's reign, a recovery that caught the attention of French and English politicians.

The population differences are important if we make a historical comparison of each country's possibilities. Historically there is clear evidence in Europe that economic growth always goes hand in hand with population growth. However complex and multi-faceted the relation between these two variables might be, it is always positive in the longer term, never inverse. This needs to be borne in mind in the case of the history of Spain, for the Spanish Monarchy bit off more than it could chew in the international arena in the fifteenth to seventeenth centuries, after which there was inevitably a slump as a result of the huge strain on available resources. The eighteenth century upturn will be no less worthy if we take population levels into account; this will also help us to gauge properly the international situation of a Spain brought down to its rightful size, at least in Europe, but always obliged to defend its politics, as we have seen, in far-off territories, so jeopardising the defence of mainland Spain and the American colonies.

It therefore comes as an agreeable surprise to find, as already pointed out, that the population reached an unprecedented level during the reign of Philip V. In 1712-1717 Spain produced its first nationwide population census called the *Vecindario de Campoflorido*. Drawing on this and making a few reasonable adjustments, Uztáriz concludes that Spain's population at the time was 7.5 million. Subsequent historians have put the figure even higher at up to 8 million. Be that as it may, two factors are worthy of note here. First that the preceding population slump must have been shallower or shorter than has been traditionally assumed; secondly, that by the date of said *vecindario* many localities were recording figures to match the previous all-time high of about 1591, before the great epidemics of the seventeenth century.

But although the population continued to grow throughout the whole reign, this growth was patchy. The inland zone had been the most effected by the former depopulation and lower growth in the eighteenth century; here Castilla la Vieja (Old Castile) topped the previous maximum in 1720/30 and Castilla la Nueva (New Castile) did likewise in the following decade, still in the reign of Philip V, but then it grew no more, or even slipped back a bit, as shown by some estimated comparisons of the population levels of 1591 and 1787: in many inland areas the population on the latter date was lower than on the earlier, even after have clocked up an all-time high in about 1730. The outlying territories of mainland Spain exceeded the 1591 figures much earlier, partly because the seventeenth century crisis was milder there and partly because the disasters ended sooner and the growth was quicker, despite the effects of the War of Succession in Valencia and Catalonia. These were the regions hardest hit by the conflict, although the war is not likely to have impinged greatly on the death rates of the civilian population, barring one-off cases of brutal repression.

By 1752, the date of Ensenada's census and shortly after the end of Philip V's reign, Spain's total population was 9.4 million. By the end of the century it had grown only by one and a half million, according to the most optimistic calculations (between 10.5 and 11 million inhabitants). The accuracy of these figures may be very variable in particular cases, but what seems to be clear is that, in general, the population grew much more quickly in the first half of the century than in the second half.

We have already hinted at a redistribution of the population in Spain in the last decades of the seventeenth century. This trend continued and probably picked up pace during Philip V's reign. Up to the sixteenth century inland Castile was the most densely populated part of mainland Spain; this tallies with the greater importance of the Crown of Castile within the concert of peninsular kingdoms. Afterwards the situation changed. In comparative terms, while the 1787 population of some inland areas had fallen on 1591 levels, in many outlying areas it was higher, sometimes a lot higher: from 150 percent in Cantabria to 260 percent in the eastern Mediterranean. By the last mentioned date nearly half the population of Spain was living in coastal zones, accentuating the relative depopulation of inland areas. It is difficult, however to ascertain how much of this occurred in the first half of the century though the trend is likely to have been steady. Apart from the possibly different incidence of mortality, all this shows the demographic effects of the maritime and trade-based economic boom, which gradually tended to drag the population coastwards.

Two factors would have to be taken into account in any in-depth study of the population growth in these years. The first is that the sharp inland-population fall in the seventeenth century meant that better use could be made of the farming resources, concentrating the population on the best land. The result is that the yield increased enormously. This favoured a demographic recovery in some decades, until the poorer land once more had to be brought into cultivation to meet their needs, an effect that was probably making its presence felt by about 1750-60. Secondly, the quicker growth of the coastal areas can be explained by the development of some new crops – very widespread by the start of the eighteenth century – and also by the fact that they were previously less densely populated areas and therefore found it easier to grow more quickly.

Philip V's reign as a whole was also the period of greatest population growth in the eighteenth century. In the period 1717-1752 the population grew at a rate of 4.3 per thousand, while from 1752 to 1787 the rate had dropped to 2.8 per thousand. Belying what had previously been thought, the new historical research on demographic matters has proven the first half of the eighteenth century to have been the period of most vigorous total population growth. The population would continue to grow up to the end of the century and therefore clocking up new all-time highs, but at a slower rate. The first half of the century was favoured by the fact that previously abandoned farming land could still be brought back into cultivation. By 1750-60, after the reign of the first Bourbon had come to an end, new farming land had once more become thin on the ground.

This rethinking of the first half of the eighteenth century, as a period in its own right, can be rounded out by an analysis of the causes of the population growth. At that time, the cause of low population growth was not low birth rates, which were always in fact very high, but very high death rates, especially among children. This meant that families remained small in spite of the high birth rates, and the natural growth rate was low. A disease's impact is caused by two factors, one objective, the presence of the agent, the virus or bacteria, and another subjective, the people's capacity to withstand it. This second factor bears a relationship not only to the natural fortitude itself but also to

the living and eating conditions. All this means that the capacity of preventing the deaths depended on some actions that could be planned, such as the avoidance of foci of pestilence, sanitary cordons and the like, but, above all on starker, more subjective circumstances that were still at that time in the lap of the Gods: the incidence of famines and contagious vectors.

In short, although measures were taken at the time to avoid death or improve birth survival rates, their success was still rather hit-and-miss in the eighteenth century. If the population grew more at any given time it would be because of a more benign climate, an improvement of the economic conditions and above all, good harvests. The conjunction of benign weather and economic buoyancy would help to offset the catastrophic effects of poor harvests. During Philip V's reign the economy improved, as we will see, but it is not easy to ascertain how far this improvement impinged on the population increase in the same period. It is clear, on the other hand, that this first half of the century was, in general terms, benign in terms of staples and wherewithal so there were fewer moments of catastrophic mortality. In general terms the decades following the end of the War of Succession were those of the best farming results and the highest population growth. All this gives a fairly positive picture of the major part of Philip V's reign from the viewpoint of the recuperation of human resources and basic materials. The cause was no political action; it was rather the citizens and politicians of the moment who tried to turn the favourable circumstances to the best account.

During this period there was also a general population shift from the countryside to the town. More and more of the population were now living in built-up areas. Philip V's reign saw a reversal of the deurbanisation trend that had been one of the characteristic traits of the seventeenth-century crisis. The urban population began to grow again. A preference for the coastal zones is noted here as well, for the cities of inland Castile barely managed to hold their own while the coastal cities in general grew substantially. The important exception to this rule was Madrid, which drew in a huge number of emigrants from the Cantabrian zone and from the regions of inland Castile. In this period Madrid also managed to arrest the former trend of falling population and grew quickly – though the rate would pick up even more later – building up to a population of about 150,000 by the middle of the century. Madrid had also benefited from the slump in the surrounding Castilian cities (Toledo, Guadalajara, Ávila, Segovia) and above all the court's growing pulling power on the nobility and upper bourgeoisie. The model was laid down beforehand but then finally prospered after the decades of crisis and continued throughout the eighteenth century.

Political and economic activities and the social dynamic in general favoured the fortune of many cities closely linked to important events occurring precisely at this time. The decision to move the *Casa de Contratación* (House of Trade) to Cádiz in 1717 made this city the hub of the American trade and one of the most important ports in the entire world. Furthermore, Cádiz would later be home to a shipyard and the *Compañía de Guardias Marinas* (School of Marine Guards) and *Academia de Guardias Marinas* (Academy of Marine Guards), and would also be head of one of the maritime departments, all of which was an enormous boost to its population growth. Despite this, Seville still had the second biggest population in Spain, behind Madrid, thanks to its industries, including the tobacco factory, which had been working since the previous century but in this period was vigorously developed as tobacco revenue became more and more important to the *Hacienda*.

El Ferrol and Cartagena also benefited from similar government placement decisions, becoming capitals of maritime departments and shipyard sites. The navy's

public works and activities drew in population. By the mid century Cartagena had tripled its 1700 population and now boasted about 40,000 inhabitants. In 1717 a state factory was set up in Guadalajara, destined to grow substantially in the future. In the first half of the century the benefits to the city were modest but its staff of 1100 workers in 1744 accounted for a large chunk of the city's total population. Guadalajara was still a small city but its positive development in the eighteenth century stands out in stark contrast to the decadence of other cities close to Madrid - Cuenca, Toledo, Ávila, Segovia – which did not manage to recover past splendours. Even so, Segovia also increased its population and textile output from 1717 onwards.

Some administrative measures of this reign also benefited other cities: the creation of the *Audiencia* of Asturias in 1717, the *Intendencia* (Intendency) of La Mancha – in Ciudad Real – in 1718, or the *Intendencia* of Extremadura in 1720, first based in Mérida and then moved to Badajoz. Other harsher administrative measures, such as the *Nueva Planta* for the Crown of Aragón, did not affect the economic or population growth of these regions. Once it had recovered from the debacle of 1714, Barcelona's economy and population grew constantly, prospering greatly from the setting up at this time of the cotton industry, later to become its hallmark. Valencia, capital of its realm, also experienced a sharp population growth in these years. In any case these cities had been growing since the end of the seventeenth century on the strength of their renewed trading activities.

Other smaller population growths were also bound up with decisions taken in the reign of Philip V, such as the creation and restoration of some royal sites – la Granja, Valsaín – or the repopulation of the lower Segura on the initiative of Cardinal Belluga, with the creation of localities such as San Philip, San Fulgencio and Dolores. In general, barring the relative languor of some hitherto more important Castilian and Andalusian cities (such as Valladolid or Granada, for example), it can also be said that the percentage of the urban population grew over the rural population in this period. There seems also to have been an increase in trading and manufacturing activities in these years, though more thorough studies would be needed to bear this out. The urban population, therefore, building back up to its previous size, was also more economically active and dynamic. It might be objected that these growth rates were still falling behind those being recorded elsewhere in Europe, but it should always be borne in mind that Spain had to overcome natural obstacles that were not such a serious impediment to economic growth in other more dynamic countries.

### 3.2 A New Nobility

From the point of view of its social and legal structure Spain was still based on a system of privileged estates or social groups. This was true throughout the whole of the eighteenth century and hence throughout the first half of it, the period under study here. These estates were the nobility and the clergy, separated by their status from the third estate or commoners. The privileges they enjoyed were varied in type and applied both to individuals and to institutions. Privileges, in any case were enjoyed not only by the two upper estates. The society of estates was in fact characterised in general by an enormous variety of legal situations: municipalities, guilds, universities, the military, functionaries, etc, all had their own privileges or particular legal statutes. Even the fate of the peasantry would vary according to the particular seigniorial regime they came under, some harsher than others. Inequality was hence the norm, even though it is also true that this inequality cloaked a veritable social hierarchy, which tended towards

horizontal equality and huge vertical gaps. In general these class barriers were becoming weaker in the eighteenth century. There were more possibilities of moving up from one estate to another considered to be more advantageous. But for that very reason the upper classes tended to close ranks, accentuating the vertical hierarchisation to separate themselves off from the upstarts or those who had failed to climb higher.

The nobility was still the dominant group, with a host of privileges and a haughtiness born of the excellence of aristocratic life, even though their actual lifestyles often fell far below the principles they piqued themselves on. With their property and jurisdiction privileges they controlled the lion's share of the national territory, dominating many municipalities and wielding justice over a huge number of commoners. Their income stemmed from many sources besides agricultural revenue.

Within this wide-ranging group of nobility, however, there was a notable variety and also some changes in relation to both preceding and following eras. A characteristic trait handed down from previous years was the concentration of titles in a single person. This occurred in many families as a result of endogamy and the *mayorazgo* system (primogeniture and entail) which tended to perpetuate the most important titles, with their revenue and privileges, in a single person. These factors were then exacerbated by the lack of succession. At the beginning of the century, for example, the Duke of Medinaceli added to its house's dignities the other dukedoms of Segorbe, Cardona, Alcalá and Feria, plus the marquisesates of Cogolludo, Denia, Pallars, Comares, Tarifa, Alcalá de la Alameda, Priego and Aitona, the earldoms of Puerto de Santa María, Santa Gadea, Buendía, Ampurias and Prades, among other minor titles and dignities. A similar case is the dukedom of the House of Osuna, which, besides this dukedom, also had the marquiseate of Peñafiel, the earldom of Ureña and many other titles, later swollen even more by marriage into the House of Pimentel. Similar lists could be made of all the families, both in terms of titles and historical names, rivalling the length of any sovereign's name. In 1718 the Marqués de Astorga boasted, besides his own surname, Osorio, those of Dávila, Rojas, Mendoza, Manrique de Zúñiga, Velasco and Felípez de Guzmán. For their part the Dukes of Medinasidonia were, besides Pérez de Guzmán, Fajardo, Requesens, Portugal, Silva, Gonzaga *et al.*

The concentration of titles and surnames affected, in any case, the oldest families, which were not necessarily the most numerous, and the most important families, many of them containing the grandees of Castile or Spain. This grandeur was what the titled nobles really hankered after because the grandees formed a small clique with enormous clout. The number of grandees had grown a lot in the reign of Charles II. In 1627 there were 41 grandees and Philip IV was not especially given to granting the status of grandee; the 113 grandees existing in 1707 had been mostly appointed in the reign of the last Hapsburg. At that time of absolute noble predominance, some grandees had even sold their title, either for political reasons or financial needs.

The reign of Philip V was sparing in the appointment of grandees, and the following reigns would follow suit. In 1787 there were only 119 grandees, practically the same number as in 1707. Nonetheless the first Bourbon was much more given to sell peerages, for various reasons, as well as accepting in the Treaty of Vienna the previous appointments made by the Archduke in the Crown of Aragon. Philip V created a total of two hundred new peerages. This policy was continued afterwards, so by 1787 there were over 535 peerages. The monarch granted some of these peerages for services rendered, the habitual practice, and others he sold. The proceeds did not necessarily go to the *Hacienda*, however, but rather to diverse religious and charity institutions, doing so moreover with a certain prodigality, especially in the last ten years of his reign. Between 1728 and 1743 the institutions that benefited from this ennoblement policy



were the basilica and pantheon of San Isidoro de León – for its reconstruction – the basilica of Atocha, the Carmelite nunnery of Sádaba, the Cathedral of Chile, the Monastery of Guadalupe and of San Juan de los Reyes. In total these concessions, given by way of example, added up to 15 peerages.

In 1756 Abbé Coyer published in France a book entitled *Noblesse Commerçante* (Commercial Nobility). Despite the differences of time and place with the subject under study here, the book gives us a good idea of the general feeling of the age in regard to the experience being lived through in the first half of the eighteenth century and earlier. We also know that the Spanish always looked up to the French, not so much because of the dynastic links but rather due to the prestige built up by France in the eyes of all other European countries in the era of Louis XIV. Coyer addresses his fellow citizens, especially the writers who had set themselves the task of recording the annals of French history: "You are quite right to sing the praises of the Corneilles, the Descartes, the Talons, the Séguiers, the Luxembourgs, the Turennes and make sure they go down in the annals of history; but insofar as you are citizens, look wheresoever you will in your works and you will see no mention of the Brunis, the Grandvilles, the Massons, the Magons, the Montaudoins, the Couteulx, the Le Gendres and so many others that have attracted to us the riches of the universe" (quoted by Zylberberg). This was clearly an exhortation for the national spotlight to be trained not only on the men of letters, sciences and nobility but also the great merchants and financiers, who are those cited in the second series of names. And the fact is that the reign of Philip V in Spain had already initiated this process. An indirect example is the interest taken by the *hidalguía* (lower nobility) in economic matters, as is clearly shown by the translation made by Juan Francisco de Goyeneche of Pierre-Daniel Huet's work, *Mémoires sur le commerce des Hollandais*. In 1733, Feijóo pre-empted Coyer by twenty three years when in Volume V of his *Theatro crítico universal*, he eulogised the person and activities of Juan de Goyeneche. It is here that he credits Philip V with the saying "if I had two vassals like Goyeneche, I would very soon raise Spain to the state of not having to depend on foreigners for anything whatsoever". Moreover, as S. Aquerreta reminds us, Feijóo reserves his highest praise precisely for this character's economic activity, applauding his system for supplying the navy with wood or the Nuevo Baztán complex.

Indeed economic activity, acquiring an unprecedented prestige, was taken very much into consideration in this reign when granting peerages. Many of the new peerages bore a direct relationship with financial aid or merit gained by participation in the economic activities that the Crown was keen to promote. This had already occurred with the *asentistas* (government-supply contractors) working in the reign of Charles II, but continued with Philip V, especially in the moments of greatest economic hardships after the War of Succession. Bartolomé Flon, for example, was given the title of "Conde de la Cadena" in 1711 to compensate him for the heavy *Hacienda* debts in his name. Others straddled the previous reign and Philip V's reign, such as the Marqués de Valdeolmos, José de Aguerri, who received the title in 1687 but continued to negotiate with the new monarch. Another noteworthy example is the Marqués de Santiago, a title granted to reward him for his services as *asentista* of bulls and salt supplies. A singular case is that of the Marqués de San Felipe, a soldier in the war, later ennobled, who wrote a history of the reign, highly flattering to Philip V.

Curiously enough the peerage was often not granted to the pioneer generations of the financial sagas, despite their trailblazing importance, but their descendants. This was the case, for example with a series of titles related to Navarre financiers and businessmen. The famous Juan de Goyeneche was never ennobled but, among his descendants, Francisco Javier was made Marqués de Belzunce in 1731; Juan Francisco

became Marqués de Ugena in 1735 and Francisco Miguel became Conde de Saceda in 1743. The situation was very similar with Gerónimo de Ustáriz, because it was his son Casimiro who received the title of Marqués de Ustáriz. It was not always so. Miguel Topete, one of the founders of the Ronda iron factory, received in 1738 the title of Marqués de Pilares and Joaquín de Olivares, one of the proprietors of the foundries of Liérganes, was made Marqués de Villacastel in 1742.

Politics, finances and peerages also often went hand in hand. The financier Juan Bautista Iturralde, appointed as a minister on the strength of his professional expertise, was the first Marqués de Murillo and Miguel de Arizcun likewise became the first Marqués de Iturbia in 1741. Another Navarre politician, Juan Bautista de Orendain, received the title of Marqués de la Paz in 1725, on occasion of the treaty signed with the Court of Vienna by Ripperdá, who also received then the title of Duke of Ripperdá. In 1737 Sebastián de la Quadra, an authentic prime minister at the time, was appointed Marqués de Villarias, but others with a similar post, like José del Campillo, were not ennobled. Patiño, now on his deathbed, was made a grandee for his services in October 1736, whereupon he is said to have complained "the king has given me a hat when I've no longer got a head to wear it". Indeed the honour came somewhat late. Only a month later and with still fewer merits than Patiño, Somodevilla was made Marqués de la Ensenada. These are some examples of the rewards that could be won from the king by sterling political performance or financial support.

The rather open-handed peerage granting policy was offset by a much tighter attitude towards granting *hidalguías*. In 1703 a royal letter sent to the *chancillerías* (Royal Chanceries) urged them to revert to the strict enforcement of the rules laid down in the *Nueva Recopilación* (new compilation of the laws of the realm) for proving the state of *hidalguía*. This process had become over lenient in the previous realm leading to a deluge of new concessions. This new measure managed to stem the flow and the number of *hidalgos* thus grew more slowly. It was not until the second half of the century, however, that the *hidalguía* eligibility conditions were actually toughened up.

The wealth of the nobility, especially the titled nobility, was still huge and was based fundamentally on land revenue. There were some general problems none very big, on this score. One derived from the establishment of the *Junta de Incorporación*, a board set up to enforce the provisions of 1706 and 1707 on the incorporation into Crown revenue of the income from *alcabalas* (sales taxes), *tercias* (tithes), *oficios* (royal offices) and other revenue previously sold off. This gave rise to the policy of *valimientos*, (availments) i.e. the Treasury would avail itself of the revenue included in the measures taken in each particular case. Most of this alienated revenue belonged to the nobility, so these nobles were in fact being given a timely reminder of their duty to help out the state in meeting the costs of the War of Succession. But the long term result of this endeavour was nil, in spite of the fact that the investigation could have been employed for dispossessing the nobility of many revenues that rightfully belonged to the crown. The fact is that once the conflict was over, allaying the economic straits that had prompted the measure, much of the revenue was returned and not even the cases of most dubious legitimacy were looked into. True it is that any decided action against the nobility's finances in this field would have unleashed a deluge of litigation, and the policy was pursued only exceptionally. The war also prompted the king to ask for donations, which affected all social groups. Logically, these donation applications weighed most heavily on the poor but they also impinged on noble revenue.

Philip V came down particularly heavily on the property of some nobles, also Castilians, that had failed to support him, especially on the two occasions when the Archduke actually entered Madrid. Between 1706 and 1710 there were many

confiscations for this reason, affecting above all the grandees. Especially significant were the confiscations practiced against the Almirante de Castilla – a title that disappeared due to the desertion of its holder at the start of the war – and the Conde de Oropesa, who lost all his possessions. Other substantial confiscations were made against the Conde de Cifuentes and the Conde de Siruela, adding up to well over 150,000 reales. In all, the government raked in substantial aid from the confiscations of noble property, managing by the same means to undermine the political importance of the grandees at this time and weakening much of the nobility economically.

It would seem to be true, in any case that Charles II had already chipped away at the wealth of many nobles in earlier times. When Philip V asked them for money, they had no cash to hand and this caused no little disaffection. Some historians with expert knowledge of the matter, such as Domínguez Ortiz or H. Kamen, have stressed the difficulties the nobles had in defraying their pompous lifestyles or paying the *impuestos de lanzas* (tax paid by the nobility on obtaining their peerage). The nobles were great landowners but until such time as the revenue was forthcoming they were often strapped for cash; what they did always have was good collateral for running up debts. It was a question of sitting back and waiting for better times.

But the years following the War of Succession were also bad times for the nobility. In general they were years of price stability – taken as a whole – and ipso facto of stagnant farming revenue. The effects of the population crisis were still being felt and it had not yet built up to its former levels. As land use is bound up with needs, the supply of land in this period can be considered to be relatively abundant in relation to the population. These situations are usually good for consumers because prices are low, and also for output, since only the best land is used and yield soars. But they are not necessarily good for the landowners, especially if they have rented out their land. The fall in prices makes it difficult to raise rents and in any case reduces the profits. The nobility also seemed to be feeling the pinch in this sense.

Either for these reasons or due to an ongoing change in mentality, some nobles began to set their sights on other sources of wealth, such as industry. This interest was not completely new. In the last decade of the previous century the Duque de Béjar had already managed to promote the woollen broadcloth industry, an activity set to thrive in the future. Similarly, the Marqués de Priego had facilitated the development of the silk industry in his eponymous town in the province of Cordoba. Apparently the better working conditions on offer in Priego managed to draw many of the craftsmen away from the capital's silk factory and harmed its business. For his part the Marqués de Santa Cruz promoted the textile industry in Valdepeñas and the Conde de Aguilar in Cameros. As well as setting up favourable conditions for industrial activities in their estates, other nobles actively established more modern firms. In 1727 the Conde de Aranda set up an earthenware factory in Alcora. Later on the Conde de Aguilar established a silk-stocking and taffeta factory in La Rioja and the Duque del Infantado an upholstery factory in Pastrana. Then there are also those like the Goyeneches who continued to run their factories after being ennobled. The commercial nobility, lauded in Colbert's France by many authors, arrived in Spain courtesy of nobles who used their land and natural resources to set up industries as well as the merchants who were ennobled but then continued with their commercial and financial activities afterwards.

Although there might be one-off precedents to be found, such attitudes were new among the nobility. They were still held only by a minority but they do show that in the first half of the century there had been a change of mentality and money-earning possibilities. Some conservative thinkers still spoke of the nobility's social function in terms that left little room for commerce. Witness the works on the nobility published in

the thirties by Alonso de Acevedo or Félix Varo. Others, including Feijóo – more modern-minded on other questions – continued to stress the need for this privileged group to knit together society. But this school of thought is not necessarily representative of the era as a whole. In the first place it should be borne in mind that similar views were still being held in the second half of the century. More important is the fact that other authors defended a more open-minded stance. The Marqués de Santa Cruz, also in the thirties, upheld Colbert's way of thinking, whereby the king, as head of state, should set an example by helping to set up factories. In fact the king was already fairly committed to this end by this time. Now if this was the desirable attitude of the king, even more could it be demanded from the nobles. Macanaz argued along the same lines at this time. These were mercantile attitudes that tied in with the concern to see national fabrics used for their clothes. The king did so and asked his nobles to follow suit, thereby hinting that they needed to change their attitudes towards economic questions.

In some aspects, however, the situation was clearer. Even those of the most traditional bent agreed that international trade on a grand scale was not only respectable but also necessary. They did not look askance at the merchant-minded nobility but insisted that they should not put their hearts into it; in other words, trade was quite legitimate but did not form part of the essence of the nobility's function. The retail trade, however, was regarded quite simply as beyond the pale. These same distinctions were made throughout the rest of the century; on this point there is no difference between Philip V's reign and those that followed. Another slightly different stance, albeit overlapping in its ultimate objectives, had it that industrial and commercial activities were not at loggerheads with nobility, as Argumosa insisted in 1743. It is not a question here of a titled noble engaging in trade – at his corresponding level – but rather of a merchant or industrialist being able to become *hidalgos* without having to give up their work. This was another form of responding to the general desire of achieving *hidalgo* status: if this process could not be stemmed, at least all efforts should be made to ensure that those who achieve the status – it was a well known fact that the tests were almost always fixed – were not then forced to give up their productive work. This question was trickier, affecting as it did questions in which there was no clear distinction between manual work and non manual work.

Taken as a whole, the above account paints a new picture of the nobles' political situation. We have already seen that many *grandees* were punished financially for their political opportunism. In the case of Castile, as well as a few that were clearly against the Bourbon from the word go, the majority were cool and fickle, accepting the Archduke as soon as he got the upper hand and then switching back to Philip afterwards. The new monarch in general did without the *grandees* for two main reasons. Firstly, the necessary administrative reform was to be brought in on the basis of *Secretarías* and *Intendencias*, which called for skilled, trained personnel. Secondly he was keen to ensure that those who had wielded such a strong influence in the previous reign should be kept as far as possible from the seat of power.

Philip V did however place some reliance on the middle and lower nobility. There were many titled nobles among his ministers but it was Philip himself who had ennobled many of them. This means that none of them would have had the title on taking up the post or they might just recently have obtained it on the strength of their service record, especially financial services. All the important Spanish ministers of the realm, such as Patiño, Campillo or Ensenada, were second sons of middling peers or humble *hidalgos*. Their ennoblement, in some cases, came very late. Such an origin is common to many of the higher posts of the administration. The nobility, therefore, was

still an essential institution, but what was now needed was a nobility with real zeal, with new interests and mentalities, and such a nobility would not be found amongst those with much to lose but rather those with much to win. In this sense the change of reign was salutary, not just because it was a change of dynasty, for similar changes had occurred in previous reigns: the new kings often bring with them new nobles.

But probably because the times were now different, these changes were now more pro bourgeoisie than on earlier occasions. In this sense Philip V's reign was a break with the past and a sign of what was to come in the rest of the century, in which there occurred what Rodríguez Casado called, perhaps with some exaggeration, a bourgeois revolution. Obviously it was not the bourgeoisie who were running the country, but some of the country's governors had in fact been members of the burgher class until their recent ennoblement and others were *hidalgos* of a very similar way of thinking to the bourgeoisie. In any case one and the other sought a reformed nobility, which would understand how to serve the government in all its administrative needs and also how to take personal merit into account, while also recognising that privilege was an obstacle to a more efficient economy and government. The ideological change in this line would not make its presence really felt until much later in the century but it is clear that the new way of governing the country brought in by Philip V and his entourage of new nobles was already firmly in this line, despite the many thinkers who were still defending the more traditional ideas. Quite another question is whether or not this new line of government, which could well be called reformist, had the success its promoters hoped.

### 3.3 The Church

Like the nobility, the clergy formed a privileged group that, in general terms, underwent no substantial change in this period. From a strictly socio-economic point of view the privileges of the noble and the clergy were much of a muchness, for they both affected the economy in a similar way. Nonetheless the clergy's privileges had a different basis, stemming from their ministerial service or simply from the consecrated life. As well as their revenue and jurisdictions the nobility also exerted a political influence on the population. The clergy enjoyed their revenue and jurisdictions too but their influence in general was religious in character, stemming from the grassroots adherence to the Christian faith. This must always be borne firmly in mind to understand properly the clergy's pre-eminence at that juncture, a moment in which it was taken as given that political duties should always be carried out in due accordance with the Christian tenets that held sway over individuals and over society as a whole.

From the sociological point of view, some former abuses still lingered on in this period, notably the attempts by laymen in the service of the ecclesiastical institutions to arrogate to themselves the clerical privileges. This makes it difficult to ascertain the clergy's exact number. In the eighteenth century some painstaking efforts were made to find out who were clerics and who were not. The border line is clear in theory: the prerequisite to be considered as clergy was to have received minor orders or joined a convent. Nonetheless the characteristics of the minor orders did not necessarily oblige those who received them to behave at all moments as clergymen. This is why there was a certain confusion in practice. The confusion was worsened by the custom of counting by households, so that the in-living relatives and servants of the clergymen were also

counted as such. Any calculation would obviously have to take these details into account if its results were to be at all accurate.

The only reliable count in the first half of the eighteenth century for the Crown of Castile is offered by Ensenada's Census of 1752. This was drawn up in relation to the famous *Catastro* (Cadastre), work upon which began shortly after Philip V's death, so it therefore gives a good idea of the situation in the final decades of this monarch's reign. According to this census the twenty two Castilian provinces contained 112,744 clerics, representing 1.72 percent of the population. Other comparable sources suggest that the proportion would have been similar elsewhere in Spain. Extrapolating therefore, 1.7 percent of the population at that time would be about 160,000 people. Other less reliable sources put the proportion slightly higher at 3 percent in the years following the War of Succession. If this figure is correct, there must then have been a slight fall in the number of clergymen during the first half of the century. What seems to be clear is that the censuses of the second half of the century show lower figures than the 1752 census, bringing the proportion down to 1.25 percent by 1797. This paints a picture of an estate losing ground throughout the century both in absolute and relative terms. The fall would only have been slight, however, and it is very difficult to ascertain its distribution over time.

Three hypotheses could be put forward to explain the reduction in the clergy's number. Firstly, a falling vocation as a result of the trend towards more secularised thought. Secondly, the increasing employment opportunities in the eighteenth century, meaning that fewer people had to seek refuge in the church to earn their living or climb up the social scale. Thirdly, a growing perception that the number of clergymen was excessive and increasing attempts to head off any further growth. The first reason was probably not so important in the first half of the century, for the secularisation trend, never as strong as in some other countries, would pick up pace from the mid century onwards. The other two factors would already have been exerting their influence before 1750. We are speaking here, in any case, of very subtle trends: the reduction is not so much in absolute terms but did tend to fall further and further behind population growth in relative terms.

The second hypothesis makes sense if we take two other factors into account. The first is that many of the priests came from the middling or lower nobility, who, quite apart from any vocational or pious aspects, saw the Church as a means of furthering their careers in the hope of bagging some dignity along the line such as canonries or bishoprics, especially after having passed through a *Colegio Mayor* (Major College). The second factor is the increase of opportunities in the civil administration due to its growth in Spain itself and the colonies. This would have drawn from the same sources, titled nobility and *hidalgos*. We have already seen the century-long trend of removing grandees from the administration. Taking into account the combined effects of both factors we might well conclude that there would have been a growing tendency for second sons to opt for the civil rather than the ecclesiastical administration. The same process might have been underway in merchant families, which had always tended to place a son in the Church. Did they do so less and less after 1750? It would not seem too farfetched to surmise they did, but with little difference from the earlier period.

As regards the third of the above-mentioned hypotheses, it certainly seemed to exist but it is much harder to gauge its effect. From as early as the seventeenth century the writers on economic and social matters had been blaming Spain's decadence on the excessive number of clergymen. Its effects were a lower population increase, because of celibacy, lower productivity, due to the nature of their work and lower income for the king because of their exemptions. In any case, in an era of growing fiscal pressure it is

quite reasonable that so many people should turn a deaf ear to the scholars. In the eighteenth century the circumstances changed while the criticisms of the writers and publicists remained the same. The clergy were seen as a cause of decadence not so much due to their idleness – a criticism so often directed at the nobility – but rather due to their excessive number. All scholars, at least in the first half of the century, agreed that the clergy performed an important function in society. But utilitarianism was becoming the vogue, and from this point of view this function was not directly productive, so the number performing it should be pared down as far as possible.

The actual situation seemed to leave a lot to desire on this score so many authors began to criticise the excesses. Macanaz, for example, a staunch regalist, gave the following title to one of his "*auxilios*" (guidelines) for governing the Monarchy: "Ills caused to the state by the excess of clergy and what should be done in principle to remedy the situation". Campillo too cited the priests as one of the things that "there were too many of" in Spain. Not all thought likewise. The Abate de la Gándara defended his class and managed to speak of the "eighteen factors causing population decline and backwardness" without mentioning excess of clergy although he did refer to the excessive foundation of lay patronages and lay chaplaincies. These could be considered as an indirect cause of the increase of clergymen, by giving them an occupation, but de la Gándara was more concerned about their abetting of entailment; in other words he was more concerned about the bonds of the wealth than the owner thereof. Before his time, Aguado had argued in favour of the clergy, claiming that the problem was not the number of clerics per se but the number of incompetent ones.

These clerics were divided up into the secular clergy (45.9%) and the regular clergy (54.09%). Of the latter 36.41% were monks and 17.68% were nuns. The figures come from the end of the century. The proportion is likely to have been similar in the first half, although it has to be borne in mind that the reduction of the clergy in the second half of the century affected more the regular clergy, whereby it would follow that the difference in favour of the regular clergy would have been greater mid century. There was also a patchy distribution of the ecclesiastical population from region to region and between town and countryside. Valladolid and Seville figured among the provinces with most clerics (about 3 percent in the middle of the century), whereas in Galicia they did not even account for one percent of the population. There were also more clerics in the towns than in the country, especially regular clergymen, due to the process whereby convents had become clustered in some cities. Valladolid is the prime example.

Although most of the clergy now lived in the cities, their wealth still came from the land. According to Ensenada's *Catastro*, the Church owned 14.74 percent of the land of Castile. The proportion was higher in Extremadura and Andalusia, at about 20 percent. The yield of this land, however, according to the *catastro*, was 24.12 percent; this could mean either that this was the best land or the best cultivated land. A large proportion of this land was worked directly by its owners, especially the monks, although most of these properties were rented out. In any case, in terms of dioceses and parishes, the most important source of income was not working the land but collecting the tithes. It was this right, therefore, that earned them most of their income rather than the actual ownership of the land. Take the well known case of the diocese of Segovia, where the tithes brought in 59.78 percent of its revenue.

In this respect the clergy's situation was very varied. The tithes, which represented the biggest source of income, benefited only the secular clergy: curacies of free collation, parishes and, above all, the cathedral chapter and the bishop himself. A third went to the State (the "*tercias reales*" or "royal thirds") and a large chunk was

spent directly on hospitals and other specific welfare purposes. Some institutions of the regular clergy might have land revenue and jurisdictions but not necessarily all of them; in fact the mendicants were faithful to their name and toured towns and cities begging for alms. The situation of the parishes was also very varied. Their main source of revenue was parochial rights and the rights called “*derechos de estola*” (offerings of the faithful that had become established as fixed stipends), either freely offered or in return for a liturgical service; the parish’s revenue therefore depended on the number and wealth of the parishioners. There were normally glaring differences between town parishes and rural parishes, especially in the poorest country districts.

The personal situations of the clergy, in terms of both their pocket and workload, also varied according to the office they held. Parishes or convents that invited public worship called for constant pastoral work with the faithful whereas other situations such as the chaplaincies or canonries were sinecures offering a fairly well-off lifestyle without necessarily having to do too much work in return. Sweeping generalisations on the clergy, therefore, as on any other sizeable social group, often fall wide of the mark and fail to do justice to the dedication and humble life of most of its members.

From a macroeconomic point of view the wealth of the ecclesiastical institutions of Castile, land rent and tithes, without counting alms and stipends, could represent about 10 percent of the “national” income of said Crown, according to the figures of Ensenada’s *Catastro*. The figure is likely to have been similar for the Crown of Aragon, for there is no reason for its situation to be substantially different. This revenue was taxed by the state, not at an individual level of each cleric but at an institutional level, the class as such. The so-called “three graces”, i.e. the *tercias*, the *excusado* (excused house), and the *subsidio* (subsidy) plus the various pensions on ecclesiastical revenue, have been calculated to add up to the tidy sum of about 18 percent of the king’s revenue. Taken as whole the Church paid the State more than the nobility or moneyed bourgeoisie.

It is not the remit of this book to delve into the mindset and spirituality that might have underpinned the clerical estate, explaining its sway over such a religious society as the Spain of that time. Suffice it to say that the slackening of pious habits and the dechristianisation described in other countries in the second half of the eighteenth century do not seem to have occurred in Spain, neither then nor before that date, barring in some minority groups. Politics and culture would indeed end up adopting a certain anticlerical hue but the ire, such as it was, was directed not against the doctrine itself but the lifestyles of some clerics. And it does not seem to have happened yet in the first half of the century, except for in the abovementioned minority.

From the political point of view the relations between State and Church had a few shaky moments in the reign of Philip V. In 1709, during the European events of the War of Succession, Pope Clement XI saw the Papal States threatened by the Austrian troops. With his back to the wall he had no choice but to recognise Archduke Charles as king of Spain. Philip V’s reaction was immediate. The Madrid Nunciature was closed and all communications with Rome were broken off. The revenue and contributions that were normally received by the Apostolic Chamber went straight to the State. This all had obvious knock-on effects on ecclesiastical life and the bishops’ relationships with the government and also provoked some grassroots reaction, in this case in favour of the expelled Nuncio and against what could be construed as a national ecclesiastical policy, although it was really no such thing.

The political question itself was soon settled, once the battlefield fortune tilted clearly the Spanish Bourbon’s way. But Philip V tried to turn the situation to his own account to make some economic claims on the revenue of the Church of Spain and to



limit various ecclesiastical immunities. Leaving aside the fundamental question of the possible political control of the Church, what Philip V also sought was a higher share in ecclesiastical income. The simmering question of regalism in any case only really came to the boil in the following reigns. The revenue question had already urged the monarch years earlier to set up the *Junta de Incorporación*, a board designed to recover revenue and property transferred in earlier times to the nobility. In the case of the Church, any movement in this direction would call for a prior accord with Rome, so any breaking off of relations, as in 1709, might expedite the recovery of some prebends.

The government in any case did not go very far and soon began a round of talks that would produce a series of stopgap agreements such as those of 1717 and 1737. In the latter year an attempt was made to put a stop to the ordination of clerics who were not really eligible for the state, a question bound up with the complaints about the glut of clerics and hence the overabundance of privilege. The relations between Church and State were of course not limited to financial matters. Also at stake were other much more important questions such as the reform of ecclesiastical customs in Spain, begun on a papal initiative in 1723, and of course the questioning of powers and responsibilities as part of the regalist trend. Nonetheless the financial question was no bagatelle. The significance of the abovementioned agreements is easier to understand in light of the Concordat of 1753, more conclusive and permanent than the previous ones. Under this agreement the monarch, by now Ferdinand VI, was given the free collation of 50,000 benefices, not a few of which were well endowed. The Concordat abolished another series of pensions, spoils and fruits that had been collected until then by the Roman Curia. In sum, in 1753 the Spanish monarch finally achieved something that had been sought since Philip V came to the throne, claw back part of the Church revenue in benefit of the State.

Probably the most characteristic member of the clergy in the first half of the eighteenth century in Spain was Cardenal Belluga, Bishop of Cartagena. As Juan B. Vilar has pointed out in his biography, Belluga is the prototype of a pious priest and reforming bishop. To understand his personal piety, a quality he wanted to make widespread in his diocese, proper consideration has to be given to his relationship with the Confederation of the Oratory. As bishop he strove to reorganise his diocese administratively and above all to successfully reform the customs. The *Apostolici ministerii* Bull of 1723, which he helped to write, gave him some leverage in this task, despite the opposition of all sorts that he had to confront.

His participation in the War of Succession was singular. As president of the *Junta de Guerra y Defensa del Reino* (Council for War and the Defence of the Realm) and hence with the category of *Capitán General* (Captain General), Belluga was obliged to take an active part in the defence of Murcia in 1706 and then in the retaking of Orihuela and Cartagena. Then he also became *Virrey* (Viceroy) of Valencia. His very condition therefore obliged him to take a full and active part in the conflict. He also played an important part in the religious aspects of the conflict. There were brought starkly to the fore when, perhaps because of their protestant majority, the Austrian troops pillaged and sacked several churches when taking Alicante on 8 and 9 August 1706. The fact that Bourbon troops perpetrated similar acts elsewhere at other times did not diminish one whit the piety and devotion of Belluga in confronting these offences as defender of the faith and bishop of a people who were stung into action by this religious outrage and rushed to enlist in much greater numbers than on earlier occasions when questions of faith were at stake. Linked to these events is the miracle of the image of the *Virgen de los Dolores de Monteagudo*, which is said to have wept while the profanation was being perpetrated.

The defence of Philip V as the legitimate king and the struggle for the Bourbon cause did not make Belluga forget his obligations as bishop and defender of the rights of the Church. This brought Belluga on several occasions into conflict with the government due to the regalist stances it was taking up. Nonetheless, when he moved to Rome after renouncing the bishopric of Cartagena, his heavy workload in the Curia did not prevent him from looking after Spanish interests. Apart from several charitable foundations in Murcia, Belluga is also famous for his colonising work. He set up three new localities, Dolores, San Fulgencio and San Philip Neri, with royal protection and diocese revenue. By the end of the eighteenth century they boasted a total population of 5000, working 42,000 *tahúllas* (about 3500 hectares) of land producing all sorts of fruit, cereals, sosa and barilla, silk, oil, fruit, vegetables wine and oranges. These settlements gave work to the farmers of the land and helped to improve the river meadows of the lower Segura. Like other characters of his time, Belluga is a typical exponent of Christian enlightenment, more characteristic of the first half of the century. The general tenor of his thought is that piety, devotion and loyalty to the doctrine are not at loggerheads with rationality, the "geometrical spirit" of the time that called for social and economic factors to be taken seriously and advocated a natural rationalism that other "ancients" adamantly rejected. The paradigm of course is Feijóo, who combated errors of superstition and also of the self-styled scientists in vogue. According to him reason and virtue should go hand in hand rather than everything merely being justified by received beliefs. The following quote of this illustrious Galician is illustrative of the theme and also chimes in with Belluga's political stance: "The Reason of State", he criticises, "is the driving force behind the empire and the reason for everything without explaining anything. To the question Why was this done? comes the answer Reason of State. To the question Why was this not done? comes the answer Reason of State. Would it not be more rational to answer that it was done for reasons of justice or religion or clemency or some other virtue?"

### 3.4 The Development of the Bourgeoisie.

If members of the bourgeoisie are ennobled without abandoning their business activities and nobles no longer reject trading or business activities, it would seem to be clear that we can safely speak, in this reign also, of the development of a new bourgeoisie in all possible senses of the term but especially in the spheres of State administration and business. One strand of the administrative reform was the development of the *Secretarías*, or ministries, involving a whole hierarchy of officials under the corresponding *Secretario*. This scheme was grafted onto the old *Consejo* system, some councils disappearing, others surviving. Functionaries and officials became organised on a more professional basis in this period. A relatively objective cursus honorum was consolidated, sketching out the sequence of offices and promotion map, at least up to certain levels. Despite the loss of some European possessions under the Treaty of Utrecht, the growth of the population and the economy together with ongoing social change made the administration increasingly complex with a continual growth in the number of officials.

This administrative career could even lead to posts in the *Consejos*, which, failing a ministerial appointment, were the most coveted positions. Various possibilities were offered by the different branches of the administration. Magistracy, the law career in the *Audiencias* and *Chancillerías*, was almost the only route into the *Consejos*. Some *Secretarías*, such as *Gracia y Justicia* (Grace and Justice) or *Guerra* (War) were

considered to be more socially prestigious ladder-climbing exercises than other ministries like *Hacienda* (Treasury) which were deemed to be more technical. In all cases the moneyed bourgeoisie or the *hidalgos* also studied in the *Colegios Mayores*, but these were heavily under the influence of the old aristocrats. The skirmish between them lasted the whole century, the aristocratic clique grimly clinging onto its privileges but gradually losing out over time. Over and above such disputes, the monarchs from Philip V onwards were clearly inclining towards a social rank below the old grandee families.

This goes not only for the State Administration but also, on a different scale, for the *Intendencias* that were set up at this time or the new and old *virreinos* (viceroyalties) as well as the provincial offices of all *Hacienda* revenue. By the mid century the royal functionary had become a perfectly familiar and well-delimited character all over the country. His mission was specific and based on well-defined instructions; his colleagues helped to build up an esprit de corps and, above all, his mentality now tended to prize above all personal value, efficiency and loyalty to the Administration, to the government system, which was fast becoming the most decisive factor in society. These burghers of the Administration in those years were trailblazers of the statism that has never ceased to grow since, for good and ill.

Philip V's reign, which had put paid to the *valido* system and whittled down the importance of the grandees, also limited the sale of administrative posts, so the burghers now had to seek promotion through their university studies or by pulling strings. Many cliques were therefore set up in the Court. The prime example is the clique of *Navarros* set up around the *Congregación de San Fermín de los Navarros*, founded in 1685. The process had therefore already begun in the previous century but the *Navarros* built up a huge standing in the court of Philip V, because the solidity of their personal and business bonds went a long way towards satisfying the monarch's financial needs and caused him to look even more kindly on them after the loyalty they had shown during the dispute. In some difficult moments of the War of Succession the queen Marie Louise sought refuge in Corella, hub of the marquisate of San Adrián but also centre of an area where many influential merchants linked to the crown lived. Most of these *Navarros* came from Baztán but not all. They had certainly made the most of their family ties to make notable inroads into the administrative circles of the Court.

Another important and characteristic burgher group takes in all those involved in trade and business in general. A distinction, already clear in the times of Philip V, should be made here between simple merchants, on the one hand, and businessmen or financiers on the other. What identified the latter and separated them off from groups of a lower social ranking is their participation in major international trade, in state business – the coveted *asientos* (government supply contracts) – and revenue farming. The difference between merchant and financier may be the amount of money involved. Those of greater wealth found it easier to bid for the major business where money is moved and the actual merchandise is hardly ever seen. The simple merchant, even in the wholesale business, had to be close to the business and live where the important procurement operations were carried out, in Cádiz, Bilbao or Barcelona, for example, whereas the financier would tend to hover around the Court, which was then the national financial centre.

The erstwhile merchant-banker is the prototype of the financier who has earned money in trade and then invested it in major *asientos*, in international money orders and in major loans. The disappearance of the great international capitalism in the seventeenth century left the field open for the Spanish. An important group had already been formed in the reign of Charles II. Many of them bore a direct relationship to the

financiers of the following realm, especially those who backed the right horse politically. This is where the aforementioned group of *Navarros* comes in. They steadily forged more links with the nobility insofar as they themselves were directly ennobled or were able to marry into titled nobility. Nonetheless, the ennoblement was not immediate; in the first half of the century, moreover, the social elevation did not prompt them to drop their trading activities. This would occur only later in some families of this generation, such as the Goyeneches.

Some members of this haute bourgeoisie of finances and major trade were individuals who had built up their business together with others in small companies, fairly short-lived as going concerns but important nonetheless, such as Goyeneche-Valdeolmos's provisions *asiento* company (1712-29). Juan Fernández de Isla, born in 1709 from a *hidalgo* lineage of Cantabria, is one of these borderline characters with a clearly bourgeois activity. His business peaked right at the end of Philip V's reign. Some years later, after he had fallen into disgrace, the worm turned and Isla was heavily criticised for having so quickly accumulated so many factories, ships, trading houses in Spain and abroad and also enormous power in his native land, where he had started out with a pittance. He built up his wealth in ironworks before winning *asientos* for the supply of wood; in 1741, at a decisive moment of his career, he was named *Contador* (Comptroller) of the tobacco revenue administration in the *Cuatro Villas* (federation of the four most important ports of Cantabria). Once more, business activities were dovetailed with posts at different levels in the Administration, offering opportunities and insights into persons and problems. These are only some of the best-known examples, but certainly not the only ones. Another significant case is that of Francisco de Mendinueta, who started out as a young merchant in Pamplona and ended up as general provisions *asentista* for the whole Spanish army by the middle of the century.

But while the financiers roamed around the court ferreting out plum *asientos*, the mercantile haute bourgeoisie clustered around the main trading towns, especially the sea ports: Barcelona, Valencia, Alicante, Málaga, Cádiz and Bilbao were the most important ports in the first half of the century. Others would rise to prominence later. In all these ports there were thriving colonies of foreign merchants, a factor that has often tended to downplay the importance of the Spanish merchants. The foreigners certainly put up tough competition but they did not prevent the development of many trading houses that were Spanish through and through, as we will see later. Some of them, like the Uztariz family, later made the leap into the financial and industrial world but most continued their trading activities for generations. The Gómez de la Torre family from Bilbao are a good example of one of these family sagas who kept up a pre-eminent trading activity, exclusively, for over a century, while other members of the family were setting themselves up in other strategic posts of society.

The protagonists of this mercantile and financial world fit in perfectly with the profile of what we would today call an entrepreneur and furthermore a free entrepreneur. It is true that the *asientos* concept involved an intrinsic privilege insofar as the service was rendered for the king; but it is no less true that a good deal of the business was transacted on the free market, that the privileges did not necessarily affect the negotiation of the price and that the business must have involved a large network of mercantile connections. The great merchants were of course pure entrepreneurs, pioneers who built up businesses practically from scratch. The rank uncertainty of the economic environment they had to work in and the generally prevailing rentier outlook of the time would certainly have coloured the mentality of these entrepreneurs, but this makes them no less entrepreneurs, to some extent even more so than later examples of the species, because they had to run greater risks.

In earlier centuries the haute bourgeoisie of the wholesale trade or “*mercaderes de lonja*” found their institutional framework in the *Consulados de Comercio* (Trade Consulates). During the slump of the seventeenth century, however, no new *consulados* were formed, barring a few exceptions such as the *Consulado de San Sebastián* in 1682. Instead the authorities promoted privileged trading companies in the first half of the eighteenth century. These revolved around the activity of certain merchants and brought together capital from aristocrats, men of the administration and others, sometimes including the monarch or members of his family, on a personal basis. We will return in more detail to these institutions later. For some time it seemed that they might perform the *consulados*’ role of amalgamating the activities and interests of the haute bourgeoisie. It was not to be. These companies, backed up by the administration, became very well known but they brought together few merchants. They are significant as a dry run for modifying the commercial system of the American monopoly but they are not in general representative of the mercantile life of the time. The role of pooling the great merchants in an institution that would represent their interests was partly fulfilled by the renovation of the consulates in the second half of the century.

Another group of haute bourgeoisie is the one that revolved around the great companies of the merchant guilds. These guilds are different from craft guilds but the use of the same term often leads them to confusion between them. It is true that the origin of these companies is guild based in the sense of a monopolist, protected organisation with regulations exerting a rigid control over the members’ activities. But it is no less true that the nature of their activity steered them towards situations of greater economic freedom, above all because they worked with expensive products – jewels, silk, for example – and other products bound up with international trade – spices – or with very wide-ranging national markets, such as fabrics in general. Whatever their origins may have been, they gradually merged into companies of a clearly mercantile character. P. Molas called this class the mercantile petty bourgeoisie, petty above all because of its guild-based origin, because it involved work with specific commodities on a retail basis. But it did manage to produce some grand merchants in the second half of the century.

As we have already pointed out, the importance of these products and the development of trade in general caused the activity of the guilds-based petty bourgeoisie to grow substantially and their own status to rise too. Indeed, these merchants, seeing their wealth and activity on the rise, and ipso facto their mercantile functions, sought a higher social prestige to mark them off from the smaller merchants and place them on a par with the international merchants of “*almacén cerrado*” (wholesale). A distinction had long ago been made between the rest and the so-called higher guilds, which had formed in some inland cities that still lacked a strong mercantile bourgeoisie despite their relative commercial importance. Valladolid and Zaragoza are two examples, but the prime example of all is the *Cinco Gremios Mayores* (Five Major Guilds) of Madrid.

At the end of the seventeenth century they were still dealing only in the commodities assigned to them, which were silk, cloth, linen and haberdashery, spices, drugs and jewellery; but throughout the whole of the eighteenth century these guilds struck up commercial relations with all the trading towns and cities of Spain and the Americas and many of Europe, with factories in many ports; they also broke into financial business and government *asientos*. These five guilds were organised into a *Compañía General de Comercio* (General Trading Company) in 1763 at the end of a long and intense preparatory process. In 1731 they were organised as a *Diputación de Rentas*, leasing much of the municipal revenue of Madrid. Under bylaws of 1741 they were definitively established as the *Cinco Gremios Mayores de Madrid*, thereby

indicating their unity of action. By then this veritable company was trading in insurance and finances; it was in fact the bank of Madrid, lending money to the government and was also ready to become an industrial proprietor, which it did shortly afterwards. Some of its component members already had experience in this field, for the *Gremio de Mercería* (Haberdashery Guild) had already set up a Dutch-linen factory in Madrid.

Apart from the mercantile bourgeoisie, which was now seeking an institutional basis that would give it a clear position in the class structure, other sectors were also jockeying for their particular niche in society. The eighteenth century would see the development of the liberal professions, especially those related to the world of law – lawyers, scribes – doctors, teachers and writers, musicians and artists, who were by now claiming for themselves a higher status than manual craftsmen. It is hard to say how much of this process unfolded in the first half of the century but it seems clear that, as in so many other cases, the pace of this process picked up in the last third of the century on the strength of previous spadework.

Here too there was modernisation insofar as the professionals had more technical skills and knowledge – experts were by now clearly being sought – and the ideas were new. The bourgeoisie was now largely aware of itself as such (not yet calling itself “*burgués*” a denomination that would be applied later). It identified itself with the role it was called upon to fulfil and strayed further and further from any aristocratic ideal insofar as it accepted ideas that affirmed its social function and the development of a different social organisation. It was not exactly class consciousness as yet in the strict sense of the term. But there was an awareness of sharing certain ideals of social performance and function, which were by no means new but were now taking on a different slant in terms of both their social meaning and across-the-board acceptance. This new awareness did not call for the total disappearance of the former structures – at least in the first half of the century – but it did involve taking a fresh bearing on this new Spanish monarchy, more inward-looking, and on this new Europe and its overpoweringly convincing ideology.

Without any doubt the mentality was changing. "Here there is another chance" quoting Feijóo once more, "for dealing with a common complaint among poor *hidalgos*. They often say that money is more esteemed nowadays than birth, the rich more respected than the noble". And the author answers these quibblers by saying "the rich man of a humble background will always win more expressions of fondness and respect than the poor man of illustrious lineage". Here he was echoing what we would today call the rise of the bourgeoisie, a rise that – it is worth repeating – often started out from a situation of *hidalguía*. But it was a different, more enterprising *hidalguía*. As Feijóo insists: "men do not lay out their gifts freely but in return for interest. Nobility is not [necessarily] an active quality; wealth is". There was clearly a slow inversion of terms underway, society now esteeming some virtues more than others. This is what we call the bourgeois way of life, highly developed already in Spain in the first half of the eighteenth century.

The same process was underway in the economic activity itself, the most characteristic activity of the bourgeoisie. Part of this new outlook is therefore the importance given to industry. Agriculture, the prime source of wealth, had traditionally been held in the tight grip of the seigniorial system, so the new classes looked to increase their income by supporting the development of mercantile activities. The seventeenth century has therefore gone down in history as the era of mercantilism, more in Europe than in Spain, for sure. Nonetheless, trade needed products to exchange and the traditional commodities soon fell short of the task. It became necessary to make new products that, among other things, could guarantee the income the merchant needed to

pay for his merchandise, sometimes expensive, being shipped in from other parts of the non-European world. From the late seventeenth century onwards industry had been acquiring more importance than it had ever had hitherto.

The late seventeenth-century Spanish governors grasped the importance of increasing and improving industrial output and did something along those lines. These efforts were continued and stepped up during Philip V's reign. The new politics called for people who personified this new spirit, i.e., industrial entrepreneurs were called for. Regardless of where their funds came from or the makeup of their wealth, what was needed by about 1700 was people ready to invest part of their money in industrial activity. The State would give them its support. This led to the development of a new figure with a different individualist mentality, a figure I have characterised elsewhere as a monopolist entrepreneur, paving the way for the future industrial bourgeoisie that would in turn develop at the end of the century.

An industrial set-up that we could call capitalist was already in place. It existed in those sectors that met at least two prerequisites: firstly the need for heavy investments and secondly a location outside the urban areas, outside the clutch of the guilds. Maybe a third characteristic was having the State as almost the only client, thus tying in these activities to the model of the *asentista* entrepreneur, who invests his own money and exploits his own liaison capacities to carry out a given activity successfully. In general the iron and shipbuilding industries are considered to meet these characteristics. Nonetheless, however important these sectors were, they were still the minority. Individualism in industry on a grand scale would still have to wait. The industrial world was still strewn with guild-based privileges so only those who were eligible to do so could intervene. These were businessmen with special privileges for carrying out a specific industrial activity that could make a particular contribution to the panorama of industrial products then existing in Spain. The privileges gave rise in any case to a partial monopoly, usually restricting the market in time, in place or sometimes in terms of a specific product. This was a policy that had already been tried out with success in other countries, albeit with strong opposition, as in England in the mid seventeenth century. In Spain it began to be put into effect in the last decades of this century.

Some of the companies set up then survived for a good deal of the eighteenth century, such as the table-linen factory of La Coruña, founded by the merchants Roo and Kiel, or Hubert Marechal's woollen-cloth factory of Cuenca. Other initiatives failed to outlive the turn of the century. In the eighteenth century and under the aegis of a new administration that was nonetheless continuing the policy of the former in this respect, mention must be made of the broadcloth factory promoted in Valdemoro by the Conde de Bergeyck and run by José Aguado, which operated from 1701 to 1732, or the factory of *Juan Pedro Laserre y Compañía* set up in Madrid in 1726. In 1730 the tin factory was set up in Ronda – later taken over by the State – and in 1737 privileges were granted to Pedro Cornet for setting up paper mills in diverse points of Spain. Such privileges were given not only to bourgeois entrepreneurs but also to aristocrats, as we have already seen, and to guild-based institutions. In the case of merchants, however, they gave a huge boost to the investment of commercial capital in the industry, something that was balked in the previous century by the fiercely defensive attitude of the guilds.

An important role in this industrial development was played by the *Junta de Comercio* (Board of Trade) which had been advocating the entry into Spain of foreign technicians since the eighties of the seventeenth century. Many of these foreign technicians came to Spain as private businessmen, setting themselves up in several parts

of the peninsula. They are another borderline case, for they were workshop masters who nonetheless had a petty bourgeois outlook and market strategy. Guild opposition to these foreign masters, who did not bow to their byelaws, led to an eventual change of policy. In the beginning of the eighteenth century the opposite tactic was pursued, also tried out previously, of bringing in workers and technicians who then worked under the orders of an entrepreneur, but this involves another class than the one we are dealing with here.

### 3.5 More Opportunities for Manual Work: The Industry Workers

If the bourgeoisie ran the businesses and took the decisions, others had to do the manual work. The distinction was not one of ownership. Among the workers there were proprietors and, to a certain degree entrepreneurs – for what else were the masters of the craft guilds? – just as there were burghers who were not owners of anything, like the functionaries. Neither was the work itself a distinguishing feature, for all of them worked. Even aristocrats worked, insofar as the profession of arms, high administration or caring for their estates could be considered work. Idleness might well be more frequent among the aristocrats but it was not a vice the peasantry and craftsmen were totally innocent of, to judge from the complaints made by the writers of the time. The difference between burghers and manual workers lay, as their very name suggests, in the use of their hands, other than for sword-wielding or pen pushing, that is.

The distinction also lay in the difference between, on the one hand, a simple repeated skill that is learned and passed on from father to son, requiring only constant practice, and, on the other, a knowhow that calls for study, some sort of training, something more than just watching and copying. What we usually call in simplistic fashion “work” is in fact manual work, mechanical, repetitive, non creative. As always there are borderline, overlapping situations that cannot be neatly pigeonholed. And there is no doubt that this century saw the advent of the innovative craftsman prepared to break moulds and traditional ways of doing things. It was normally this group of renovating technicians who most easily made the leap to businessman status – owning and running a workshop at the same time – without necessarily abandoning manual work. In short, classification helps us to pin down the main features of a situation but these features are never written in stone and always lag behind reality somewhat.

The petty bourgeoisie of the merchant guilds, including those with no other institutional dignity to their name, tried to hold themselves aloof from the nearest class below, the craft guilds. It is the latter we are going to refer to. In 1700 the guilds retained their traditional setup, which had undoubtedly been strengthened in the previous century. Masters, journeymen and apprentices formed a perfectly accepted and consolidated social and labour hierarchy. They benefited from the guild privileges (monopoly of the work and sale of a given product in a specific zone) and suffered from its rigidity, especially in a technological and commercial sense. Above all the guilds offered a certain degree of social protection and welfare – variable from guild to guild – and guaranteed a certain social status for their members.

The guilds held monopoly rights over the products they actually made but not over others. The introduction of a new product did not flout their byelaws, therefore, as long as it was not a commodity class already subject to regulation. In any case the guilds preferred to manufacture only those products whose manufacturing process they were familiar with and which were protected by their privileges. This way they also offered some sort of security to their customers, who were given information about the



product and its origin, while also facilitating the formal training of the apprentices. This brings us on to the two most important factors characterising the organisational structure of the guilds in the first half of the century: their maintenance and even reinforcement through the renewal of byelaws and the confrontation with the privileged industrialists, both Spanish and foreign.

At the end of the eighteenth century Larruga, despite his liberal leanings, opined that the manufacture of fine silk in Toledo had boomed when the *ordenanzas* (byelaws strictly regulating the professional, productive and social life of each guild) of the craft were enforced from 1720 onwards. This gives a good idea of the attitude towards *ordenanzas* at the time. Indeed, when the governors of Philip V decided to continue and enhance the abovementioned policy of industrial promotion, they came across a generalised desire for *ordenanzas*. Historians looking back with too much liberal hindsight have tended to view these *ordenanzas* as a drag on society, whereas at some moments, and especially in the first forty years of the eighteenth century (and also in earlier periods) they could in fact be a driving force behind industrial development. The *ordenanzas* guaranteed order and quality in the output and ensured the nature of the product. In this sense they were a guarantee for the consumer. Furthermore, at a time of very patchy economic prowess, a degree of protection was by no means a bad thing.

The list of places that obtained *ordenanzas*, new or renewed, would be very long. Witness some examples, such as the wool fabrics of Sonseca (Toledo) 1712; of Béjar broadcloth in 1724, woollen blankets of Palencia in 1726; *barraganes* (coarse woollen stuffs) of Cuenca in 1728. As in Toledo in 1720, the *bayeta* (baize) manufacturers of Antequera were trying to decide in 1702 how best to improve the quality of their product. The process here was long and drawn out due to many different vested interests, but there were finally new *ordenanzas* in 1737. Without overduly lengthening the list, these few examples serve to show that the guild system as a whole was in a healthy state in the first half of the century.

We should not forget in this context the institutional tug-of-war between the *Consejo de Castilla* and the *Junta de Comercio* to obtain authority and responsibility for the *ordenanzas*. This is yet another example of the socio-political wrangling lying behind the administrative reforms: the *Consejo* was more aristocratic than the *Junta*, which depended on the *Secretaría de Hacienda*. The *Junta's ordenanzas* are also likely to have been more in tune with the changing times and the generally more flexible mercantilist mood. As from 1730 it would be the *Junta de Comercio* that came out on top but the squabbling lingered on for almost the rest of the century.

The institutional strengthening of the guild obviously maintained its productive system and social hierarchy. But at that time there was a sharp increase in output, either because of market growth or the supposedly beneficial effects of the new *ordenanzas*. This favoured a slight and twofold internal change: the increase in the wealth of some masters and the promotion of more journeymen to masters. The first factor meant that many masters ended up marketing their own fabrics and coming into closer relations with mercantile capital, thereby undermining the guild system itself which soon came to look dated. As far as the second process goes, there was a hidden snag, although it might look favourable at first sight. When the market of the guild industry later shrank, these masters became masters without workshops and ended up working for other more powerful ones. In any case it would not be until the last third of the century that these trends really began to hit the guild system hard.

The other phenomenon that made its presence felt in this first half of the century was the guild opposition to the new privileged manufacturers. Some authors have stressed the strand of xenophobia operating here, since many of these manufacturers

were foreign. There certainly was some aversion to foreigners but this does not seem to have been the guilds' main concern here, who were far more opposed to the privileges these manufacturers enjoyed. In fact the opposition was equally fierce when the manufacturer concerned was Spanish. The opposition grew in line with the parallel growth in the policy of privileges in general and the attraction of foreign manufacturers in particular, a policy that the *Junta de Comercio* had pursued from the start and progressively stepped up afterwards. It was only the workers of State firms who were untouched by this problem, for obvious reasons, because it was by no means easy to fight against the entrepreneurial State.

Their opposition to private privilege brought out the very worst aspects of the guild workers, who clung on fiercely to what they mistakenly considered to be their group privileges. Sometimes their only claim was that the private privilege holders should pay the guild association fee and accept visits by the *veedores* or guild inspectors. This claim made no sense, especially the second part, because these manufacturers were authorised to make goods not made by the guilds. There was also a problem of jealousy: the private privileged manufacturers knew some techniques that the guild workers were not conversant with. This is why they were privileged because they could work on new goods. Even so, this did not really represent true competition for the guild, which made other products. The struggle between them, therefore, often had more of a social than an economic character, sometimes even coming down to personal vendettas. Be that as it may the guild workers of different places and products certainly managed to hinder the work of the new manufacturers on many occasions.

But not all manual industrial workers were guild organised. Some activities were not subject to any guild regulations, either because they were not considered to be important enough or because they were new. In the first case, it is frequent at any moment of the century to find groups of artisans seeking the recognition of *ordenanzas* for an activity they had been carrying out "freely, without subjection to rules", sometimes from time immemorial. It is obvious that all these artisans had been working without any guild and sought their formalisation as soon they saw it might be to their advantage. Another aspect of this question is the non-agricultural activities that farm-workers would fall back on to tide them over the cold seasons. Household textile work, mule carting or other lucrative activities were of great help in topping up the countryworkers' income during the slack season or on a family division-of-labour basis. Few of these activities ever formed a guild.

The case of new production activities is typical of the first half of the eighteenth century. The state shipyards now appeared on the scene, employing a huge number of workers, together with the Catalonian cotton industry, whose first factory was set up in Barcelona in 1738, the state factories, especially the Guadalajara textile factory, created in 1717, or the Seville tobacco factory, which really took off at this time. As these were all new activities, or State owned, they were not subject to any existing guild rules. The same could be said of the industries set up around the aforementioned monopolist and privileged entrepreneurs; all the products they worked with were new, so none of them was regulated. Alongside them were the traditional and aforementioned activities that have gone down in history as "capitalist" because of the capital investment needed to launch them; once again the labour relations here were not subject to any guild-type regulations. Mining, much of the metal and shipbuilding industry could serve as the most characteristic examples. Except in the case of the State companies, the detailed situation of the workers in these activities is largely unknown.

We do know in general terms is that both guild workers and free workers were subject to a strict wage regime. In the first case this was regulated; in the second, no; but

in any case the wages were similar. In comparative terms the real wages were higher in the first half of the century than in the second half, when wages continued to rise but prices outgrew them.

In State firms it was possible for workers to be promoted within the same firm, given their size and the number of tasks to be carried out. Their organisational complexity meant that these firms offered career possibilities both in the administrative and manual fields. In the latter case the categories were guild like, with a terminology that has lived on until our days. Witness the Guadalajara textile factory referring to some moment before 1743 (wages in *reales de vellón* per annum):

<u>Administrative Posts</u>		<u>Technical posts</u>	
<i>Contador</i>	8000	Master carder	3561
First officer	7464	Master fuller	6209
Second officer	4383	Master comber	4017
Cashier	3000	Journeyman dyer	2739
<i>Veedor</i>	5478	Journeyman presser	1826
Bookkeeper	4000	Day workers	1200

These figures are guidelines because the real situation changed very quickly. But they do give a good idea of the higher dignity of the administrative career structure – which would be exchangeable for any office career in the public administration – and also the well-structured rungs in each case. They also show clearly, especially in the technical posts, the different importance of one craft and another, even within the same labour category.

Another reason why the figures are only guidelines is because the free work often regulated the piecework salary, especially at journeyman level and lower. This means that the indicated figures might be estimated averages around which there was much variation. In 1732, for example, Isabel Fresser, a *berbí* (Verviers) cloth spinner in Guadalajara, spun 147 hanks of wool every fifteen days. Ten years later the same Isabel was capable of spinning 223 hanks in the same time. But in 1732 another spinner, María Hernández, produced only 24 hanks. In other crafts the differences were smaller. Cloth weavers wove from 0.28 to 0.44 pieces every fifteen days in 1732, in other words an average of 0.36 pieces every fifteen days. By 1742 this average had risen to 0.56, dropping back to 0.34 again by 1747. Such variations logically produced a similar variation in workers' income, even within very modest limits in the best of cases.

The profile of these free workers was varied. In some cases, especially for foreign workers, this work was their only source of income, although it also seems to be clear that foreign workers were more skilful and could earn more, at least in the first decades of the century when it seems that the Spanish workers had not yet become sufficiently versed in the new techniques. This would change later. These foreigners were sometimes hired only for carrying out work involving techniques unknown in Spain, so they were guaranteed a minimum and appreciable wage. In the case of Spanish workers, most of them from the thirties onwards, they would often have a small house to live in or a small arable plot to work or a beast of burden for transport services. Most of the free workers in these State firms do not therefore fit in with the profile of what would later be the proletariat of the industrial revolution, usually having some top-up income to fall back on besides their small wage.

This incipient working class also gave rise to two other new developments: State welfare assistance and labour conflicts. Continuing with the example of the Guadalajara

textile factory, which would seem to be a characteristic and representative case of such problems, we find that there was some welfare backup for these workers, albeit always rather arbitrary and beneficent. This could therefore be called the dawn of State welfare assistance. True it is that there were certain precedents of this type of action in earlier centuries with members of the administration, but it would now seem to be more systematic and in answer to a recognised need. There would seem to be some doubts about the policy to pursue and no little backsliding, but nonetheless applications for help were now received with a certain routineness, and the number of beneficiaries was growing. In 1736, for example, the wife of a worker called Domingo Quintana received a weekly income of one *peso*. In 1740, Miguel Gaspar, who had clocked up twenty years work in the factory in various jobs, retired on a pension of 3 and a half *reales*, probably tantamount to just about one hundred percent of his normal wage. A similar case was that of Hernán Pérez Mayor, master of the carders' office, who received in 1740 a retirement pension of 7 and a half *reales*, which was a normal master's wage. These are only a few examples of a widespread phenomenon.

It is also clear, however, that this welfare consciousness was not yet a stable and settled affair. Aid was often turned down or replies drawn out; on other occasions the aid was limited to a small lump sum. There was also a severe belt-tightening reaction in the wage regulation of 1744, wiping out all the aid given out up to that time, whilst also expressing the desire not to abandon those who were genuinely hard up. One of the losers here was precisely the abovementioned Hernán Pérez, who lost his pension of 7 and a half *reales*.

The Guadalajara factory was also the scene in this period of the first conflicts that could be classified as labour disputes, strikes and protests, in a context of concentrated industrial work. These conflicts were stamped with the typical traits of worker's action, with strike calls, demonstrations – threats included – and subsequent talks, not without some punitive measures for the instigators. The conflicts were always based on labour problems – wages, working conditions – but political agitators might sometimes try to fan the flames of the labour unrest for their own purposes.

The first significant conflict in Guadalajara arose in 1719, soon after the factory was set up. The reason alleged by the workers was the poor administration of the new manager, Aguado, who was said to have maltreated the workers and had cut their wages on an economy drive. The protest lasted as long as Aguado in his post, about ten months. After that time the old manager was brought back, Ripperdá. It is clear that the Dutchman had whipped up the conflict to strengthen his own position in the aftermath of the fall of Alberoni, his protector. Ripperdá came out the winner, managed to win his post back and the conflict ended, even though Ripperdá maintained the salary cuts decreed by Aguado.

Graver were the events that occurred from January 1729 to January 1731. These involved a string of strikes sparked off by a mixture of motives: the rejection of a headstrong *veedor*, Miguel Stapleton, an Irishman who would end up murdered, wage cuts and other labour questions, plus the political infighting of the Administration and an agent provocateur from abroad. English diplomacy might also have had a hand in it, wishing to head off Spanish industrial development by planting it up with British workers. The conflict started when the weavers complained about the poor quality of the yarn, which slowed down their work and hence cut down their earnings. They also denounced the nepotism of the *veedor* and *intendente*. The purely labour question was complicated by an outside instigator who promised aid from an unknown marquis and the presence of troops to avoid problems of law and order. The agent, one Villalobos, declared that the managers would be ousted and replaced by him. The manager -

Martínez de Murcia, an old factory worker who had come up through the ranks – and the *intendente*, Conde de Medina, were indeed ousted but not in favour of Villalobos. In May 1731 the factory was brought directly under the control of the *Junta de Comercio*. Obviously the factory, as on other occasions, was the cat's paw here of power struggles in higher spheres involving the administrative reform and the economic policy of favouring the *Junta* over the *Consejo de Castilla*.

Problems also cropped up in other factories. In Béjar, where the duke had set up foreign workers with the support of the *Junta de Comercio*, work was brought to a halt in 1729 and the deadlock was not solved until 1731, when the workers' aid applications were met and tax contributions cancelled. Also in 1731 there were problems in the tapestry factory of Santa Bárbara, when the journeymen and apprentices refused to carry on working until their wages backlog of over one year was paid off. The factory, poorly run, had a history of problems dating back at least to 1724, due to the continual unrest being whipped up by foreign workers.

Labour problems at this time did not usually lead to grave law-and-order problems. There is no record in these years of massive troop presence to break up demonstrations, as would occur later. The lid for now was still kept on the violence, probably by the organisers themselves. The abovementioned murder of Stapleton and other similar threats of a serious nature were one-off, isolated incidents. On the other hand there were usually post-conflict trials in which punishment of various forms was usually meted out to the people accused of instigating the action, ranging from prison to the galleys, depending on the perceived gravity of their crimes. From all points of view there would seem to be a great difference between these conflicts and those that occurred in the last third of the century, in a much headier atmosphere.

### 3.6 Less Burdened Peasantry

In the case of the peasantry the fifty-year period under study here left far fewer discernable changes. Time for the peasantry passed more sluggishly than for the other social classes. Their state was inextricably bound up with almost immovable structures such as land ownership and land usage. These other social groups were more affected by the political decisions taken at this time or the new situations arising in the labour world. The peasantry less so. In general terms they could still be divided up into large and small landowners, large and small tenants and day labourers.

Property is indeed an important classificatory factor but consideration also needs to be given to the amount of land owned and its yield. The peasant's situation, in other words, needs to be gauged also in economic terms: a small landowner in the patchwork land system of Galicia, for example (*minifundio*), would be worse off in this sense than the tenant of a large tract of fertile land elsewhere. The situation also varied greatly on a regional scale. The general schema applicable to nearly every century of the Modern Era in Spain was still valid at this time, whereby there were more landowners in the north, but of smaller plots of land, while the number of landowners dropped towards the south and the size of the properties grew. Tenancies followed a similar pattern, except in the case of Galicia, where subletting was more common. This gave rise to an intermediate class of people who lived off the country but were not peasants: they were rentiers but not landowners.

Apart from subletting, the condition of the tenants varied according to the nature of the contract. In general the situation was more favourable for tenants on the eastern side of Spain, and especially Catalonia, with the emphyteusis system: the tenancy

contracts were long term, thus giving stability to the peasants and encouraging them to improve the land. The contracts in Castile were short term and the more frequent revisions played against the tenants' interests, especially on the less fertile land. A common practice in many areas was for the tenancies to last for the life of three kings; this sparked off no little controversy when Philip V returned to the throne after the fleeting reign of Luis I: Was this a new reign or not? Different conclusions were drawn in the various cases. In general terms there was an increase in the number of tenants in the eighteenth century and a fall in the number of small landowners, but it is difficult to pin down exactly when this trend occurred or whether there were differences between the first and second half of the century. In all likelihood, however, the problem would have been greater in the second half, given the increasing scarcity of land in comparison with the pre-1750 situation.

Then there were also the day labourers. They formed a bigger class in the south, especially in Andalusia, where, as a corollary of the sheer size of the properties and the type of crops grown, they added up to a high proportion of the peasant population. There were hardly any variations at all in this whole general scheme during the first half of the century. Any attempts at countryside social reform, very limited in both scope and success, would have to wait until the last third of the century. There were some changes, however, in terms of the reversion of previously sold-off land to the crown. The peasant's situation is generally assumed to have been better under royal than noble seigniors but there is little hard information to bear this assumption out.

The situation of the peasantry depended on some structural factors. The clearest and most direct variables were the land ownership system, land use, land fertility, the population, prices, the climate and the opportunities for selling the products. By bringing all these factors together we can gain a better idea of the peasantry's situation in the first half of the century. We have already seen that there were no substantial changes in the land ownership system and neither, apparently, were there any in land fertility, but there might indeed have been changes in the other factors. The population was growing in the first half of the century, as we have already seen, with a concomitant increase in the demand for farm products. We know that prices did not rise, a factor that worked against the landowners but to the benefit of the consumers, peasantry included, and also the tenants, who did not have to fork out more in rent.

The climate, in comparative terms, was benign. The terrible winter of 1708-1709 is usually mentioned as a catastrophic event; the decade of the thirties was also bad weatherwise, especially 1734-1735 and 1737-1738. Otherwise, however, the weather seems to have been in fairly stable mood. This favoured the general trend of increasing agricultural yield at this time, with no supply crises, reasonable prices and growing demand. As we have already pointed out, in the central moments of Philip V's reign there do not seem to have been any signs of a Malthusian crisis, in terms of population growth outrunning food supply.

This all paints a fairly favourable picture, in comparative terms, of the peasants' living conditions at this time. There certainly seems to be a sharp contrast in meteorological terms between the bad eras that preceded and followed this period. The tax burden was also somewhat lighter on the peasantry, except for the first war years. The treasury's needs were still high but for the time being there were other means of meeting them. From the point of view of both the State and the seigniorial regime, the first half of the century was one of little fiscal movement. Finally, the new and progressively improving trading conditions favoured the cultivation and selling of new farming products, or rather of known products that now began to be grown in larger amounts. The traditional Mediterranean products like grapes for wine production and

spirits, olives, dry fruits increased their output and encroached in general on cereal production. It seems clear that many peasants, especially in the Mediterranean area, were able to exploit these favourable circumstances to improve their situation. All these economic circumstances will be looked at later.

#### 4- The Modernisation of the Economy

##### 4.1 Crop and Livestock Farming in Expansion.

In a predominantly farming economy, modernisation would depend above all on establishing a smooth-running land-use system in all its aspects. Nearly all authors agree that it was largely the failure to do so that thwarted the reformist attempts of the various governments throughout the century. The idea that farming deficiencies made the country incapable of keeping up a higher economic growth rate would seem in my eyes to be quite right in principle; nonetheless, causes would have to be looked into and comparisons made. It is important to remember here that Spain was a thinly populated land with poor soil. This was a sorry base for setting up any agrarian reform, failing some sort of technological transformation. The only technological transformation possible at this time was difficult to put into effect in most Spanish land because it was based precisely on the land's natural fertility. In other countries the economic modernisation of the eighteenth century and the subsequent industrial revolution was largely based on the increase of the population's purchasing power in general and this was still mainly fuelled by agriculture. Natural conditions therefore present themselves as a stumbling block of no little importance, both for the increase of the population and for the production of farming wealth and ipso facto for the growth of industry itself.

In the Spanish case consideration also has to be given to the population drain to the Americas. The more promising prospects of American land lured away much of the lifeblood that could otherwise have helped to improve economic conditions at home. From the start of the eighteenth century onwards emigration to the Americas not only continued but even picked up pace. It was further stoked up by administrative needs and economic opportunities. Although emigration to the Americas was certainly not the only cause, the upshot was that Spain remained a thinly populated country of low-fertility soil, where raising demand was always going to be more difficult than elsewhere in Europe.

The governors' efforts to alleviate the lot of their vassals took other forms, such as reducing the tax burden, which had been crushing in the second half of the previous century, or sending the idle or ne'er-do-wells off to the standing army that had been formed or to the navy. This helped to draw the sting from this social problem. What was certainly not undertaken in the first half of the eighteenth century, as we have already seen, was any step to modify the land-use and -ownership system. Neither was anything done on this score in other countries of Europe, except for those that had undergone a political revolution, like England, which ended up impinging on farming property in the form of confiscations and loyalty awards. In the Spanish case the War of Succession had only a minimal affect on some noble possessions, as we have already seen.

Despite the absence of reforms, and as proof of the fact that, at least in these years, such measures were not strictly necessary from the economic point of view,

agricultural output increased during the whole first half of the eighteenth century and at least up to 1760. It was at that point that the land-pressure factor kicked in, changing the circumstances thereafter, but not beforehand. Until this moment the population boom was accompanied by a slight rise in prices and an increase in agricultural output, including some changes that inverted the previous situation.

During the seventeenth century the ruralisation of activities had led to the replacement of wheat by inferior cereals, but now this trend was reversed with wheat recovering ground on rye and oats. The whole of unirrigated farming increased its output, as indicated by all the tithes records we have for the whole of Spain. Nonetheless the increase was not enough to build up a store that might tide the country over difficult times, like the crises of the seventies when grain had to be massively imported anew. The output of other crops also grew, leading to a greater diversification. Maize, grown on the Cantabrian coastline since the seventeenth century, potatoes, increasing at a slower rate and vineyards, especially in such spots as La Rioja, the Duero valley, Jerez or Catalonia; products for an industrial application such as silk in Valencia, or linen in Galicia. In irrigated areas the market-garden and orchard produce increased, especially around the quickest-growing cities. The cultivation of legumes also increased.

In general terms and to summarise a full picture of causes and effects that would take us beyond our remit here, we can claim, as has recently been written, that the fifty years following the War of Succession comprise the most brilliant era of agrarian expansion of the eighteenth century and also the period in which this expansion came up against fewest snags. This general situation varied according to the particular regional effect of the so-called seventeenth century crisis. In those areas where the recovery had already clearly set in by the second half of the seventeenth century or those least affected by the crisis, the eighteenth century began with an upbeat production trend. This was particularly true of the Cantabrian and Mediterranean coasts. In areas, mainly of inland Spain, where the recovery took longer, however, the production upturn was likewise delayed. In any case the development was already patent from the War of Succession onwards. The areas most favoured by the historical circumstances experienced a veritable farming bonanza in the first half of the eighteenth century, having built up momentum over a long period. The least favoured zones, on the other hand, experienced a much more modest upturn. In many cases it would not be until 1760 or later that harvests matching those obtained in the best moments of the sixteenth century were once more recorded.

Probably the clearest example of a favourable agricultural trend in the first half of the eighteenth century is Galicia. There the growth was clear as early as 1645 and lasted until 1760. A fundamental factor in this prosperity was the development of new crops. Although output and population both grew, transforming the landscape, there were no structural changes that might have ensured continued growth in the future. In Catalonia, on the other hand, sustained agrarian growth, manifested in the long-term rise of agricultural prices, did end up by producing more important changes, bringing crop specialisation into relationship with product marketing. A capitalist mode of agriculture was eventually set up, especially in the coastal zone, calling for investment of capital and ensuring a good return thereon. These capital flows were later incorporated into industrial development. A similar model, albeit somewhat more tardy, was also developed in some one-off spots of the Mediterranean.

The inland areas, mainly cereal growing, showed a less clear, patchier development. Nonetheless there was still a growth in output in these zones in the first half of the eighteenth century, albeit without even recovering sixteenth century levels in



many places. From that time onwards there had been a clear shift in the economic and demographic weight of the regions of Spain, the outlying areas growing much quicker than the central areas. The change became evident in the last third of the seventeenth century as a result of the different degree to which each region was hit by the crisis of that century; this regional differentiation became even stronger in the first half of the eighteenth century. The inland areas did recover too, but without regaining the previous levels and falling further and further behind the breakneck growth of the coastal zones.

One significant inter-regional difference was the yield. In all areas the increase in output was achieved by bringing previously unfarmed, supposedly lower-quality land into cultivation. This led to a steady fall in agricultural yield. The lack of technical transformation curtailed the expansion possibilities once the poorest land had to be brought into cultivation. In some areas, however, the farming of new land went hand in hand with the development of new crops or the advance of new techniques such as fertilising the land so that less had to be left fallow. But population density and land quality were once more limiting factors here. On the one hand it was often not worth making greater investments if the low population (and low demand in general) meant the market was not assured; on the other, the new techniques were often incapable as yet of improving the yield of some land. The problem of the natural conditions was probably exacerbated by an ownership structure that had become more rigid after the seventeenth century crisis, paring down the number of small proprietors.

Another important source of wealth was transhumant sheep rearing. Their wool was used partly in the national industry and was partly exported. The transhumant sheep were owned by a series of large and small sheep farmers, the former more powerful, and all associated under the traditional sheep-owners' guild called the *Mesta*. From the institutional point of view the date and events of 1700 saw no modification whatsoever in the *Mesta's* privileges; as with the city guilds it may even have come out stronger. In 1702, for example, the crown decided that the fodder price would be frozen at the 1692 level. This made sheep raising cheaper to the detriment of the pastureland farmers. In 1706 the traditional privileges were reaffirmed, in particular the *derecho de posesión* (permanent pasturage occupancy right after payment of the first rental), which tended to keep pasturage prices at the old rates. In 1726, the *Mesta* was able to extend its privileged system to some brotherhoods of the Crown of Aragon. Throughout the whole first half of the century, therefore, the *Mesta* strengthened its position.

At that time the land-shortage problem had not yet become acute. The pasturage-land versus arable-land conflict would then worsen as from 1748. In that year, the king, ruling in the *Mesta's* favour, ordered that large tracts of land converted to arable in the last twenty years should now be turned back to pasturage. For some time now the relative scarcity of pasturage land had been pushing up prices. This problem had long been bubbling away under the surface but now reached its boiling point. Up to that time the differences between livestock farmers and crop farmers, or industrialists, as we will see later, had taken the form of a struggle of group interests. But the *Mesta's* privileges had not been harmful to the Spanish economy; rather the reverse, for they were a clear source of wealth, according to the economic scheme of the time, both for the proprietors themselves and for the *Hacienda*.

In the first half of the eighteenth century there was a further increase in the number of transhumant sheep whose owners belonged to the *Mesta*, favoured by the maintenance of the privileges and probably the climate of economic buoyancy in general. The total head of sheep had grown continuously since bottoming out at an all-time low of about 500,000 in 1630, due to the problems of the time. By 1708 this number had grown to over 2 million, slightly below the normal figure for the sixteenth

century. From that year on the growth rate picked up pace, rising well above 3 million by 1724. The increase continued until peaking between 1755 and 1760. From then on the number fell steadily. As regards the peak years around 1750 the figures given by different authors range from 3.5 million to 5 million. Even the lower figure would exceed the best moments of the fondly remembered sixteenth century.

As far as we can ascertain most of the merino wool was exported to factories of other countries. The figures to hand confirm a boom in this trade too during the first half of the century, more or less in line with the increasing number of sheep. The sources for finding out wool export figures are fiscal, those of the *Hacienda* itself, so they depend on the system used for collecting the export tax. For some time the tax was leased out to financiers who paid the king a fixed sum and then saw to the tax-collecting arrangements in this sector and drew up their accounts. We only know, therefore the fixed sum they agreed to pay in the leasing contract, a sum that must have been lower than the actual figure collected or they would have come out losing on the deal. In some years the leases changed hands frequently and the contracts could vary. Consideration must also be given to the fact that the revenue was collected directly by the crown from 1714 to 1730, in which period, as we will see below, the revenue increased. With all the above caveats, the sums received by the *Real Hacienda* from 1690 to 1748 were the following (in pounds of washed wool):

1690 to 1714	3,400.000
1715 to 1722	rose from 3 million to 8 million, with annual increases.
1723 to 1730	Varied from 8.5 to 12.7 million according to the year
1731 to 1736	5,700.000
1737 to 1742	6,400.000
1743 to 1748	7,300.000

The figures from 1715 to 1730 show that, once the direct revenue collection system had settled down, the trawl was much higher than the revenue farmers had managed to establish. The increase as from 1715 is consistent with the growth in the total head of sheep, although these figures may be gross before deduction of organisation costs. The figures given by the revenue farmers were net, received in their entirety by the *Hacienda* with no more overheads. Seen in this light the 1731 figure does not seem so surprisingly low. Another factor to take into account here is that the industrial promotion policy then being pursued might have discouraged the exportation of too much merino wool, thus reducing the exporters' profit prospects. In any case this field was wide open to fraud, since the textile industry, although growing itself, could not keep up with the pace of merino sheep numbers or export possibilities. Be that as it may, exports did continue to increase, as the figures show, in relation to the growth of outside demand. This was another feedback factor fuelling the increasing number of merino sheep.

In 1749 the *Hacienda* began to collect directly all the revenue that had hitherto been leased out. This put an end, therefore, to the royal revenue farmers. Although it falls outside our period here, it is worthy of note that exports soared in the first years of direct revenue collection and hence the revenue collected thereon, the 1748 figure being more than doubled by 1752. There was a slight downturn afterwards, probably in relation to the subsequent fall in the number of sheep. The difference between these two figures gives a good idea of the possible gains of the revenue farmer and also shows the

intrinsic limitations of the mercantilist systems based on privileged monopolies, not to mention the problems faced by any minister who wished to improve the efficiency of the system.

#### 4.2 The *Junta de Comercio*

As we have seen agriculture was no great cause of concern for politicians in the first half of the eighteenth century while transhumant livestock farming was only a slight preoccupation. What did concern them, and considerably, was industry and trade. Not so much traditional industry, still straitjacketed by guilds and cosseted by tax exemptions, but the creation of new industry to solve what they saw as the grave problem of the abundance of foreign goods in Spain. The domestic trade of fairs and markets, still regulated on a traditional basis, interested them somewhat less. Above all they set their sights on foreign trade and especially trade with the monarchy's American territories. Trade and industry, or vice versa, were the special concern of a body that had been set up back in 1679, but which achieved a notable stability and activity level in the next century: the *Junta de Comercio y Moneda* (Board of Trade and Currency). This board was in charge of studying and legislating on questions we would today call trade, monetary affairs and industry, also seeing to other related aspects such as the presence of foreign artisans and merchants or mines. All these responsibilities were reflected in its official title but its name was already being shortened to *Junta de Comercio*.

This *Junta* was therefore steeped in the sixteenth and seventeenth century way of dealing with specific problems that fell outside the normal course of affairs. A *Junta* in those days did not call for permanence; it might meet today and then not be called again for another nine years, and with different personnel. The term "*Junta*" therefore came to mean an ad hoc and spasmodic activity to deal with a specific matter. The *Junta de Comercio* thus came down to the eighteenth century after a higher activity profile in the nineties of the previous century and embarked thereafter on a continuous process of institutionalisation that would set it up on a more stable basis, whilst also overcoming the responsibility disputes with the *Consejo de Castilla*.

The process, however, was long and drawn out. In 1705 a *Junta "de restablecimiento del comercio"* (trade reestablishment board) was set up, supposedly with superimposed powers and responsibilities. It never substituted the *Junta de Comercio* and ended up being merged with it in 1707, one of the first attempts of the Bourbon government to consolidate the institution. In 1714 the *Junta de Dependencia de Extranjeros* (Foreigners' Dependency Board) was set up, to fulfil a responsibility that previously fell within the remit of the *Consejo de Estado* (Council of State). Although abolished some years later, it was re-established in 1721 only to be finally merged with the *Junta de Comercio* in 1748. One year earlier the *Junta de Minas* (Mines Board) had also been absorbed. This *Junta* had been operating on a more specific basis since 1677, after which it must have dropped out of existence for a while to be reinstated in 1742.

The *Junta de Moneda*, created in 1730, was immediately merged with the *Junta de Comercio*. This extension of its powers and responsibilities went hand in hand with a reinforcement of its authority vis-à-vis the *Consejo de Castilla*, for subdelegates were appointed in all provinces, one of their tasks being to exercise jurisdiction over the guilds. In 1730 the institutional dependence of the *Junta de Comercio* was clearly established as coming under the *Secretaría de Hacienda*. The *Secretario de Hacienda* would be its president. The tug of war with the *Consejo de Castilla* did not end there.

There were in fact numerous jurisdiction disputes and lawsuits but in general the dependency was clear and the *Junta* was able to work untroubled, especially in terms of the renewal of guild *ordenanzas*, formerly the responsibility of the *Consejo*. 1730 can therefore be taken to be the date of the refounding and definitive stabilisation of the *Junta de Comercio*.

The powers of the *Junta de Comercio* were very wide ranging. They could be said to take in everything we generally call "economy" except for the specific field of taxes, which depended directly on the *Secretaría de Hacienda* and its *Direcciones Generales de Rentas* (Directorates General of Revenue). One of the most burning questions, however, was industrial promotion, a goal the *Junta* pursued, as it had done since 1679, with a policy of tax exemptions. One of the reasons for the leaden development of traditional industry was thought to be the weight of taxes, so situations were slowly introduced in which certain taxes could be avoided. The aim was to lower production costs and thus increase the demand for certain products.

The system was ad hoc, on a case by case basis, thereby creating pools of privileges, benefiting some more than others. It worked like this: each industrial activity – a guild or private businessman – would apply for the exemption, which would then be granted for a given number of years as long as the applicant could prove a reasonable expectation of the profits it hoped to obtain from the exemption, based on a minimum number of resources that made these profits likely. A proven track record was therefore, at least in theory, the main eligibility prerequisite for the exemption. As for specific privileges, these involved exemptions from *alcabalas y cientos* (sales tax) on factory sales or the right for transporters to carry arms to defend themselves from bandit attacks; or the honorary distinction as "*fábrica real*" (by royal appointment) or exemption from *levas y alojamientos* (levy and billeting obligations) for the workers. The system became particularly widespread in the thirties and forties and proved to be effective, albeit almost certainly limited. An important step forwards was taken in 1752 and 1756 when it was decided that privileges would no longer be granted on a one-off basis but in general to all manufacturers of a given sector. Even so this was still some way from a general exemption that would really expedite things for manufacturers.

On many occasions what the *Junta* granted was exemption from guild jurisdiction so that private businessmen could set up on a free entrepreneur basis, usually with some privileges thrown in. This is actually one of the most interesting activities of the *Junta*. This policy was applied to strangers who needed to set themselves up outside the guild's control but also to Spanish manufacturers who applied for the exemption. This favoured a sort of entrepreneurial freedom, since neither the employer nor his workers nor the manufactured goods would be subject to the regulations. In the first half of the century these situations were exceptional; on some occasions, especially in the first thirty years of the century, they were even monopolistic; but this progressive opening of a legal business framework outside the guild network clearly smacked of the future. What by the end of the century had come to be known as industrial individualism was already incubating in the times of Philip V.

Another field in which the *Junta* worked often and with some success was the hiring of foreign workers, ostensibly experts in manufacturing techniques and methods that were unknown in Spain. It was a question both of improving quality and introducing innovations and breakthroughs. The economic problems of the second half of the seventeenth century had lowered the demand for products of a certain category and hence produced a fall in the technology level precisely at a moment when other countries were beginning to make significant technological advances. Furthermore, the ever tighter grip over trade held by foreign merchants meant they were the only channel

for providing any new products demanded in Spain. This situation clearly did not tally with the best mercantilist practices.

A real change in this situation began to set in from 1680 onwards. In the two last decades of the seventeenth century there are many scattered records of foreign masters being lured to Spain by diplomatic agents to set up here on the basis of start-up tax privileges and financial aid. In return they would be bound to teach the Spanish apprentices. Many of the monopolist entrepreneurs we have already referred to came from this origin, such as Humberto Mariscal, who set up in Cuenca, or Francisco Revellart, in Valladolid. In Andalusia there were numerous business initiatives under the charge of foreigners, while they were also responsible for the renewal of the Catalonian silk industry in the late seventeenth century. In the first decades of the eighteenth century other masters arrived, such as the clothmakers Gil de Angot or Juan Bautista Humel, who also set up shop in Valladolid.

In other cases, instead of a master, a series of workers was hired with a specialist at the head of them, to carry out undertakings of greater scope. Witness the case of the workers hired by the Duque de Béjar in 1691 to improve the traditional clothmaking industry or those brought here by Bergeyck for the Valdemoro factory, the first of the fixed-capital intensive factories with all processes concentrated in one building, or the Dutchmen who set up the Guadalajara cloth factory in 1717, another capital-intensive concern and the first belonging to the State. The *Junta de Comercio* was always beavering away behind the scenes here to promote and coordinate these operations or expedite the granting of the corresponding privileges. But these arrangements were not exclusively the work of the *Junta*, especially in terms of the overseas side of the arrangements; these were still a diplomatic question depending on the *Secretaría de Estado* (State Secretariat).

Once these factories had been set up with a large number of workers to get them going, the next step tended to be more selective, i.e., the hiring of specific masters capable of carrying out a strategic operation with a high level of skill. Some examples are the master dyers Pedro Ollier, who came from Holland in 1718 and ended up establishing a dye factory in Madrid, or Charles Cornu, who came to the Guadalajara factory in 1734, at the behest of the then head dyer in the firm, another Frenchman called Claudio Fisamen. In 1741 another French master arrived at the same factory, the carder Luis Martin. In other fields of industrial technology foreigners also made a huge contribution to the progress of their specialities in Spain. Flemish and Swiss experts (Jorge de Bande, for example), had played a key part in the iron industry since the seventeenth century. Frenchmen and Germans were involved in the setting up of the blast furnaces of Ronda and of Jimena de la Frontera, now in the reign of Philip V. The shipyards were also full of foreigners of many different nationalities.

The search for foreigners did not fall away afterwards, rather it picked up pace but there were moments of greater intensity than others. But there was also a flow the other way, of Spaniards abroad, either to learn their trade – i.e., to spy on the machinery being used abroad – or to attempt to hire workers of even higher skills. One of such trips, in Philip V's reign, was made by Ventura de Argumosa, who was commissioned in 1745 to travel to various countries to check over their factories, copy their machinery and find skilled workers interested in coming to Spain.

All these activities, ostensibly merely technical, implied serious risks. Technological knowledge and expertise were regarded at the time as state secrets and emigration to other countries was punished with the death penalty. The abovementioned *veedor* of the Guadalajara factory, Miguel Stapleton, had been called back by the authorities of his home country. Shortly afterwards he was murdered in circumstances

that have never been cleared up. The danger was real, therefore, and the information was obtained by espionage type methods. The spy was often called upon to be a technician too, to be able to copy the machines, although he was not always able to see them for they were often kept hidden.

The *Junta de Comercio* was involved in many other activities besides granting tax exemptions and helping to seek skilled technicians. For example it helped to clarify the situations in which nobles could have a direct participation in industrial manufacture, as owners or executives, to pre-empt a shunning of these activities due to social prejudices. This affected above all *hidalgos* or merchants setting their sights on ennoblement. The Junta also fostered the creation of provincial juntas to coordinate actions of industrial or commercial promotion.

### 4.3 A Controversial Innovation, State Factories

It has become a commonplace to say that it was precisely French influence that prompted the new French dynasty to favour economic reforms, or even to initiate them, as was formerly claimed. The real situation is more complicated and calls for a much closer look. To start with we have already seen that much of what was done in the first years of the eighteenth century was already underway beforehand, including all the process we have just analysed in relation to the *Junta de Comercio*; true it is that the political change gave a new look to some questions but not to all of them. It is also worthy of note that in the years of heaviest French influence – up to 1710 – the economic reforms were limited to raising war funds, while other reforms were curbed because they did not benefit France or because they were not considered to be top-priority for the conflict. We will later look at the American trade from this viewpoint. As for industry, two things need to be said: firstly, that the situation from 1701 onwards was one of continuity, proceeding with the intermittent measures of the *Junta de Comercio*, but the strengthening of this line of action would have to wait. It is true that the war years were not the best time for such an undertaking but it is no less true that all the activities we have just mentioned were increasing apace in the 1690s and then came to a dead halt at the start of the conflict. By the time the need for reforms had again become pressing the French influence had waned. The dynasty was indelibly French but it no longer governed to the dictates of France.

The second point we need to make here in regard to industrial promotion is that the great innovation of the reign, the creation of State factories, turned out to be precisely the most controversial aspect of the realm's whole economic policy. Public opinion at this time did not often allow itself the luxury of openly criticising government action; it usually did so indirectly and more guardedly by pointing out what was lacking in this action. In this case, however, it was much more upfront, fiercely criticising what was actually being done. The government, however, pressed on heedlessly. Moreover, it is true that the model was French, but it was not the French who carried it out. This policy was inaugurated by Alberoni, an Italian in Spain, who had become familiar with the model in France but he set it up in Spain to serve Spain's own interests and some Italian interests but not to serve France. In other fields too some years would have to pass after the war of succession before any substantial changes or innovations were seen. And by that time it was clearly Spanish interests that were at stake, albeit always with interference from others. From this point of view it was rather foreign policy that balked the flow of necessary resources for the reform process.

The creation in 1717 of the Royal Textile Factory of Guadalajara represented the implementation, very probably for the first time, of the State manufacture model, at least in a sector that was not militarily strategic but important only from an economic point of view. The implementation of this model, which would then go from strength to strength throughout the century, brought in some changes, not all of them positive. On the credit side mention must be made of these companies' objectives, focusing on three main aspects: to raise the quality of industrial production by introduction of goods hitherto unknown in Spain; reduce imports by raising both the quantity and quality of home production and, finally, create jobs for Spanish workers and train them up for their tasks by the technical courses given in the factories. It is clear that these objectives, besides being costly, were achieved only in part and very slowly, because there was little sign of them during the reign in which these companies were created.

The reason why these firms fell so short of their targets can largely be found in the drawbacks of the idea when actually put into practice. First and foremost the Colbertist idea that "the prince should be a merchant", i.e., a businessman, or in other words that the State should intervene by setting up and running firms, implies in its very conception a strong State control. This ends up as inefficient because it necessarily raises transaction costs and therefore expenditure and also tends to bureaucratise the management. The tenured official system of filling executive posts also tends to politicise the management.

The concentration of all resources in one building, often a huge one at that, could also prove to be inefficient unless there was a good technological reason for doing so. In this respect it could be said that the Colbertist model was badly emulated, for Colbert's factories were of other products and he would never have dreamt of packing hundreds of broadcloth looms into a single building. As has been pointed out by La Force, the incessant growth of the Guadalajara factory led to huge diseconomies of scale in the quest for a supposed control of work and its quality, which proved impossible to impose for decades. All these problems tended to spark off labour disputes, sometimes open-ended in duration as we have already seen, lasting as long as the political situation causing them remained unchanged.

In 1717 State factories were not a novelty in Europe. The system was long-standing in France. It is true that the system was beginning to be copied elsewhere but all the abovementioned defects were known. Quite possibly the instigators of the system in Spain went ahead on the mistaken assumption that these difficulties could be overcome. Be that as it may, the Guadalajara factory provoked debate about the model right from the start. Some were of the opinion that the king should not directly meddle in business activity, only lay down the legal framework; people of this turn of mind therefore scorned the very idea of the State firm, especially in view of the many privileges they enjoyed, giving them almost a monopolistic power. Others, for this very reason, regarded State firms as further unfair competition in a world that was already teeming with privileges. Others again were not necessarily opposed in principle to the idea or the privileges but regarded the leviathan economic approach to be ruinous and unprofitable.

Apart from the abovementioned defects the policy of setting up State factories tended to draw money and attention away from other activities where they may have been better spent, balking the development of other tried-and-tested business lines that were not only more in keeping with the Spanish industrial tradition but also more efficient. The future was to show that State factories generated a low yield and high expenses. Nonetheless the policy of tax exemptions and other types of one-off financial aid slowly began to favour private entrepreneurs.

Notwithstanding all the above, State factories did make some sense if looked at from a strategic point of view. Here the strategy was threefold: military, economic and national prestige. It would seem to be reasonable to set up State factories in the armaments sector, to supply the army; a State effort in the interests of promoting a given economic sector is also laudable, providing it is kept within reasonable limits, which was almost never actually the case in the eighteenth century. Finally, it would also seem to be reasonable for the king to set up factories manufacturing luxury products to supply the court, rather than depending on imports. What the pundits of the time criticised was not so much firms of this type, which were certainly beyond the scope of the private enterprise of that time, but rather the obdurate determination to set up the manufacturing system and industrial growth on a basis that was clearly uneconomic, justified only on the grounds of job creation or generating more goods for the market. This job-generation and production-boosting drive had a high social cost that had to be defrayed from State coffers.

Technological advance is often pointed to as one of the achievements of State firms. This seems to be undeniable. Many of the best foreign technicians who worked in Spain in this century, teaching apprentices and journeymen the new techniques, did so in State factories. Some of them were able to supply other firms with specialist technicians. The results seem to have occurred quite quickly, because the Spanish apprentices were fast learners and the new foreign technicians brought in always concentrated on new products. Against that, it is also clear that other technicians who had set up their own businesses with very little aid also performed well and cost the State far less money.

In the reign of Philip V at least five State firms were set up, while the Seville tobacco factory, a peculiar case, was already up and running beforehand. The tobacco factory had been set up in the seventeenth century in response to the need to control the supply of manufactured tobacco under the monopoly system. In the first half of the eighteenth century the growth in tobacco revenue and demand prompted the enlargement of the workshops. Projects for a new building were mooted but proved to be economically unfeasible. It was not until the reign of Ferdinand VI that the great building was constructed, still standing today but now being used by Seville University. Nonetheless, the original factory of San Pedro grew substantially in Philip V's reign. By 1730 there were 500 snuff workers and 170 mules to move the mills, while the cigar workshop employed 100 workers.

Conversely, no expense was spared in setting up and nurturing the Guadalajara broadcloth factory. The tobacco factory's growth was demand driven. The broadcloth factory, by contrast, aimed to muscle in on a market that already had established supply lines. Only by dint of quality and low prices could they hope to get their foot in the door, and this was some time coming. The factory started with a group of Dutch workers who caused lots of problems but gradually consolidated the manufacture of broadcloth, a product no longer made in Spain due to the former industrial decline; it was also a product in which much technical progress had been made elsewhere, improving the old manufacturing processes. The problem of the Guadalajara factory was not so much the idea per se but rather bad management, poor technical results and the costs generated by the obsession with growth.

The sheer difficulty of the project soon came to light. Organisation obstacles were exacerbated by the infighting and power struggles perpetrated by Ripperdá, who ran the factory up to 1724. The textiles produced were low quality and highly flawed; it therefore proved impossible to shift them and recoup the initial investment. Under the management of Martínez de Murcia (1728-1731), a person trained in the factory since



his childhood, the abuses were not entirely abolished but a start was made on ironing out the production problems. This was partly done by following the general guidelines given by Uztáriz on his former visits to the firm: bring the management under a suitable person, limit the technical process faults, give more rein to the Spanish workers now trained up for the task and, above all, not increase the number of looms.

In 1731 the *Junta de Comercio* took over control of the firm but improvement was slow. In 1737 a visit by José de la Quintana proved to be more effective than earlier ones and the new manager, Moneda y Garay, achieved a notable upturn in the company's fortunes. By the forties it was managing to produce high-quality cloth but still at a high cost. The improvement was such that in 1745 there was even an attempt to make the firm stand on its own feet financially. The figures showed that the self-financing attempt might have succeeded, had it not been scuttled by a decree from the *Secretaría de Hacienda* ordering a new increase in the workload.

Before the end of Philip V's reign the Guadalajara firm was well established and growing strongly: by 1745 it was running 75 broadcloth looms and 40 serge looms, striking figures, especially bearing in mind that a total of 1100 workers had to be within the walls of the factory to operate them. Output had grown to match. In the twenties about 350 pieces of cloth, of low quality, were being turned out a year; by 1745 this figure had risen to 751, and now of good quality. Production continued to grow in the following years. But costs grew too; in the early years *Hacienda* invested an average figure of 900,000 *reales* a year; by the forties the annual average had risen to about 1,200,000 *reales*; by 1745 it had risen to a million and a half and would continue to grow afterwards.

The glass factory of San Ildefonso is a different case. At the start of the eighteenth century high-quality glass was no longer made in Spain and the demand was met by imports. These imports were fairly expensive so the king decided to foster the manufacture of luxury glass, as had been done in France. The new activity was launched by several monopolist entrepreneurs, who received their corresponding privileges. *Tomás del Burgo y Compañía* received permission and privileges to set up a glass factory in 1712 and Juan Bautista Pomeraye received a similar privilege in 1718. Neither of these ventures prospered. In 1720 they forfeited the privilege and it was granted instead to Juan de Goyeneche, who succeeded in setting up a glass factory in his Nuevo Baztán complex. But the enmity of the Madrid glass merchants and the high costs of the firewood put paid to a promising business four years later.

Buenaventura Sit and Carlos Sac, two workers who had been with Goyeneche, set up on their own account in the vicinity of San Ildefonso under the aegis of a privilege granted in 1727; their business was based on the supply of glass for the windows of a new palace. As Juan Helguera explains, the new company was a success, but its promoters did not have the wherewithal to enlarge it. After a few unsuccessful attempts to do so, they managed to get the queen to patronise a new State-owned company of which Sit was named the manager. This occurred in San Ildefonso in 1736. Sit managed to draw in more workers from Catalonia and Alcarria, two sites with an artisan glassmaking tradition, thereby managing to enlarge the staff and increase the output.

He also improved the manufacturing techniques, replacing the glass-blowing process, which allowed only the manufacture of small pieces, by the glass-casting process, which could produce larger pieces. The good technical prospects turned the monarch's thoughts to the possibility of setting up a high-level glass and mirror factory. In 1745, a French merchant established in Madrid, Antonio Berger, was commissioned to hire specialist workers in France. Berger then carried out another of the espionage

ventures typical of these missions and ended up in the Bastille, although he managed to escape later. He had also managed to send over the French workers, who arrived in San Ildefonso a few days after the death of Philip V. Fortunately the new king continued with the project and in 1751 the company was definitively set up.

These were not the only State companies of the reign. To this list must be added the artillery foundries of Barcelona and Seville, although these were conceded under *asientos* to private managers, a State-dependant rigging and sailcloth factory in Biscay in 1721 and the famous tapestry factory set up in Madrid also in 1721. The companies of luxury products to supply the court depended on courtly demand while the military companies depended on military demand and they both therefore performed well, in general terms, for as long as this demand remained buoyant, i.e., for as long as the State had money to spend. The reign of Philip V, especially its second part, was clearly a good time for such business ventures, although they still ran into a host of technological and managerial problems, always overcome because the purchase of the end product was assured.

The State factories adopted the concentrated system, i.e. with all – or most – of the production processes concentrated in one building. The term “factory” here should not be confused with the same term used for later organisations. The unification of the processes under the same roof was motivated here by political interests and a labour conception of work control. By the end of the eighteenth century it was technical reasons that led to the development of the factory system, i.e. the modern factory. It was precisely the lack of any real technological backup to the concentration process that led to all the economic problems, for these firms had high overheads due to the huge buildings they had to construct and maintain and because they were usually overmanned. They were also trying somewhat forlornly to turn out quality goods using largely traditional techniques so their productivity was never high. Attempts were always made to introduce the new technologies and methods but they were seldom successful. In some cases certain machines were not introduced because they displaced a lot of labour and full employment was also part and parcel of these firm’s objectives.

Although all these ideas seemed to be more politically than economically motivated the model was not applied only to State firms. A substantial number of private entrepreneurs also enthusiastically took up the concentrated-factory formula, which had already existed back in the seventeenth century. Witness the table linen factory of La Coruña, studied by Enciso Recio, for example, which was one of the first companies of its type in the textile sector. Adrián de Roo and Baltasar de Kiel were Flemish merchants holding several crown *asientos* since 1675. In 1686 they signed a contract to supply the royal house with fine table linen and set up the factory in La Coruña, which was joined to other initiatives of theirs. Precisely one of these initiatives was a textile factory which prospered somewhat under the guidance of Miguel Stapleton. Upon the death of the two owners in 1725, the textile factory closed down and Stapleton was taken on in Guadalajara, where we have already seen what fate held in store for him.

The heirs, however, did proceed with other initiatives, including the table linen factory. They managed to sign two *asientos*, one short-lived one in 1718 and another in 1725, which came into force the following year and in fact lasted until 1769. According to Enciso Recio’s account the factory occupied a site outside the city walls, 165 *varas* (1 vara = c. 1 yard) long and 23 *varas* wide. In the years running from 1727 to 1750 the table-cloth and -napkin business with the Royal House added up to about one million *reales* at 1725 prices, which were still in force. The factory was hard put to make ends meet. Not only did the Royal House pay late but the prices were not updated; nor was

any consideration given to the rise in raw material prices or in wages or the price increases caused by the currency devaluations of 1727 and 1737. In the same period about 7000 sets of table-cloths and -napkins were sold to the public while others were sold on the American market, where they faced competition from German and Flemish products. By the middle of the century the La Coruña factory had a 500-strong staff and was running 16 looms.

Other concentrated firms were the property of the diverse monopolist entrepreneurs who received privileges from the *Junta de Comercio*. Leaving aside a couple of special iron firms, such as the factories of Eugui and La Cavada-Liérganes, also privately owned, working mainly for the army and with a capital and size in keeping with their characteristics, most of the concentrated firms were small workshops where the masters worked with a small staff of workers. Mention is usually made of a list of 83 firms included in an incomplete census of the *Junta de Comercio* in 1746. But this list referred to "privileged" firms, i.e., those that had received favours from the *Junta*, so it is difficult to ascertain how many of them were concentrated firms of private entrepreneurs as described herein, regardless of their size, and how many were guild-based activities, which used to receive the privilege jointly, together with all the other factories of a given site. In this case the term refers to the whole production of a given area, achieved by means of small, scattered workshops.

In the case of the nascent cotton industry there was a lot more technological sense behind its concentration process. The first known factory seems to have been that of Esteban Canals and Buenaventura Canet, a textile merchant and a *corredor de lonja* (commission merchant); the company was set up in Barcelona in 1738. Canet was related to the suppliers of Maltese cotton. Both were guild members of their corresponding commercial sector but there was no guild for cotton artisans because it was a new production activity. The cotton industry took off quickly. The cotton was made entirely in Barcelona, as opposed to the printed fabrics, traditionally made in workshops with a stamping machine, which merely stamped the pattern on fabrics imported from elsewhere.

Up to 1750 cotton fabrics were the preserve of the fabric merchants, like Jaime Guardia or Bernardo Gloria, who hired weavers from other guilds. This broke with the normal guild practices and brought the activity more into line with capitalist procedures. Other producers then broke into the sector. In 1740 there were about 12 cotton looms, indicating the birth of the activity; by 1750 there were 8 factories, with a total of about 300 looms. Some firms had by now become sizable; R. Fernández tells us that Gloria's firm was running 34 looms in 1748.

The birth of the cotton industry in the reign of Philip V can be attributed mainly to two factors: firstly the initiative of the merchants who, riding the favourable commercial wave, launched themselves into a new activity and secondly the government's protectionist policy, which shored up this private initiative. Both factors played their part and in this case the protectionism clearly benefited the industry.

#### 4.4 Production in Scattered Industry.

If firms concentrated in one building were almost new in the reign of Philip V and State firms were almost unprecedented in any former reign, traditional industry underwent hardly any changes in this reign. Nonetheless, it should be pointed out that industry as a whole experienced a sharp increase in production in this first half of the

century, peaking in about 1750. As we have just seen the concentrated firms managed to consolidate themselves precisely from the thirties onwards but traditional industry was also affected by this increase in output. It was still organised in guild form or in the form of other freer and time-honoured industries such as the foundries or the mining activities, which also experienced a demand-driven output increase in the first half of the century.

The textile industry is usually regarded as the most important for its characteristics and extension. The traditional textile industry turned out mainly wool and silk fabrics. The wool industry had a long-standing tradition in some cities, especially the Castilian ones. Segovia was the leading light. Its production of woollen cloth had plunged in 1630/1640, after which an upturn seemed to set in during the last decade of the seventeenth century, when about 4000 pieces were turned out. During the War of Succession and in its immediate aftermath the output dropped again, bottoming out at 2700 in 1717. From that year on production picked up again until reaching a century-high of 6161 pieces of cloth in 1759. In any case these figures still fell short of the boom years of the late sixteenth century.

In Segovia, as elsewhere, the growth in the first half of the eighteenth century was based on a progressive specialisation of the masters. The stronger ones tended to gobble up the weaker ones, concentrating production in fewer workshops, with the result that fewer masters working in fewer workshops turned out more, even working with fewer looms. This trend, already present by the middle of the century, became more marked in the last third.

Another traditional wool city was Palencia, which confirmed in this century its specialisation in the manufacture of blankets and *estameñas* (a type of worsted wool), the output of which also increased at least up to 1750. Cuenca specialised in *barraganes*, the output of which also began to pick up mid century. Some cities like Ávila, Salamanca or Zamora failed to revitalise their woollen industry (Ávila had some success towards the end of the century) and others, like Valladolid, achieved a certain reconversion. This city became an important production centre of fine worsted but not before some previous vicissitudes that are worth recording as an example of how industrial promotion was sometimes tackled at this time.

It all started in 1720 when the *Consejo de Indias* (Council of the Indies) asked for solutions to the contraband activities in the Americas. One of the proposed solutions was industrial promotion and the *Junta de Comercio* was asked to look into the matter. As on other occasions, the *corregidores* were asked to write reports, all of them very negative. But the *corregidor* of Valladolid, in agreement with the textile guilds of the city, proposed a plan: reinvest in industrial promotion the tax benefits received by the *Hacienda* from the 1713 reform, which had increased the tax census. The guilds and some private manufacturers undertook to set up looms with the aid received from the tax reduction.

The government accepted the plan and in 1722 a *Junta Particular de Comercio* (Valladolid Board of Trade) was set up under the *Junta de Comercio* to supervise the whole operation. By 1724 the money for the 1714-21 period had already been spent without any great success. Thoughts then turned to the setting up of a hospice, which, besides supplying a building and own machinery, would ensure a supply of manpower while also serving a social purpose. Things turned out to be more problematic in practice. The hospice was set up but its factory's peculiar supply of workers proved to be too unskilled for the task in hand, even though they were backed up by some professional workers; moreover, the private manufacturers failed to install all the promised looms and the guilds began to complain that for them there was no real tax

reduction, because what they paid formerly to *Hacienda* now went to the *Junta Particular*, which was in any case mismanaging the whole affair. Output did increase, however, and by 1729 there were nearly 70 looms of common *estameñas*.

In 1728, moreover, the government siphoned off much of the *Junta Particular*'s money for repair of the Royal Palace. In 1729 the *Junta Particular* frankly declared itself incapable of meeting its commitments any longer; in 1736 it asked for its graces and exemptions to be abolished. The *Junta General* immediately began to remove some of the installed tools and equipment, and in 1737 the *Junta Particular* was abolished. One of the reasons for the failure, as reported by a Valladolid *síndico* (city attorney) to Philip V in 1740, was "the misuse of funds by the persons responsible for spending them, leading to such ill report that the *Junta Particular* was abolished"; in other words, apart from the rather pie-in-the-sky approach to the whole project there was also a serious problem of administrative corruption as well as a set of vested interests opposed to industrial promotion.

This history was repeated in one way or another in many cities. There is no real way of knowing whether the opposition to industrial development came from the merchants, who preferred to sell other more profitable goods, or the guilds themselves, who feared the competition. In any case it shows that government-led industrial promotion was unlikely to succeed. The best way of tackling it was to help private industrialists by improving market conditions. Indeed, while the *Junta de Comercio* was failing in this intent, the private merchants of Valladolid, who in general worked outside the guild network, saw their activities prosper, albeit on the strength of the privileges granted them on a private basis by the *Junta de Comercio*. In any case, by the forties the Valladolid wool industry had regrouped and was growing slightly, amid the general panorama of guilds and private merchants. By 1746, the *Junta Particular* episode now behind it, it was running 97 looms of *estameñas* and *barraganas*.

In the Andalusian cities there was little development of the traditional wool industry in the first half of this century and some time would have to pass before there were any interesting business initiatives. In the Crown of Aragón, the wool industry suffered the competition of the other textile sectors, which had more power of attraction over both workers and employers.

In this first half of the century there was more development of the countryside wool industry, i.e., located in country towns and villages and sometimes clustered in several neighbouring localities. In some cases it formed veritable industrial regions. In the two Castiles the most important areas were Cameros, the mountains of Segovia and Ávila, Béjar and Montes de Toledo. In Andalusia; Bujalance, Grazalema, Los Pedroches, Junquera and Antequera. Albarracín in Teruel, Alcoy and Enguera in Valencia and Moyá and Castelltersol in Catalonia were other scattered wool industry areas with a significant output in terms of both quantity and quality. In general terms the first half of the eighteenth century saw an increase in output in all these areas. Some of them kept it up for the rest of the century while others fell away from the fifties onwards. The first half of the century, therefore, a time of population increase and agricultural bonanza, was also the boom time for the scattered rural industry.

In terms of the number of working looms, the main cloth production centres in the 1740s were Antequera, Bujalance, Béjar, Bernardos, Enguera and Soto de Cameros, although a more detailed examination would have to be made of the quality of this cloth. The main centres for *estameñas* were Ajofrín, Sonseca and Novés, together with Aldeavieja and Fuentes de Nava. Other important wool producing districts were intermediate Catalonia and the Catalanian mountains.

As we have already pointed out, the biggest woollen goods production centres held their own in the first half of the century, many even growing. Although they did not recover past levels, output increased and part of the market lost to foreign goods in the second half of the seventeenth century was won back. The goods improved not only in quantity but also in quality, albeit more slowly than elsewhere. The reasons usually put forward for the woollen industry's ultimate failure to grow sufficiently are the following: foreign competition, the price of the raw materials, especially wool, the consequent lack of profits and money for the manufacturers and the lack of mercantile investment in the industry, the latter being the main cause of its low profitability apart from the legal difficulties.

These problems, which had already existed in the previous century, really came to a head in the second half of the eighteenth century. Until 1750/60 they had been more or less successfully kept at bay, perhaps because the demand of the Spanish market was sufficient to fuel the growth of the textile industry. The agricultural bonanza would undoubtedly have helped to generalise demand throughout society just as the subsequent agrarian problems would then have nipped this expansion in the bud.

The silk industry, except for spinning, was mostly located in built-up areas to meet its technical needs and the type of demand it generated. The great silk producing centres of the past had fallen into steep decline in the previous century and only Catalonia and Valencia seemed to be making any effort at the end of the seventeenth century to catch up on technological progress. Unlike Andalusia, therefore, Barcelona and Valencia managed to increase their output in the first half of the eighteenth century, also having a revitalising effect on traditional silk centres like Toledo or even spawning new silk centres like Madrid and, to a lesser extent, Valladolid.

As with the wool industry the production of silk fabrics grew above all in the first half of the century, falling away afterwards in all parts. This industry was so varied in its makeup that comparisons are difficult; there was a wide range of products within the general division into wide fabrics and narrow fabrics (*arte mayor* and *arte menor*). It sometimes seems that there were many looms, but most of them were simple belt looms, very different from the looms for producing wide fabrics. In any case it would seem that the greatest activity occurred in the first half of the century, in Manresa, Valencia, Toledo, Granada and Seville. In the first three cities activity was kept at a high level, with a downward trend in the second half of the century, while the post-1750 fall was much sharper in the Andalusian cities.

Barcelona was a well known silk-producing centre whose business picked up quickly from the late seventeenth century onwards. In 1690 the merchant Francisco Potau established a "new working standard". This is only one example of a long list of enterprising people who introduced technical breakthroughs. A key role in this revival was played by the *Junta de Comercio* and Feliú de la Peña. Although much headway was made, however, there were still many snags, especially a shortage of capital for effecting a greater technological renovation. The War of Succession was a serious bar to this industry and there were no signs of any upturn afterwards until 1730. In the following decade, as Molas has shown us, most of the silk guilds renewed their *ordenanzas* to bring their old privileges into line with the new situation. Although no larger-scale reforms were attempted, the activity grew substantially and sustained this growth in the 1750s.

The trend of the Valencia silk industry was similar, albeit under different conditions. As in so many other aspects, R. Franch points out, the bases for the eighteenth century expansion of the Valencia silk industry were actually laid down in the reign of Charles II. Most sources agree that, after the slump of the War of

Succession, the real takeoff came in the 1720s. Output grew at a rapid rate until 1740 and then levelled out due to the onset of Austria's War of Succession. Activity was much brisker in Valencia than in other places, with over 3500 looms of all types running by the mid century and a total of about 1120 masters. As from the end of the seventeenth century this recovery was accompanied by a continual reinforcement of the legislation framework. This strengthened the guilds' hand in Valencia and allowed them to put up doughtier opposition to the machine loom, widely introduced in Europe at the end of the seventeenth century, including Catalonia. The Valencia silk industry, little affected by these advances, continued to grow on the strength of its traditional production procedures until at least 1780, when a technological transformation at last began.

A more modest but interesting silk producing centre was Requena, then in the Province of Cuenca. Its silk industry was on the rise in the last third of the seventeenth century, but the town suffered a harsh Hapsburg backlash in the War of Succession, reducing its population by one third. Requena's recovery went hand in hand with its silk industry, which seems to have been strengthened by the guild *ordenanzas* of 1725, modelled on those of Valencia and Toledo. Requena's silk industry came of age when it was raised to the status of independent guild, this being reinforced in 1740 when its merchants were granted exemption from export duties.

Many residents were able to obtain the title of masters, the total building up to 292 by 1740. Many of them had moved into the area from Toledo and Valencia, fleeing the slump of those cities and hoping to find better opportunities in Requena. The number of looms therefore grew from 300 in 1725 to 618 by 1751. This growth was somewhat excessive, for the total output had stabilised in 1735 at 511 looms and an annual output of about 500,000 *varas*. In 1751 the first problems began to crop up, prompting an emigration of weavers to other sites that were faring better. Soon afterwards another upturn set in. It is worthy of note that the new *ordenanzas* allowed much greater labour mobility than usual, enabling a large share of the working population to adapt to the changing circumstances.

Both in the centre of Castile – the new silk industry of Madrid or the traditional site of Toledo – and in Andalusia, there was a recovery in the first half of the century, which evidenced the need for more thoroughgoing structural changes. Although these were not introduced at the time, the terrain was prepared for the new privileged companies of trade and fabrics that sprang up in the reign of Ferdinand VI, giving a renewed boost to the industry, albeit with varied success.

#### 4.5 From Traditional Iron-making to Blast Furnaces.

In eighteenth-century Spain there were two types of iron factories, those obtaining iron from the ore and those that then transformed this iron into semi-processed products. The former included the primitive foundries – sometimes replaced by blast furnaces – and the bloomeries. The second group includes more or less traditional establishments such as forges and *fanderías* (rolling mills). In terms of output the first group is of particular interest to us, because it involves the actual supply and processing of the ore while the second group made various products from the previously processed ore. Nonetheless, it is not so easy to make the distinction in practice because there is in general little information to go on in terms of analysing the production structure in each establishment, finding out what type of iron was produced or how far it

was processed. It would seem to be logical to assume, however, that in areas with no mines there could only be forges and mills of the second group, while everything would be more intermingled in mining areas.

It was always a question, in any case, of small workshops with some fixed workers and other temporary ones. Most of them were controlled by commercial capital. There were no regulations or guilds so iron making was pretty much organised on a capitalist basis. Merchants would grant start-up credits for beginning the business in an ironworks that was normally rented. The traditional landowners – nobles or ecclesiastical institutions – ran the mines in their territory but the ironworks installed therein were run as capitalist concerns.

The output and siting of the ironworks depended on many factors, such as the availability of the ore, nearby woods for providing fuel and running water. The most important production centres were on the Cantabrian coast and in the Pyrenees, from Galicia to Catalonia. There were also smaller iron-making areas near ore deposits in Aragón and Granada. In Galicia most of the ironworks were owned by monasteries and *hidalgos*, and their owners were able to invest sufficient capital to run them. Basque technicians were normally used and ore from Somorrostro, which served to make mixtures and was a better quality than Galician ore.

The Galician ironworks had a limited output – less than half the output per production unit of the Basque Country – and there were also too many of them. They counted for little in the context of the whole Spanish production but they were important to the local economy, as was borne out by the continual establishment of new ironworks and the keenness to purchase them, even at much later times.

More important was the Catalanian iron industry, whose tradition and technical wherewithal enabled it in theory to produce even more than the Basque ironworks. In practice, however, they rarely ran at their peak level due to shortage of ore and exportation difficulties, for these factories were set deep in the Pyrenees with difficult outlets to the sea. This isolation was compounded by a lack of technological renewal, in view of the fact that economic modernisation in Catalonia soon offered investment capital more attractive outlets.

Basque iron-making was the most important for it was blessed with a combination of structural advantages – quality of the iron ore, closeness to the sea – that other areas could not match. These natural boons also tended to engender a business outlook more in keeping with capitalist procedures. The Basque iron industry was best able to tap into the various sectors of the Spanish market, especially the American market. It was also fairly close at hand for satisfying the demand of the Atlantic European countries.

In the first half of the eighteenth century all these factors played heavily in favour of Basque iron-making, which was the best prepared to ride the wave of demographic and economic growth and the resulting increase of the domestic market. The situation was even better in view of the outside market. English iron-making slumped in the first half of the century due to a shortage in its traditional energy supply. This favoured the export of Basque iron. It was not all plain sailing, however; inherited problems had to be overcome first.

From the production point of view the eighteenth century began badly for Basque iron. From 1695 to 1715, with the war coming in the middle, the previous slump bottomed out. An upturn began in the twenties, picking up pace until at least 1735, after which external wars put a brake on the growth. Nonetheless the ground had been prepared for taking full advantage of the more favourable circumstances for the iron industry from 1750 onwards. In short, the first half of the century served to rally the



industry after the slump of the second half of the seventeenth century and prepare it for subsequent growth, which continued until about 1790.

The figures bear out this claim. In 1733 over 57,000 *quintales* (1 *quintal* = c. 100 pounds) of iron were exported from the Port of Bilbao; in 1748 and 1749 this figure had risen to 77,000 *quintales*, with an upward trend thereafter. Production had also been concentrated. In 1644 there had been about 250 ironworks, big and small, up and running in Biscay. The figure then fell before recovering in the period under study here; but in 1752, with an output that had made up the ground lost in the last century, there were only 132 ironworks, this figure rising to 162 ten years later.

Traditional iron-making met a wide-ranging demand for farming equipment and tools. The military demand, for cannons and above all munitions, was met increasingly by blast furnaces. The State played a key role here, in fact a unique one, as the only market and, by the end of the first half of the century, as the only employer. State demand was closely bound up with the effort to develop the military navy, an aspect we will deal with later.

Blast furnaces were not new. In the seventeenth century two blast furnaces had definitely been up and running in Eugui and another four in La Cavada-Liérganes. In the first half of the eighteenth century a fifth furnace was added in La Cavada while the Ronda factory was founded with another blast furnace. The importance of State demand can be appreciated if we consider that between 1716 and 1759 the Navy bought a minimum of 200 cannons a year, all of cast iron, for bronze cannons were now being phased out. In 1750 the total production of cast iron in Spain added up to about 45,000 tonnes, of which 25,000 were made in La Cavada, 14,000 in Eugui and 6000 in Ronda. These figures outstrip the previous highs of 1630/40, just before the slump hit. If we divide these years into two periods the output grew quicker from 1740 onwards.

The Eugui factory had a long tradition dating back at least to the sixteenth century. Considered obsolete, it was closed down shortly after the foundation of the La Cavada factory, only to be reopened in 1689 under the *asiento* granted to José de Aldaz, then *vizconde de la Armería* (Viscount of the Armoury). As from 1692 the *asentista* undertook to supply the army with munitions. It was then that a new blast furnace was set up with the possibility of building a second one shortly afterwards. The history of the Eugui factory seems to have been an untroubled one, given its modest targets – only munitions – and assured military market. Uztáriz mentions another two factories in Navarre, those of Azura and Iturbieta, which also specialised in the manufacture of various types of munitions. These were private firms run on an *asiento* basis for a set term.

The factory of La Cavada had been set up in 1622 and was also run on an *asiento* basis, as already mentioned. As Alcalá-Zamora points out, the factory's heyday came in the 1716 to 1759 period, on the strength of the upturn in State demand and a new manager, Nicolás Xavier de Olivares, son of the previous *asentista*, a dynamic businessman who overhauled the organisation and raised its productivity. The Santander cannons also built up a reputation for lightness and safety in comparison with those of a foreign make. Besides the navy market, demand was further boosted by new consumer factors, such as purchases of ornamental elements and thick pipework and supporting screws for the gardens and palaces of La Granja and Aranjuez, plus the orders of some private or State industries such as the Guadalajara factory, which began to need iron components for its buildings or machinery.

These other, non-military orders were no bagatelle. The total sum of known transactions added up to over five and a half million *reales* and the total volume of useful metal made would be about 1400 tonnes. This gives a good idea of the sheer size

of the order, of the technical difficulties involved and also the factories' outlets in non-armament business. No less promising were the prospects of the *asentistas* who secured orders of this type; Olivares's rake-off in this whole transaction was over 60 percent.

In 1737 Nicolás died, whereupon his *asientos* were taken over by his son Joaquín, who was soon made Marqués de Villacastel. The efficiency of the factories and his influence at court enabled him not only to hold onto the *asientos* and obtain privileges but also to raise the output and lower prices. In his first eight years of activity he was turning out between 13,000 and 14,000 *quintales* a year and delivered 4600 cannons for the reconstruction of the Spanish fleet, even though some of his munitions supply had to be given to other firms. Later on a new blast furnace was installed to increase the munitions output too. In the reign of Ferdinand VI the factories were working flat out, even though they were continually running into opposition from local interests.

At the end of 1725 the project was born of founding Spain's fifth casting factory and its eighth blast furnace. Two Swiss businessmen, Meuron and Dupasquier offered to set up a tin factory, a technique unknown in Spain, using German workers. In 1726 they received a royal privilege and set up in Júzcar, near Ronda. The blast furnace did not come on stream until four years later. This factory represents the birth not only of the civilian iron industry, whose output was entirely independent of military demand, but also of the Andalusian iron industry, marking the start of its long and distinguished career.

This site's fine natural conditions for iron making were offset by distribution and communication difficulties, which ended up raising the price of the product and making it less competitive against foreign products. As a result the company ran into financial difficulties and the State had to take over the firm in 1743. Part of the blame for the problems suffered by this firm and other similar initiatives can be laid at the door of hidebound tradition and vested interests, which tried to put a spoke in the wheels from the very start. Iron-making firms had a big impact on the areas where they were set up, due to their need of exploiting natural resources. This brought them into conflict with traditional lifestyles and customs. Towns, private individuals and local industries always fought against any innovations, especially when they came under the seal of privilege. In the case of Ronda, pressure was also brought to bear by other established ironworks, especially the Biscay factories, which mustered forces from 1734 onwards to hinder an undertaking that they saw as a threat to their own business. All this gives an idea of how the processes of advance and modernisation were seen at the time and the difficulties they had to overcome to make any headway.

## 5- A New Trade System with the Americas?

### 5.1 From Seville to Cádiz

The year 1717 saw an attention-grabbing historical event: the transfer of the *Casa de Contratación* and the *Consulado* from Seville to Cádiz. In the previous centuries Seville had been almost synonymous with America; in the eighteenth century the association of ideas would be America and Cádiz. As with so many other aspects of

this reign, this was not entirely new. Cádiz had been functioning as capital of the trade monopoly at least since 1680, even though the institutions were still in Seville. Although the reasons for the transfer are not known for certain, it did serve as logical conclusion of the long-standing tussle between the two cities for pre-eminence in the American trade. This tussle was based on motives as varied as the fiscal bias in Cadiz's favour or its better geographical situation. The latter factor in turn was twofold: Cadiz's deeper bay could accommodate ships of a bigger draught and its more open nature could favour the contraband activities in which the authorities connived. Some authors have also pointed to Cádiz's shrewd and long-standing policy of offering pecuniary services to the king. There is in fact a striking correlation between the concession of services and the obtaining of privileges. It should be pointed out, however, that all these motives taken together can never add up to a complete and definitive explanation of the move.

As Garcia-Baquero has pointed out, consideration also has to be given here to the political clout of the merchants of the Bay of Cádiz in the second half of the seventeenth century. In the eighteenth century many of the merchants of the *Carrera de Indias*, Spain's commercial trading route across the Atlantic, were established in other localities, such as Puerto de Santa María. Court infighting also played a key role in this affair, as was shown by the events of 1725 when the king first ordered a return to Seville only to change his mind a few months later and give the order to return to – or remain in – Cádiz. Working away behind the scenes here was a whole intermeshing set of wheels within wheels, a study of which would tell us a lot about how the court's different pressure groups worked and the reasons that motivated them. Given that we are dealing with Seville and Cádiz, and the American trade, it is not only local aspects that need to be taken into account; more interests were at stake here. As yet we are not fully familiar with them. What we can safely say is that the monopoly system hardly changed in the move from Seville to Cádiz. And as regards the few changes that did take place in the American trading system, we do not really know whether they bore any direct relation to the move. All we can say is that new ideas on American trade were already being mooted back in the seventeenth century, but it was only after the French yoke was partly thrown off in the War of Succession that they could begin to be put into practice.

## 5.2 The Problems of American Trade: Organised Fleets or Registered Ships

Reyes Fernández, in his recent study of Uztáriz, the great economic theorist of Philip V's reign, points out that he made no mention in his *Theorica* of how Spain's relations with its American colonies should be; nonetheless there is an underlying message throughout the work: there would be little point in Spain having its American colonies if it was unable to trade with them. It is more than likely that he intended to deal with the matter in depth at another moment because he was certainly aware of its importance.

It was a widely aired opinion at this time that the organisation of American trade at this juncture was poor, not to say shambolic. Seeing the problems this trade caused, Campillo, even in 1741, made bold to include the Indies in the things that were superfluous in his work *Lo que hay de más y de menos* (What there is too Much and too Little of). "Spain beavers away in vain for the subsistence of the Indies, for its produce is borne off by foreigners without more ado". Campillo's stance here is apparently tongue in cheek; nonetheless he had certainly touched a sore point. In a later work,

*España despierta* (Spain Awake) of 1742, he now claimed that the Indies could serve as the main fountainhead of the nation's wealth if the abuses could be remedied; one year later, in his *Nuevo sistema de gobierno económico para la América* (New Economic Governance System for the Americas), he explained which reforms should be effected to that end.

At about the same time Ventura de Argumosa was writing in his *Erudición política* (Political Erudition) of 1743 that "it is strange to see that even while we ourselves are absolute masters of such wealthy regions, the driving force behind Europe's trade and supplier of all such things as human nature could possibly desire in this world, it is precisely we who are bereft of this wealth and abundance, having been hitherto mere fetchers and carriers for all the other nations". Argumosa was ready to exchange his bewildered pessimism for a more optimistic attitude if American affairs were run in a more proper way.

For some the problem resided in the taxes; for others, in the organisation of the trade on the basis of the Cádiz monopoly; for others, the lack of liberty, even though this word was not conceived the same by everyone, its meaning evolving substantially in this century. But whichever way it was looked at, everyone agreed on the glaring shortfalls of the trading system with America. In so doing they were only reiterating with different accents what had already been clearly stated by the authors of the end of Charles II's reign. In some ways it seems strange that these ideas were still being expressed in the forties, when some things had already been done to change the situation. Obviously it had been too little or it had not turned out as effective as desired; at any rate it was certainly necessary to do more and more quickly.

Concern about the poor results of the trading system set up with America was not new in the eighteenth century. Without needing to look any further, witness the ideas that had been emanating from the *Junta de Comercio* since its creation in 1679. Any reference to American trade, however, came up against almost insuperable political obstacles. In the last years of the seventeenth century the European powers were becoming increasingly interested in America, especially the France of Louis XIV, a country with little colonial development that sought to redress this lack by making systematic inroads into the Spanish monopoly system. The French action was joined to the ongoing wrangles with England and resulted in an increase in what came to be known as "direct trade", whereby a colony traded directly with another European country other than its metropolis. From the point of view of Spanish mercantile law, this was regarded as contraband.

In the specific case of France, direct trade had grown greatly, especially since 1695, in the years when Spain's international politics had reached its nadir. Even before this period several Spanish authors, some of them members of the *Junta de Comercio*, had made various proposals to revitalise American trade and some privileged trading companies were about to appear on the scene. Although it is true that these proposals clashed with some Spanish pressure groups who were opposed to change, it is no less true that the reformist attempts were shelved at the moment of the change of dynasty.

The advent of Philip V represented a new chance. It was taken up from the administrative point of view, but not necessarily from the economic point of view, for in this respect the new governments restricted themselves to preserving the interests of France. In this period the Spanish and foreign *asentistas* (especially the Dutch, who had remained on friendly trading terms with Spain since their independence) were replaced by French ones. Similarly, it was also a French company with which the *asiento de negros* (a contract for supplying African slaves for the Spanish colonies in the Americas) was negotiated in 1701. It should be noted in passing here that both Louis

XIV and Philip V had personal stakes in this company, a common practice at the time whereby royal personages tried to set an example to the nobles and encourage them to invest in mercantile activities.

French influence on the government of Spain jeopardised the very concept of a Spanish monopoly, which nobody to the south of the Pyrenees cast any doubts on. Resistance was shown, as Walker says, in the form of stymieing the French *consejeros* (counsellors) and foot-dragging over changes in the fleet system, whether good or bad. In these circumstances it was clearly impossible to meet the more advanced proposals of some Spanish *consejeros*. The *Junta de Restablecimiento del Comercio* (Trade Re-establishment Board), created in 1705, was meant to replace the *Junta de Comercio* in American trade-related affairs.

What was discussed in this *Junta* was not only, so to speak, the technical questions, but also the privileges of the French merchants. The technical aspects were indeed all interesting in view of a possible renovation of the system – whether it was best to work with fleets or unattached ships, who should escort the ships, whether French or Spanish warships – but the French privileges, if they went ahead, meant breaking down the Spanish monopoly, since French merchants would then be able to register in the *Casa de Contratación* for trading directly with America. It is clear that the reforms sought by the French, while technically correct, would have benefited only them, because it was not a question of opening up trade to everyone on an equal footing but rather giving French merchants privileges that only the Spanish had enjoyed hitherto. In the situation that obtained in 1705-1706, these changes would have meant growing French control over the whole American trade.

When the fortunes of war weakened French influence on the Spanish government, the situation changed, as can be seen in the abovementioned case of industrial promotion, with the creation of the Valdemoro textile factory in 1710, and also in terms of the American trading system reform proposed in 1711. The project of that year entailed a contract with several private parties whose ships – in this case six – would then be considered to be the *Flota de Nueva España* (Fleet for Spain's Central American possessions). At least two of these private ships had to be fitted up for defence purposes to ensure the arrival and return of the fleets. As a result of the slight touching up of the system, fleets were sent to *Nueva España* in 1706, 1708, 1711, 1712, 1715, 1717, 1720, 1723, 1729, 1732, 1735 and 1739, some under the 1711 system and others under the subsequent regulations. As regards the South American fleet called *Galeones de Tierra Firme*, there were sailings in 1706, 1713, 1715, 1721, 1723 1730 and 1737. These were not the only ships that set sail for the Americas. Every year there was a toing and froing of *avisos* (small tonnage despatch boats), *registros* (port-registered merchant boats) and *azogues* (mercury ships), plus one-off expeditions with specific *asiento* merchants. The aim in view was to solve the problem of the fleetless years, spacing out the fleets ideally so that they arrived every year.

As well as the reorganisation of the fleets, the 1711 project simplified the former over-complicated method of collecting taxes on both shores of the Atlantic. A single levy would now be made in Cádiz calculated exclusively on the volume of the goods regardless of their weight or value. The 1711 regulation with its new duty system and organisation served as the basis for despatching five fleets up to 1720, when a more thoroughgoing reform was proposed.

Another new development at this time was the creation of the *Compañía de Honduras* in 1714. The growing need to transact with private individuals to ensure the supply of ships and the changing ideas on trading companies prompted the Crown to reach an agreement with the Marqués de Montesacro to set up a share-based company

with stakes held by the Crown for trading with Honduras and Caracas. Three ships were assembled and set sail in December 1714, but the operation failed due to the stranglehold on the market by illegal foreign traders. As Walker says, the company was not important in itself, not even as a blueprint of subsequent trading companies, but all these projects show that, once the French shackles had been thrown off, far-reaching reforms were at least attempted whereas previously they had not gone beyond the talking stage in the *Junta de Comercio*.

The fundamental change, after the end of the conflict, was imposed by the terms of the Utrecht Peace Treaty. The concession to England of the *Asiento de negros* and especially the *Navío de permiso* (the right to send one ship a year to engage in general trade) led to a situation of British supremacy in Spanish America and the dismantling of Spain's strict monopoly against foreign traders; it also bound the Spanish Crown to respond in some way to this legal competitor. Direct trade, especially of the French, had increased substantially up to 1713 and the fleets had not been regular. Unless the system was soon reorganised, England would make in practice more than the law strictly allowed it. This situation arose partly because the Spanish system was too rigid for the times; in any case this system needed to be reorganised urgently.

After the end of the conflict, therefore, there was no option but to continue more firmly down the reformist road already begun. An important period in this respect is 1717-1718. In the first of these years the *Casa de Contratación* was finally transferred to Cádiz. Trade had in fact been conducted from there on a *de facto* basis for some years now due to the better natural conditions, even though the administrative management had remained in Seville. Apart from the local impact and the greater depth of the Bay of Cádiz, the change does not seem to have made any great difference from a general point of view. Nonetheless the move was bound up with a change of influence of more far-reaching political consequences, so the chance was taken of introducing an important modification: as from 1717 American trade matters would no longer be the responsibility of the *Consejo de Indias* but would now be dealt with exclusively by the *Casa de Contratación* under the dependency of the *Intendencia General de Marina* (General Navy Intendency). This institution had been set up at the beginning of this year under the leadership of José Patiño.

In 1718, moreover the "*navíos de aviso*" system was set up. The idea was far from new but it had fallen into disuse; an attempt had been made to revise the system in 1708 but without success. The "*navíos de aviso*" would feed back information on the situation of American trade and could also serve as postal boats. Precisely one of the main problems of the monopoly and fixed-fleet systems – two a year, in theory – was that the American market was left unsupplied for the greater part of the year, foreign merchants then stepping in to fill the void. The *navíos de aviso* would enable this situation to be monitored better in the interests of forming the next fleet.

The reforms of these years culminated in the Royal Project of 1720, which tried to reorganise the situation. There were few changes in the transport system, for preference was still given to the system of fleets and galleons, although attempts were made to improve the timing of the shipments and the idea was established that the ships should be of Spanish construction. The main change, however, was the consolidation of the fiscal system, of taxing the goods by volume. This definitively introduced the *palmeo* system, i.e. the calculation of volume in terms of the cubic *palmas* (1 *palmo* =  $\frac{1}{4}$  *vara*) it occupied. This was expected to expedite and streamline the administrative procedures, making it easier to control them.

In general terms the project did not modify the essence of the system, which stuck to the State monopoly system, centred on a port and a fleet, but it theoretically

improved its operation. The fiscal reform was in line with the changes advocated by the pundits of the time: it was necessary to reduce export duty on Spanish products in order to boost national industry, and hence trade, against foreign competition. It is in fact not at all clear how successful the 1720 project was in its tax-simplification endeavours. Other taxes remained in force and were even increased. It is also true that the very payment of all the other taxes was still a big administrative stumbling block. For that reason the 1720 Project is more important as an indication of intentions than for its actual achievements, although it is also clear that the fleet system was better organised from that moment on, putting paid to the disorder that had reigned during the War of Succession.

It should not be forgotten in any case that these economic reform measures aimed not only to improve production and trade but even more so to increase State revenue as a consequence of this improved organisation. The model was therefore clearly mercantilist, although steps were being taken to improve it: higher industrial output, less contraband in colonial trade and more revenue for the *Hacienda*, all of which called for administrative reforms to facilitate State control. But this vision was blinkered. America was no longer supplied with sufficient frequency, so the situation perforce favoured contraband, with the connivance of the viceregal authorities themselves. These and other problems were spelled out in detail by Jorge Juan and Antonio de Ulloa in their *Noticias secretas de América* (Secret Notes from the Americas), written on their return from a long scientific mission. The problems were common knowledge in any case but somehow the necessary reforms were never forthcoming.

Slight readjustments were made to the 1720 regulation in 1725 and 1735. The provisions made in the latter year never even came into effect. When the first fleet under these norms had been prepared in 1739, it was prevented from sailing by the outbreak of war with England, the fleet being suspended for safety reasons. For as long as the conflict lasted shipping was carried out only by isolated convoys. This exceptional situation lasted until 1754. As García-Baquero explains, although shipping in the form of “*registros sueltos*” (registered ships outside the fleet system) enabled Cádiz to increase its trade, it was at the cost of renouncing the policy of rigid market-control and restrictions applied hitherto, and this ate away at the margins of the merchants trading under the privileges. The suppression of the fleets led to the suppression also of the trade fairs that were held upon their arrival in the Americas and hence the disappearance of the intermediary representing the wholesalers who loaded up their warehouses with the massive arrival of goods. With the return of peace there was a general haste to restore the previous system but this did not actually occur until October 1754.

The system of *registros sueltos* imposed in 1739 was not new. In fact, in the period running from 1717 to 1739 the fleets transported only 46.2 percent of the American traffic, the rest being accounted for by ships under the *registro sueltos* system. It has also been estimated that *registros* accounted at the time for 21.1 percent of the transported tonnage. Traffic and tonnage are not the same thing and the information is not always complete; it is therefore difficult to tally the accounts. What is clear, however, is the importance of the *registros* in this period, even though they proved to be insufficient.

As has already been pointed out this system had existed from the start but began to be regulated only in 1718 and was then enshrined in the 1720 project. The destinations of these *registros* would have been the markets less in need of regular trading routes or those furthest from the most frequented routes. They had to be authorised by the Crown as an exclusive privilege. Their attractiveness to the Crown

resided in the fee that had to be paid for the concession of the privilege and because these shipments also provided a useful service in terms of conveying the king's troops or merchandise. The interesting aspect here is that the system now being regulated proved to be paving the way for the future, for the importance of the *registros* would grow afterwards: from 1740 to 1754 they grew in absolute terms, because there were no fleets; after 1754 they grew because the fleets represented only 13.3 percent of the total tonnage until the so-called free trade system was established in 1778. Even before 1778 *registros sueltos* were the main means of trading with the colonies. As can be seen the system was being gradually liberalised in the sense of breaking down the rigid system of Cádiz fleets. The system would undoubtedly have become fully established well before 1778 but for the ongoing resistance from powerful vested interests.

### 5.3 The Royal Trading Companies

Probably the most important modification in the trading system with the Americas in the first half of the eighteenth century, notwithstanding all the above, was the setting up of the privileged trading companies. The idea was old – it was already being mulled over in the times of Philip II – and it began to be taken seriously in the reign of Charles II. Late-seventeenth-century writers spoke of a "*compañía general*" (general company) on the lines of the Dutch and English East India Companies or the South Seas Company. The foreign models to emulate were therefore clear and vouched for by a notable success; nothing serious was done in Spain, however, until 1714. In this year, as we have already seen, an unsuccessful attempt was made to set up a *Compañía de Honduras*. It was not until 1728 that the first company appeared, the *Real Compañía Guipuzcoana de Caracas* (Guipúzcoa or Caracas Company), destined to survive and thrive later.

The model was the familiar one of a share-based company with significant stakes held by the king or members of the royal family, by way of setting an example and luring in investments from other moneyed classes, especially the nobility. In the Spanish case the aim was also to open up the American trading space in all aspects: break into new areas and products and facilitate the participation in American trade by more people in Spain. This meant breaking with the Cádiz monopoly in general, but in a controlled and also privileged way, affecting only specific territories abroad and a small clique of persons at home.

This solution of privileged trading companies was universally advocated by the writers of Philip V's reign, who opted for this middle way between full monopoly and full freedom. Freedom here would mean that all Spaniards would be entitled to sail to any American port from any Spanish port, without the hidebound structures of the Cádiz monopoly, and paying fewer taxes. Although the outcry against excessive taxation was general, however, most were also in favour of some legal limits: open things up, yes; full freedom, no. The writers of Philip V's time therefore advocated a more moderate line than the one proposed in the previous reign. Privileged share companies were seen as the ideal solution, in an environment that was still purely mercantilist in essence.

The Marqués de Santa Cruz considered that trade through companies would be more profitable than trade through individuals, citing the Marqués de Villada's 1713



project for a General India Company. M. De Zabala also proposed the establishment of privileged companies on the lines of those set up in foreign countries. One of the keenest proponents of the idea was Ventura de Argumosa, who wrote slightly later than the rest, by which time some of these companies were already up and running. According to him, "the best way of boosting trade will be to carry it out in companies, as is done in all the nations of Europe". The claim that the whole of Europe was involved in these companies is clearly exaggerated; by 1740 only Holland and England had any fruitful experience in this field, though they were obviously the frontrunners to follow. Other companies were also up and running on a much smaller scale, such as the Ostend Company trading from the Austrian Netherlands and other companies in Denmark and Sweden. Argumosa was well aware of the fact that the setting up of privileged companies meant excluding many people from American trade but he justified this on the grounds that full freedom would not be conducive to Spain's interests. On the basis of the European examples studied, Argumosa proposed the creation of a "*Compañía de Tierra Firme*" and another "*Compañía de Nueva España*".

In this field of privileged trading companies there was a fair deal of resemblance between the theoretical proposals and the ventures actually put into practice by the various governments of Philip V, but the match was far from perfect. In terms of the organisation of American trade as a whole, many writers thought that the companies should replace the Cádiz monopoly rather than merely opening another partial and privileged door. This allowed other traders to get their foot in the door but did not improve the existing situation or show any promise of opening the door even wider in the future.

The first company was the *Compañía Guipuzcoana de Caracas* in 1728. Its objectives were to trade on a monopoly basis with Venezuela, develop its agriculture, especially cocoa, and keep a watch on the Venezuelan coast to avoid contraband. This surveillance would redound to the benefit of the general trading system and the company itself. Cocoa was the main trading product. In fact, in 1720 a special provision had been made for this product, reducing duties in an attempt to boost the cocoa trade by Spanish merchants. Judging from the comments made by Uztáriz on this measure, cocoa must have been one of the main products of direct trade by foreigners, consumed on a huge scale and easy to obtain. It was often in fact "nearly the only option", he says, for loading up the fleet *galeones* and *navíos de registro* for their return trips. It is clear that the privileged company set up for the cocoa trade in Venezuela would meet the selfsame objectives as those explained a few years before.

The *Compañía de Caracas* – the name by which it is most familiarly known – would also have to export national products to Venezuela. This is one of the reasons why, later on, the company set up factories of some goods in Spain, though they were not particularly prosperous. On their return from America its ships were bound to put into Cádiz to pay the corresponding duties before moving on to San Sebastián or Pasajes for unloading.

The company was founded with a capital of 22.5 million *reales*, of which the Crown invested 1.5 million. Each share was worth 7500 *reales*. The king and queen, several local institutions, the company managers and some titled nobility pooled over 50 percent of the capital with voting rights. The rest belonged to known and well-off merchants and financiers. The company therefore brought together the persons from San Sebastián most interested in the mercantile and financial world, others based in the court and a few foreigners, more or less clandestinely since residence in Spain was an eligibility requisite.

Right from the start the company chalked up healthy profits. According to Estornés Lasa, there were at least eight dividend payments in the first twenty years, 20 percent at first and then building up to 33 percent by 1741. Nonetheless, these figures can be somewhat misleading: in many years the firm had to resort to loans for carrying out its operations and in many years it did not make a profit. Its first years were marked by start-up problems, wars – especially those of 1739 – and problems in Venezuela. Even so the company did prosper and built up a large fleet and numerous possessions in Venezuela, where cocoa growing was a booming business. But it was this very power and its monopoly rights that stoked up enmity in Venezuela and led to the main problems.

In 1751 its headquarters were moved from San Sebastián to Madrid and some changes were made. For example, Venezuelans were now allowed to buy shares as well as the Spanish; this not only served to defuse some of the local opposition but also increased its capital base. This ushered in the company's heyday, but its activity was always substantial if somewhat seesawing, and in any case the subsequent splendour could never have been achieved without the spadework of its early years.

In terms of the goods marketed, the *Compañía de Caracas* made few changes to the general scheme of American trade. The first phase of its operations, according to M. Gárate ran up to 1748, practically coinciding with Philip V's reign. In this period most of the products exported were textiles, but European textiles not Spanish, adding up to between 50 and 80 percent of the cargo value, varying from trip to trip. Although the company did business with several European ports, therefore, it did not for the moment help to solve the underlying problem of Spanish commerce: the sale of its manufactured products. Moreover, the flour exported in the thirties was French. More of the iron and iron products came from home production, although the amounts exported were not very large. The company also exported many other typical products – farm produce, wax, spices, haberdashery, paper – but always in minor quantities.

The main imported product was cocoa. As from 1742 the company enjoyed a monopoly on the Caracas trade. This does not mean, as M. Gárate points out, that it necessarily controlled the whole traffic of colonial goods in the area, as it failed to stem contraband trade. Nonetheless, it can safely be claimed that most of the cocoa output was controlled by the *Caraqueña*. After solving the teething problems, the initial stage, especially the period running from 1735 to 1740, was a stage of expansion, until the war with England blocked the company's activity. It is calculated that in 1740 it exported at least 40,000 *fanegas* of cocoa to Spain. Cocoa was also one of the main products arriving in Cádiz on the fleets. By way of comparison, therefore, we can say that from 1717 to 1738 Cádiz received 835,469 *arrobos* of cocoa, according to the official records. In equivalent terms, therefore, this means that the Caracas figure for one year (1740) is approximately one fifth of the Cádiz figure for thirty years.

The *Compañía de Caracas* also sold other colonial goods, although never in the same amounts as cocoa. Worthy of particular note, however, is the sale of Venezuelan tobacco. This activity is singular in view of the normal monopoly on tobacco trading. In fact the company was authorised to buy up the surplus Venezuelan production and sell it directly in Amsterdam, after routine checks in Cádiz. It therefore managed to set itself up as an intermediary between Venezuela and Holland. This headed off part of the contraband trade and helped to raise credit for Spanish trade with Holland.

The *Compañía de Caracas* was followed by others. In 1733 Patiño tried to launch a *Compañía de Filipinas*, which did not get off the ground, apparently due to opposition from Manila. This company would not in fact be formed for another fifty years. In 1734 the *Compañía de Galicia*, was formed; according to López González it

was meant to fill the void left by the disappearance of the failed *Compañía de Honduras* twenty years earlier. Like its forerunner, the *Compañía de Galicia*'s main goal was the *palo de campeche* (logwood for dyestuffs from the Campeche area). The company would thereby kill two birds with one stone: firstly ensure the supply of an important dying product in a flourishing moment of the textile industry and, secondly, set up a mercantile arrangement that would serve as counterweight to the widespread contraband perpetrated by the English in this area with the same product. Apparently the company failed to muster enough financial support or oust the English and therefore floundered.

Somewhat more successful was the *Compañía de La Habana*, set up in 1740 and holding a monopoly on trade between Spain and Cuba until 1762. The Spanish exports or company-brokered products were textiles, canvas, flour and slaves, in a moment when everyone was jostling for positions in the slave trade on the eve of the termination of the *asiento* granted to England in Utrecht. The colonial products brought back to Spain were above all sugar and Cuban tobacco. It was based in La Habana and its main mission was to supply Seville's factories with tobacco. This was at a time when tobacco consumption was booming and it was being increasingly used by the *Hacienda* to solve its financial problems. It would seem that the company did not function very well and the promised supply of tobacco was not as regular as had been hoped. Administrative problems and personal corruption were jointly responsible for its poor performance.

No more companies exclusively for colonial trade were created in the reign of Philip V. The next ones came later. The end of the reign also saw the birth of other companies with different objectives, for they were companies formed mainly by consortia of merchants and manufacturers to foster industrial production and the subsequent selling thereof. Mention is made of them here because they were mainly designed for international trading of these products, especially in the Americas. The companies of Extremadura and Zaragoza were formed as early as 1746 and those of Seville, Granada and Toledo in the immediately following years (1747 and 1748). We will not go into details here as these companies and the problems they met with fall outside the timeframe of our study.

The privileged trading companies are sometimes criticised as belonging to an outdated model. The usual retort to this criticism is that many of these companies were formed in several countries in the first half of the century and were still being formed even later. It was therefore, as Delgado Barrado says, a typical formation of the time. Although this claim is correct and the companies tallied with the recommendations made by the leading theorists of the time, such as Ustáriz himself, it seems clear that the future would not belong to privileged trading companies but rather individual competitive trading. This step was taken in Spain in 1752 and proved to be one of the factors leading to the downfall of the privileged trading companies. It therefore seems safe to say that the formation of these companies in the thirties and forties was not exactly a forward-looking step but rather emulation of a formula that had been successful in the past but was now on its last legs. This idea is borne out by the success of the *registros sueltos* in American trade in the fleetless years.

#### 5.4 Europe's Larder and Treasure Store

The Americas represented many things for Europe but most importantly, for our purposes here, it became a huge larder for Europe in general and for Spain in particular. Some of its products began to filter in quite early, from the first moments of the Spanish discovery in the sixteenth century, playing a part from then on in the changing lifestyles

of Europeans. But from this viewpoint also the first part of the eighteenth century was singular, especially taken in conjunction with the final years of the previous century, for it was in this period that certain products began to flood in much more quickly. Tobacco, cocoa, coffee and sugar were certainly not new products, but their imports rose so much in the eighteenth century that they will always be associated with that century and its transformation of the tastes of European consumers. Furthermore the dyeing products helped to revolutionise textile fashions. Together with these America continued to furnish the necessary precious metals, which in this century did not arrive exclusively from the Spanish colonies but also from Brazil.

As García-Baquero points out, in the context of general goods for the period covering the middle of the first half of the century (1717-1738), the most striking feature in these imports is the weight of four products: dyeing materials, tobacco, coffee and sugar. Between them they weigh in with 94 percent of total imports. The most important product was tobacco, with a 40 percent share of the total. In the second half of the century it lost this supremacy in favour of cocoa, which already accounted for 29.6 percent in the first half of the century. Sugar and coffee were of little importance, percentage-wise, in the first half of the century. Together with the precious metals, Spain's American trade product par excellence in the first half of the eighteenth century was tobacco.

Apart from the above figures we have little reliable information on these products, though more on some than on others. The importance of cocoa, for example, is clearly reflected by the creation of the *Compañía de Caracas* precisely to run the cocoa trade from Venezuela, which was by no means the only cocoa-producing area. Neither was cocoa the company's only concern. In any case the figures for this product are telling. From 1730 to 1740 the cocoa trade of the *Real Compañía Guipuzcoana de Caracas* soared, suffering a hiatus during the war years with England and then picking up at the end of the forties before falling away again in the following era. It was not until the sixties that it managed to take off again. The increase in cocoa exports to Spain did not necessarily boost the company's profits, for the cocoa purchase prices were rising too. But what is interesting for our purposes here is how certain products began to make inroads into Spanish living habits. As for the number of ships and tons moved by the *Compañía de Caracas*, the figures of M. Gárate show a sharp increase from 1730 to 1737, rising from 4 ships and 1251 tons to 9 ships and 3470 tons, which is the ceiling figure for our period and one of the highest for the whole of the eighteenth century. In the rest of Philip V's reign the company shifted an average of 6 ships and 2300 tons, before the mid-century slump arrived.

Another important product was tobacco. We know that the habit of smoking, inhaling or chewing tobacco had been spreading since the first moment of its discovery and really took off at the end of the seventeenth century. In the first half of the eighteenth century this upward trend was unbroken, as reflected, among other things, by the aforementioned growth of the Seville factory, which also had to take on an increasing range of tobacco products. The *Real Hacienda's* official tobacco consumption figures show an increase until 1730-31. A price increase at this time dampened official consumption, a downward trend then worsened by the war with England. Official consumption therefore fell from 3.9 million pounds in 1730 to 2.5 million in 1742, then holding steady at this figure until 1748. Official tobacco consumption then began to rise anew but did not recover 1730 levels until 1779. These figures, however, do not necessarily mean that Spanish people were smoking or inhaling less tobacco; rather do they reflect an increase in the price of manufactured tobacco and a consequent switch to contraband tobacco. The result, curiously enough, is

that while official consumption fell the *Hacienda* earned more, due to the price increase. This is the main reason why the monopoly was maintained.

Although these trends became steepest in the last third of the century they were already clearly mapped out in the first half. In general in this period, albeit with regional variations, most of tobacco consumption was in the form of snuff. Smoking tobacco was still a minority habit in the forties, although cigar smoking was already fairly popular in Seville. The main supplier of tobacco in powder form, most of it already milled, was Cuba. The rest was milled in the Seville factories. Smoking-tobacco came in leaf form, cured or uncured, and a growing percentage came from Brazil, therefore going under the name of “*hoja brasil*”. The tobacco got to the end consumers through a perfect distribution network organised in the form of provincial administrations, which ran the *tercenas* and *estancos* (the State-monopoly wholesale and retail tobacco outlets, respectively) where the public went to buy their tobacco. In general more tobacco was consumed in the cities than in the country, even though there were *estancos* in the most important localities of each province. In the first half of the eighteenth century the processed tobacco was distributed to the rest of Spain from the Seville factory itself or the warehouses set up in Madrid in 1730. In this same year some factories or distribution centres began to operate, for distributing the tobacco from a given point on the coast to the neighbouring region. The factories increased in number in the second half of the century.

Logically, the growth in consumption was directly bound up with the supply of the raw material, either in processed or unprocessed form. The following table shows the figures drawn up by Rodríguez Gordillo on the total amount of tobacco in pounds entering the Seville factory, bearing out the abovementioned upward trend up to the end of the thirties (note that not all the periods have the same number of years):

Years	Pounds of Tobacco
1717-20	5432
1721-25	8287
1726-30	9753
1731-35	12,846
1736-38	6495
1747-50	4977
1751-55	13,969

Notwithstanding all the above, by far the most important product that came to Spain from the Americas was precious metal, above all silver but also some gold. Precious metals have played a crucial part in world economic history, especially in Europe, providing the liquidity and currency, otherwise missing, for trade exchanges. The impact of the massive sixteenth-century shipments of precious metal, compared with the previous importation levels, is well known. Equally well known is the decline of these imports in the middle three decades of the seventeenth century. Between 1630 and 1660, in round numbers, the amount of precious metal arriving in Europe dwindled substantially from the amounts received, for example, from 1560 to 1620. All this precious metal was produced in the Spanish colonies, so that Spain became the redistributing hub of this wealth. For various reasons we cannot go into here – for they would involve an explanation of the economic mechanisms of the sixteenth and seventeenth centuries – Spain failed to build up a system capable of productively

harnessing, if not all – which would have been impossible – at least a substantial part of this metal. It was precisely this fact that urged the late-seventeenth century and eighteenth century governors to attempt a series of reforms that might help to solve the situation.

All the above is common knowledge. What might be less well-known is that the recovery of the European economy from 1670/80 onwards and throughout the whole eighteenth century, apart from temporary setbacks, was also largely due to the renewed abundance of precious metal, which began again to arrive in Europe in larger amounts than in the sixteenth century. The same could be said of the recovery of the Spanish economy itself, at a lower level but within the same timeframe. According to the figures drawn up by Morineau, about 30 percent more precious metal arrived in the period running from 1665 to 1700 than in the peak years of 1590-1600. From 1701 to 1710 the figures are similar to those sixteenth-century peaks (lower, then, than the 1700 figures, but still high). The 1711-1720 period saw a steeper fall, but still recording higher levels than the seventeenth century minimums. As from 1721, however, the trend was upwards, except for war-induced hiccups. The five-year period 1746-50 recorded an all-time high in the arrivals of precious metals in Europe, about 20 percent higher than the late seventeenth century maximums. Later on the arrivals would be even higher.

All the above refers to estimates of the precious metal from America arriving in Europe according to the Dutch records used by Morineau. The metal sent directly to Spain, to Cádiz in the eighteenth century, was less because contraband was by now in full sway, even though one of the main feats of Philip V's government was to reduce contraband in the Americas, i.e., to cut down the number of non-Spanish merchants trading in the Spanish colonies. The war with England in 1739 had a clearly mercantile origin, because the English saw that they were no longer exploiting their Utrecht-granted advantages to the full. The war was more or less favourable to Spain, so the English privileges could now be trimmed back. Finally, in 1750, an agreement was reached whereby the former British advantages practically disappeared. It turned out to be a pyrrhic victory because England's economy grew much faster than Spain's. The political and economic consequences of this eventually boiled over in the Seven Years' War. In 1763 Spain came rather better out of this conflict than might have been expected, but England clearly had the edge. Nonetheless the efforts made during much of the first half of the century were no less meritworthy for this final check. Spain had still managed to improve its position, as reflected in the abovementioned agreement of 1750.

In any case, when talking of precious metals we need to bear in mind that the Brazilian gold mines of *Minas Gerais* began producing at the start of the eighteenth century. In 1703 England reached an agreement with Portugal, the Methuen Treaty, which has come to be regarded as English colonialisation of Portugal due to the trading advantages the treaty granted to the British. The Portuguese inevitably ran up an unfavourable trade balance with the English, which was paid off largely in Brazilian gold, giving the English a stranglehold on this resource. From 1721 onward the amount of Brazilian gold arriving in Lisbon was very similar to Spain's silver imports, except in the latter's particular boom years. Brazilian gold was undoubtedly a great aid to the British economy, giving a spectacular boost to its production and trading capacity and the prowess of its ships and cannons. Although the cumulative difference did not fully come to light until the end of the century, at the start of the Industrial Revolution, the bases of this power had been laid down long before. All this helps to explain why most of the precious metal arrived in Spain by the official route.

If we now zoom in exclusively on the known arrivals of metal in Cádiz, as detailed by the García-Baquero, we find that a total of 152.5 million *pesos* was imported from 1717 to 1738, of which 132.2 was in silver and 20.3 in gold. The abovementioned upward trend then became obvious, because the amount had risen to over 439.7 million *pesos* by the period 1747-1778. An important distinction has to be made here between the share of this sum that went to the private merchants and the share that went to the *Hacienda Real*. We then find that, of the 152.5 million *pesos* of the first-mentioned period, 21.7 went to the *Hacienda* and 130.8 to the private merchants. It is therefore once again quite clear here that most of this metal went to the private merchants as payment for their dealings, a fact that is generally known but seldom stressed enough. Over the long term the private merchants' share would grow in comparative terms. The figure we have given for the first half of the eighteenth century is higher than the seventeenth-century figure and will in turn be lower than the later figure, as from 1750. There are two main explanations for this: firstly, a possible increase of State investment in America and secondly the increase in the trade of private merchants, an increase, as we have already seen, that had already begun in the first half of the century. Moreover, due to the particular organisation of the *Carrera de Indias*, part of this private merchants' metal still ended up in the hands of foreign merchants of whom the Spanish were commission agents.

## 6. Domestic Trade

### 6.1 Domestic Markets and Merchants

Overseas trade is usually a much more prestigious subject to study, but there is no doubt that overseas trade needs its domestic counterpart. Imports need to find their way inland from the coast; exports have to make the opposite journey. All this is even truer in such an extensive country as Spain with its important inland cities. One in particular, Madrid, sucked in a huge share of traded products in the eighteenth century to meet its insatiable demand. Domestic trade also involves all the products neither brought from nor sent abroad but which nevertheless have to be moved around in various directions within the country. It has often been argued that there was no such thing at this time as a unified domestic market and that this was precisely one of the goals of eighteenth century governments. This is patently obvious, especially the first part of the argument, but this does not mean, as has sometimes been insinuated, that there was no domestic trade or that it was insignificant. The market was not unified, prices seesawed, there were customs barriers and physical obstacles of all ilk... but there was trade.

A sizeable chunk of domestic trade was still carried out at traditional fairs and markets, which would logically receive foreign products at times. In the eighteenth century the custom was largely maintained of holding institutionally organised exchanges only in the indicated places at the indicated times. The main consequence of this policy was that most places had no market and were therefore hard put to find outlets for their goods. It was the producers themselves who had to make their way to the closest markets to sell their wares, with the consequent opportunity cost of having to

abandon their productive activity. Where there was a market, it would usually be held weekly, or more or less frequently according to the importance of the site concerned.

Apart from the difficulties created by the distance of the markets, and the infrequency with which they were held, there were also additional institutional stumbling blocks. First of all the *fisco* (royal treasury) demanded its rake-off. Secondly many municipalities tried to set up a sort of commercial monopoly in the zone, fostering regional and district competition and the consequent isolation of the various markets. Cities, at least those of a certain size, were not so limited in this sense, because although the markets were held only at definite intervals, there were also shops used to trading on a daily basis. Lope de Vega had already made the observation that Madrid "has become all shops". It would be even more so in the eighteenth century, given the population growth. In any case there were other types of food-providing establishments in the cities, such as *pósitos* (public granary), *alhóndigas* (corn exchange), *tablas para carnes* (meat stalls), all with their corresponding specialised markets.

As well as the local markets there were the fairs, held once or twice a year in fixed sites, where a much greater range of products could be found. One of the most famous was the fair of Valdemoro, where the people of Madrid bought most of their foreign textiles. The number of fairs and markets tended to increase in the eighteenth century but this is not necessarily an indication of modernity in society's economic dealings. Often it was only a reflection of bureaucratic decisions, the success of this or that petition made by this or that municipality. On other occasions the idea was to fill up the voids in the trading calendar and give goods a greater chance of being bought and sold. But these institutions were still organised on too much of a monopoly and self-consumption basis to be regarded as really modern; often they lingered on only by inertia, because there were as yet no other forms of trading.

More modern was the shop, which, as an institution, was still dominated in the eighteenth century by the merchant guilds. Nonetheless the shops' way of doing business would gradually change over the century, falling more into line with a capitalist outlook. From all these points of view domestic trade was still largely in the hands of the merchant guilds, which controlled the distribution process of most products, especially manufactured commodities, and owned the most important shops in the biggest cities. These were the textile and silk dealers, the haberdashers, jewellers and spice merchants. Pere Molas has dubbed the members of these institutions, who worked above all in the retail trade, the "mercantile petty bourgeoisie"; but there was a wide range of them, and some would move up from the retail to the wholesale trade without leaving the guild, thereby extending their network of influence. In the textile trade a distinction had arisen between the *pañero*, who sold above all woollen goods, and the *mercero*, who sold mainly silk, fabrics and linen goods. Both sold "*a la vara*", i.e., on a retail basis, in their shops. The *pañeros* were somewhat more specialised, whereas the *mercero* dealt in a wide range of goods: ribbons, braids, trimmings, hats, stockings, buttons, etc. This wider range normally made it easier for *merceros* to move up into the wholesale business. What should be made clear here is that we are in any case dealing with merchants who have no relationship with the productive world; they bought their goods at fairs or markets or directly from the manufacturers.

As well as the textile merchants there were also *drogueros* (druggists), *confiteros* (confectioners) and *cereros* (wax chandlers), who controlled the drugs and groceries business, in this case with a greater relation to overseas trade. Other components of this very varied and wide-ranging petty bourgeoisie were the *joyeros* (jewellers) and *corredores de lonjas* (commission merchants). Their organisational scheme was very similar in Spain to the rest of Europe, although their importance and



size depended on the economic activity of each particular region. Catalonia and Valencia, for example, had a more developed guild life than inland Spain, not only because of a long-standing tradition but also because of their much higher economic development in the first half of the eighteenth century. In some inland cities, however, the corporations called the "*Cinco Gremios Mayores*" (Five Great Guilds) had been set up. The two most characteristic examples are Valladolid and Madrid, which had existed since the seventeenth century, but the most important one was obviously the latter. These corporations had been set up for two main reasons: firstly to make up for the lack of any powerful mercantile bourgeoisie and secondly due to the keenness of some of the more powerful merchants to separate themselves off from the smaller ones and obtain the necessary privileges for monopolising the urban supply of the goods of their sector. In the first half of the eighteenth century only the Madrid *gremios mayores* managed to fulfil this aim, metamorphosing gradually into a capitalist type company with more arrows to its bow, albeit still bolstered by its privileges in its traditional business. But the definitive transformation of these guilds into general trading companies and the appearance of other similar bodies did not occur until the century's more economically mature phase, from the sixties onwards.

Above these guild type organisations were the great merchants "*de almacén*" or wholesale, always trading from the biggest cities and mixing their purely mercantile activity with the financial world. Their enormous variety makes it difficult to make any across-the-board distinctions but perhaps two main principles can be established. Firstly, a distinction can be made between overseas trade merchants, who set themselves up in the ports, and the domestic merchant, who acted as a link between the internal and external markets. This scheme fits in with Braudel's traditional view of a trade hierarchy based on activity and scope, a hierarchy that still obtained in Spain of the first half of the eighteenth century. The other principle is the relationship with the financial world and especially with the government or local-authority *asientos*. The great business of the time was supply. Cities needed grain, or bread already made, fruit and vegetables, meat, etc., and the local authorities had to ensure these supplies. Contracts therefore needed to be set up with those capable of making the necessary arrangements. The town-country connection is, from this point of view, a financial business, because the supplier does not trade in the strict sense but rather negotiates with the producers and small merchants and watches out for the security of the supply. This work brought him into relation with a great variety of people. Trade and finances are thus intimately linked but not inextricably so.

Over and above city and town supplies came government needs, especially in relation to the army and navy. The *asentistas* also had to stockpile vast amounts of varied material, with the difference, in this case, that the supply point might have to be mobile. The negotiator therefore had to be capable of establishing relations over the whole area of Spain, doing so by setting up agreements with other trading houses closer to the army's base at any one moment.

A characteristic example of how this business was done in the first half of the eighteenth century is given by the company set up by Goyeneche and Valdeolmos for victualling the army and navy and also for leasing some of the *Hacienda's* revenue, a business with which, if it went well, they could offset any payment arrears by the government. The company lasted from 1712 to 1729. Its main task in the first stage was supplying the army during the War of Succession. The sheer complexity of this task can be gauged from the fact that an important businessman like the Marqués de Santiago proved unable to meet the supply needs of the army of Aragón, Valencia and Catalonia in 1708, and had to be replaced by a company of fourteen financiers headed by Sartine

and Capdevilla, who took over the task from 1708 to 1712. In the latter year the *asiento* was granted to the company of Goyeneche y Valdeolmos, who combined it with other activities until 1729. Its obligations included the supply of bread and barley to the armies of Aragón, Valencia, Catalonia, Extremadura and Castile; the supply of bread and munitions to the *Reales Guardias de Infantería* of the Court and the leasing of the Provincial Revenue of ten provinces. All this gives an idea of the huge amount of money that the *asentistas* had to splash out and hence the wide network of relationships they needed, to ensure both the supply of the products and their own creditworthiness. After 1717, as S. Aquerreta points out, the company branched out into other activities, increased its supply of provisions to other places, added on the provision of uniform and equipment to the army and granted loans to the Crown.

Another important character of this time was Francisco de Mendinueta, who inherited his father's shop in Pamplona and then moved to Madrid, where he turned his previous experience to good account by doing business with the court, finally winning the general *asiento* for victualling the army. We see here how domestic trade, always in some way related to international markets, might enable the merchant/negotiator to work his way up the economic ladder while his business expanded. Covering more space means growing in business. There is therefore a relationship between space and business, so that goods coming from abroad and making their way to a given point inland or vice versa, pass from hand to hand, always shepherded along by different people. Of course there are sometimes overlaps because someone is capable of climbing a rung up the ladder but there are also gaps that open up, hierarchisation when specialisation in a given field is necessary. Alliances therefore also need to be struck up with retailers and wholesalers to be able to control a greater part of the goods' itinerary.

Here each type of business has its corresponding space. Royal revenue farmers and *asentistas* of provisions for the royal household ruled the roost in the domestic market because they in fact moved the biggest volumes of goods around the peninsula. They might well be trailblazers in a way of integrating the national market, as R. Torres points out; they harness as needed the mercantile networks set up in the different geographical areas and help to knit them together in pursuit of a specific mercantile objective. They move in the financial world but are fundamentally linked to the world of domestic trade. It is certainly a form of domestic trade we could call superior because it sits higher up the hierarchy than the provincial markets, dominating them and using them. The *asentista* thus becomes a key trading figure but from a logistical point of view. He is rather an organiser of services, a financial intermediary, a person capable of moving others. His function is not the same as the merchant working closer to the product and the transporting thereof, the habitual figure of fairs and markets or the guild world. Neither is it the function of the great international merchant established in ports and hardly moving inland from there.

A type of business that fits in well with these characteristics is trading in wool as a raw material. The sheep farmer shears the sheep but the purchaser of the wool immediately takes charge of the commodity, including the first transport. Who are the merchants? They are varied in type. Some, for example, are characters experienced in diverse financial business, such as asset administration or revenue farming in the noble or ecclesiastical world; or they might run various businesses in the city and rely on the wool profits to enlarge their fortunes. Some broke into the business as commission agents of major firms, striking out on their own afterwards. Others tried to stand on their own feet from the start, as simple merchants.

Many of them came from the world of finances bound up with the Central Administration, especially by dint of obtaining the lease on wool revenue, which was

possible until all royal revenue was brought into central administration in 1749. Export merchants who obtained the lease were thereby enabled to gain control over the domestic part of the business. The mechanism dated back to the seventeenth century and would continue for the first half of the eighteenth century, albeit with different protagonists. Then there were finally the simple exporters, who received the goods in Bilbao, for example, as the main wool exporting port, and then shipped it abroad. The advantage these merchants had over the rest was their knowledge of the international markets where the wool was to be sold.

## 6.2 Domestic Customs Houses, Roads and Merchandise

One of the main consequences of the lack of a unified domestic market was the existence of customs duties between the old realms and crowns. Political union had not wiped out the fiscal idiosyncrasies; hence the subsistence of the domestic customs duties, which were eloquently called "*puertos secos*" (dry ports). The Crown of Castile was separated off from the Crown of Aragón by the *puertos secos* running southwards from Navarre along the *Cordillera Ibérica*, which delimited the two Crowns right down to Murcia. Within the Crown of Castile itself traditional idiosyncrasies were also maintained by the three Basque provinces and the old *Reino de Navarra* (Kingdom of Navarre), whereby the three Basque provinces and the *Reino de Navarra* made up what were called the "*provincias exentas*" (exempt provinces) with their own special customs duties system. But this system even affected them amongst themselves, for Navarre was clearly separated off from its neighbours, and from the rest of Castile and from Aragón, by its own particular "*tablas*" system of border duties. Castile had its own *puertos secos* on the Portuguese border and Aragón on its border with France. The *provincias exentas*, on the other hand, had more fluid trading relationships with France, making them a sort of duty-free territory through which contraband goods were smuggled to Castile and Aragón.

One of the main objectives of the Bourbon governments was to put an end to this situation, now taking on an increasingly anachronistic appearance. Proposals for mercantile and monetary unification had already been broached in seventeenth century Europe, though this idea came up against serious legal hitches insofar as it involved trampling on privileges of all sorts, at the level of municipalities, realms and social groups. From this point of view the problem of domestic trade was not so much one of infrastructure, though this also stood in need of modernisation, but rather, as some have already pointed out, of legal impediment, and this was a more difficult problem to solve.

As regards the Crown of Aragón, Philip V found in the War of Succession precisely the footing he needed for grasping this legal and constitutional nettle. One of the most important points of the *Nueva Planta* decrees imposed on that Crown from 1707 to 1715 was the abolition of the *puertos secos*. Despite the affront this might mean to Aragón's *fueros*, the measure was an important step towards market unification. Most authors agree that this situation favoured the mercantile and industrial interests of the Crown of Aragón, more productive than Castile in these sectors, and especially Catalonia. Catalanian merchants now began to spread throughout the whole of inland Spain, their establishments then acting as a bridgehead for the later development of Catalanian business in general. This phenomenon became more evident in the second half of the century, especially in terms of the burgeoning cotton industry, but the seeds were already being sewn in these earlier years. As Vicens Vives has pointed out, in

about 1740 Catalanian business, "favoured by the lowering of customs duties below the tithes revenue [referring here to customs tithes], made great inroads into Castile". By this date Catalanian artisans, technicians and merchants had already begun to set themselves up in the Crown of Castile.

The advantages that the new situation granted to the Crown of Aragón were reflected by the protests made by other vested interests. In 1742, therefore, Campillo had to set up two new customs points, one in Fraga and the other in Tortosa, to try to control the goods flowing from Catalonia inland to Castile. One of the reasons for this reestablishment of customs points was that fact that the port of Barcelona in Catalonia charged less than the rest of the ports, so these new posts were an attempt to make up the difference. This brought its duties into line with other ports, but Barcelona still had to pay the newly established *derecho de bolla* (duty on wool, silk and cotton textiles) on imported textiles.

The success with the Crown of Aragon urged the government to try for total customs unity as soon as the War of Succession was over. In 1717 Campoflorido therefore decreed the extension of the system to the whole of Spain. This meant ironing out the small customs differences that existed with Asturias and Galicia, which also enjoyed some privileges of this sort, and transferring Galicia's duties to the border with Portugal. But above all it meant doing away with the customs system of the Basque provinces and of Navarre. The application of the decree involved transferring the Ebro custom posts to the sea or the French border, as the case may be. In early 1718 the customs posts were set up in Bilbao, San Sebastián and Fuenterrabía. This sparked off fierce protests about what was seen as an attack on their *fuero* privileges, forcing the government to back down and agree that duty would not be collected on the goods being sent to the three provinces, in order to respect the *fuero* of their inhabitants. This decision did not defuse the situation and in 1718 the revolt known as the *machinada* broke out against the guards in charge of avoiding contraband.

By now it was clear that the measure had run into serious trouble. In 1719, on occasion of the brief flurry of war with England and France, the French army entered Guipúzcoa. Some writers are of the opinion that the fierce resistance of the province softened the government's determination to press through with the customs reform. Others regarded the climb-down as a recognition that the best way of fending off the risk of invasion was to keep the provinces quiet. Fifty years later the Bilbao Consulate was to explain that the measure was repealed because the cost of guarding the merchandise and subduing the protests meant that custom profits were even lower than those previously obtained with the *puertos secos*. Others, finally, consider that it was the social pressure backed up by the political machinations of the three provinces and Navarre that brought about the climb-down. A factor that should not be forgotten here, in any case, is the importance of contraband and the interest therein by many high-ups, even among the government. Many of the Basque and Navarre negotiators had built up their fortunes on the strength of the excellent business terms that could be set up with Bayonne and the need of bringing these goods into Castile. After the transformation of the customs system it was a whole new ballgame; some merchants even decided to move their business headquarters to Bayonne. Furthermore, for whatever reason, contraband increased under the new situation. A board was set up to study the problem and decided that there were more pros than cons in the previous situation. In 1722, therefore, a new decree was passed ordering the customs posts to move back inland.

In any case the *puertos secos* were not the only hindrance to domestic trade; there were many other barriers that took some time to be removed. *Portazgos municipales* (municipal tolls on goods), *pontazgos* (bridge tolls) and *barcajes* (river

tolls), rights of varied tenure but held above all by the nobility, were only some of the gauntlet of obstacles that the goods had to run from origin to destination. All these hurdles upped the price of the final product and also hampered the government's attempts to bring in a more unified market. Furthermore the toll did not at all oblige the receiver thereof to mend the paths and roads, so the journeys were still sometimes toilsome.

One example of these problems – one among many – was given by Carrera Pujal in his description of the attempt to stimulate American trade with Spanish goods, especially from 1720 onwards. The government urged merchants and industrialists to send more Spanish goods to Cádiz, but the goods had to run the customs gauntlet of Jerez, Lebrija and Cádiz. The *Intendente de Marina* (Navy Intendant) of Cádiz told the government that Jerez customs, in particular, charged sky-high duties on the goods from Toledo, Granada and Valencia, among other places. A one-off indulgence was given for merchants whose goods were waiting at that time in those customs posts but no general measure was taken against these duties. One interesting measure that was taken at this time, even though it did not directly affect the traffic of goods but the flow of information, was the approval in 1720 of a *Reglamento General de Postas* (General Post Regulation). Apart from trying to improve the service, this regulation clearly marked the across-the-board centralising trend: politically in that it was a royal regulation and geographically in that it made Madrid the hub of a network radiating out to every part of Spain. The model was not in fact new; such trends can be traced back to the sixteenth century, but now they were being explicitly reinforced.

The general concern for domestic traffic, whether in terms of the thoroughfares or the review of the various duties, was partly enshrined in the provisions of the *Real Resolución de Intendentes* (Intendant Regulation) of 1718. *Intendentes* as an institution were a mixture of tradition and innovation. Their powers were by and large already held by the *corregidores*, but the very idea of *intendentes* underlined the centralisation drive. They were first brought in in 1711 to solve the organisational problems caused by the War of Succession. Initially they were general superintendents of the army who acted also in their corresponding territorial demarcations. As well as their governmental powers they also took on responsibilities for financial and economic questions, an aspect of more interest for our purposes here. Their significance was initially greater in the Crown of Aragon, which was being brought under a new administrative regime. Part of this process was the above-mentioned abolition of the *puertos secos*.

The powers of the *intendente* increased after the war, now exceeding those of the *corregidor* in the provincial sphere. A new definition of the *intendente* was therefore now required; this was given in 1718 and in fact considered to be the first real compilation of its powers and responsibilities. More stress was now laid on the economic responsibilities of the *intendente* in the province, the obligation to foster economic growth across the board and especially to improve transport and communications. We see here a clear attempt to organise a modern road network under centralised rules. Nonetheless the exclusively provincial *intendencias* were abolished in 1724, leaving only those that acted in *capitanías generales* (captaincies general); this situation did not affect the interior of the Crown of Castile. During their fleeting term of office, therefore, the Castilian *intendentes* could do very little to improve inland traffic and communications. Precisely one of the main problems was that the *intendentes'* wide-ranging powers came into conflict with the privileges of the territorial seigniors.

The inactivity in this field ran completely counter to the opinions expressed by authors like Ustáriz, who had stressed the need of improving the roads and making them safe from wrongdoers, avoiding the need to make such roundabout routes with the

consequent cost increase. Argumosa was still insisting by the end of the reign on the harm done to industry by the lack of a good road system. Nonetheless, nothing was really done until 1749, when *intendentes* were brought back as part of the government's drive to improve communications, but this would be in the reign of Ferdinand VI. Moreover, the problems that came later were by no means petty. As well as the abovementioned problem of privileges there was the further snag of costs. The construction of the new roads was fairly expensive and the *Hacienda* was not always prepared to foot the bill. Attempts to get the *pontazgo* tenure holders to pay for them had fallen on stony ground for centuries and this situation did not change in the eighteenth century. In short, as reflected in the Andalusian case, it was often the towns themselves that had to meet most of the road-building costs. It was probably this set of problems that put back the road-building programme to the second half of the century, without any records of any serious work before 1750.

Much the same could be said of the irrigation and navigation canals. Although some had been started in the sixteenth century, such as the Ebro Canal, also called the Charles V Canal because of the moment when it was started, this work and other possible ventures were never finished. Canals were another common concern of the authors of the first half of the eighteenth century. Ustariz himself, after defending the idea that an improvement of the port of Los Alfaques would be conducive to the navy's interests, goes on to insist on the "important matter of making the River Ebro more navigable from Navarre and even higher up to Alfaques de Tortosa itself, so that surplus goods and fruits in the various provinces this river runs through can be more easily transported and sold at a lower cost". He also points out that this traffic is in fact already being carried out and that every year "gunpowder, bombs, grenades, cannonballs and other munitions made in Navarre plus other non-military goods are brought in flat boats and barges from the vicinity of Tudela to Tortosa and even as far as the sea".

The traffic already existed, therefore, and there should be no great problem in improving it. Ustariz was well aware of the most complicated obstacles, like the Flix waterfall, where the goods had to be unloaded and loaded up again, but his experience told him that all such problems were solvable, "for I have seen greater difficulties solved in Flanders, Holland and France, including even dams and other artifices". In this endeavour he recommended the services of the engineer Jorge Próspero de Verboom, who would indeed take on responsibility for many public works in this period. Under this same heading of public works Ustariz also referred to the improvement of the seaports, particularly those like Cartagena, Alicante, Barcelona and the aforementioned Los Alfaques. Something was being done in this field, because the author goes on: "I do not propose it for Málaga because work has been underway there for some time in the form of orders and provisions handed down by the king". Ustariz was not long a lone voice here. The Marqués de Santa Cruz considered that one of the prerequisites for industrial prosperity was transport-improving work such as the creation of canals or making rivers more navigable. Argumosa or the Abate de la Gándara also insisted on the need of canals, both for transport and for irrigation. But all these questions would have to wait for several years yet.

Systematising inland traffic was almost impossible because of the sheer variety of circumstances, goods, origins and destinations. The difficulties were even greater if we include all the foreign-trade goods that also had their overland trajectories to cover. We also have very little information to go on in terms of making comparisons or even deciding whether or not a particular event took part in the first part of the eighteenth century. On the basis of the figures of Ensenada's Cadastre, it would seem that the income declared by the merchants (128 million *reales*) was little more than that

declared by functionaries (106 million) or the owners of rented housing (118 million). Ensenada's Cadastre, drawn up from 1749 onwards, gives us a sort of snapshot that can be taken as a summary of the forties; the trouble is that it refers only to the Crown of Castile (except for the *provincias exentas*) and there is always the problem of concealed information. These riders made, the figures are there. They seem low, particularly the merchants' income. R. Fernández explains that this was probably bound up with the fact that peasantry, artisans and other lower-class groups had little left to spend after meeting their tax obligations. Those with spending power, on the other hand, formed too small a group to generate any great demand.

All this is perfectly true, in default of any more detailed information, but other factors also have to be taken into account. For example, there were few merchants in Spain compared to other countries with more developed trade. The dearth of mercantile activity was therefore an inheritance from the seventeenth century, a yoke the Bourbon government was striving to shrug off in an unequal struggle against the permanent and massive introduction of foreign goods and the sway held by foreign merchants over the major traffic. This endeavour, undertaken with zeal in the first half of the century, would begin to bear fruit in the forties. From other points of view this mercantile backwardness was not grave but simply the usual state of affairs in an estates-based society where the greatest wealth was generated by agriculture and the self-consumption of staples was the norm. It is also reasonable to assume that the functionaries' revenue seems high because it was easier for merchants to hush up some of their income while functionaries were forced to declare everything. In any case what seems to be clear – not only in Spain but in any country – is that capitalism, one of whose main references is mercantile activity, was still a budding development, important in qualitative and potential terms but as yet accounting only for a small part of economic activity in the eighteenth century. It is precisely in domestic trade that it was least noticeable because of the plethora of traditional activities and markets.

The way the markets were organised depended mainly on the products demanded, which was in turn a factor of the existing social groups. One city might trade with another in relation to a given product and then turn to a completely different city for another type of merchandise. Valladolid, for example, tried to sell its fabrics in the fairs of Valdemoro or stock up from Madrid with some colonial products or the raw material for its budding silk industry. But the Basque merchants established in Valladolid revealed the mercantile bonds linking the Castilian city with the Basque ports, whence foreign textiles and other products arrived. The Catalan connection was also on the rise with the early presence of Catalan merchants in Valladolid. Such complex domestic-trading relations cannot realistically be boiled down to any explanatory pattern in terms of urban systems, preferential country-city relations or district spheres of markets and fairs. All these strands exist but they are only part of the total fabric. Coastal trade facilitated permanent relations between the coastal cities. The Cantabrian coastal cities, for example, form a clear set in this respect. The same perhaps goes for the Mediterranean, in terms of the whole stretch from Barcelona to Málaga, and also if broken down into zones (the East Coast or Andalusia).

But any coastal city could strike up relations with inland ones. The Northern Submeseta's outlet to the sea was Bilbao, Santander or La Coruña; the Southern Submeseta chose mainly Andalusia but also Cartagena and Alicante. Aragón's natural outlet to the sea would presumably have been Barcelona or Valencia. These inland-seaport connections generated different relationships from those of the purely coastal or purely inland spheres, or the simple town-country relationship. Relations of this type were not new in the first half of the eighteenth century; they had in fact existed for quite

some time. The Northern Submeseta/Cantabrian coast/north of Europe link is as old as the one relating the eastern part of the Peninsula with the Mediterranean coast and Italy and thence towards the East. They are time-honoured routes that withstood the new developments following the discovery of America. America would drain off a large part of Spanish and European trade, in the Spanish case causing many cities to steer their merchandise towards Cádiz. This created a whole new circuit but it did not put paid to the old ones.

Some staples of universal production were usually the object of short-distance trade in local markets or in city hinterlands. Under normal circumstances a small town or village did not have to strike up relationships with far-off markets to supply itself with staples like wheat, meat, milk, firewood, wine. This was the rightful domain of local or district markets with a long tradition behind them. Non-staple products, on the other hand, naturally more expensive and clearly more luxurious in character, tended to travel greater distances and bring together sites that were very far away from each other in a market that was, despite all, fairly unified. In these cases it was not distance that split up the markets but rather customs and transport differences. Any Asian product, for example, might have the same price off the coasts of Spain or France but a very different price in Paris or Madrid. At the end of the day it was the conditions of the nearby market, the inland market, that marked the differences.

But let's come back to Spain. The lack of any unified market was the result of customs differences, the lie of the land and transport backwardness, leading to price differences, especially in staples, from one place to another. But this should not be taken to mean that the market did not exist or that products did not travel throughout the whole territory. In many cases they did so due to strict necessity, after supply crises or poor harvests, events, as we have already seen, that were almost certainly less frequent in Philip V's reign than at other moments of history.

The main poles of attraction of domestic trade were the great cities such as Madrid, Barcelona, Cádiz, Valencia, Zaragoza, Seville or Málaga. The only complete study to hand on this matter is a fairly detailed one made by D. Ringrose. His account tells us how many different types of market a city might contain, something that varied very little in the first half of the eighteenth century. The characteristics of Madrid (populous with a high-ranking elite, calling for a large serving class and with relatively few artisans) were an essential factor in the makeup of these markets. Madrid's demand created different mercantile flows. It drew in large amounts of staples from nearby zones: wheat from nearly all surrounding provinces or La Mancha wine, for example, creating a sort of Madrid dependency of these areas without offering a big enough demand to justify a change in their production systems. A comparison with London or Paris, with much higher demand, shows how far Madrid's demand was insufficient to generate greater economic growth in its surrounding area. The effect was to drive prices up, impinging negatively on these very productive areas. In fact the previous century's falling population trend was maintained. Had demand been greater, the resulting diversification would have had a favourable effect on prices. Madrid's situation is typical of a market that grows but not enough, driving up prices.

The following percentages of foodstuff staples were received by Madrid in 1789: wheat, 49%; meat, 25%; wine, 17%; oil, 9%. From the provisions point of view staples represented 40 percent of total consumption; next came manufactured goods, less abundant and more expensive, weighing in with 37 percent of the total. Other types of non-staple food and drink accounted for 16 percent and raw materials and semi-processed products represented 7 percent. These total figures correspond to a time when Madrid's population was 175,000. By way of example 700,000 *fanegas* a year of wheat



were consumed, 500,000 *arrobas* of wine and 15,000,000 pounds of beef. Fifty years earlier the overall figures would obviously have been lower but we think it likely that the percentage breakdown would have been similar, except for the case of the raw materials, because industrial activity was also growing in Madrid.

By deduction we can assume that consumption in other cities would have been similar in percentage terms to Madrid's, since the urban structure of Spanish cities was much of a muchness, barring exceptions like Barcelona or Cádiz, with more commercial activity. Where industry was more important, raw materials represented a higher percentage of consumption; where the bourgeois population was bigger, there would not have been much difference with Madrid in percentage terms, because the bourgeoisie tended to consume pretty much the same luxury subjects as the aristocracy, and wherever there were more bourgeoisie there were fewer nobility, one offsetting the other. From these known figures of Madrid, we can make bold to assume that urban consumption in Spanish cities was in general quite similar.

Madrid also drew in numerous luxury products from abroad, from its own colonies or other countries. This favoured the capital's connections with the ports, especially with the better-connected ports of the Mediterranean and Cádiz. Madrid was already Spain's biggest import market in the seventeenth century, especially in comparison to the other inland cities. Small wonder, therefore, that from this point of view also there was government interest in building up a radial road network with Madrid as the hub. But these ports were those that were the first recipients of foreign goods. The most important input ports for foreign products were Cádiz, especially for the American trade, Barcelona for traffic with Italy and Bilbao for goods from the north of Europe. From these ports the imported goods would then fan out to inland cities or move along the coast to smaller coastal cities. The ports also sent fishery products inland, largely consumed inland in salted form, the only way of conserving them at the time.

Inland products also made their way to the ports for export. The Andalusian ports exported many farm products, most of them presumably from Andalusia itself. These products represented 45.6 percent of the total exported tonnage. The main products were wine, spirits and oil. These three products alone, according to García-Baquero's figures, added up to 41.4 percent of total exports in the first half of the century. The next products in importance were textiles and *efectos de palmeo* (goods taxed by volume) representing 33.5 percent, though it is impossible to ascertain their origin. We know that Spanish textile exports to the Americas were growing but not now much or on what time scale. Other products of certain importance were paper (5.4%), which was certainly Spanish, iron (4.8%), also certainly Spanish, unrefined oil (3.7%) and wax (2.6%). Remaining products did not add up to one percent. Other ports were also the outlets of Spanish products to other countries. Bilbao exported iron and wool, the Andalusian ports other farm produce as well as the abovementioned products and the eastern ports textiles, wool and silk as raw materials, when possible, wine and spirits. What is interesting for our purposes here is not a structural study of overseas trade but the fact that the due transporting arrangements had to be made to get these products from their production sites to the ports, which must have involved a fairly intense traffic. We have already made the point that the foreign merchants did not usually go far inland to buy or sell; the export traffic therefore called for some sort of relationship between inland merchants and the exporters' commission agents, the former taking their products to the ports or within reach of the latter. There would also have been a network of relationships between the exporters' commission agents themselves. This means that this domestic traffic was a much livelier affair than simple

city supply arrangements and also created numerous intermediate activities between the productive sectors and the exporters.

Another problem complicating domestic markets was prices. The wild, harvest-dependent fluctuations of grain prices caused a lot of problems in this respect, although attempts were made to even out the peaks and troughs by storing grain in *pósitos municipales*. It was in fact cereal products, especially wheat, that were most problematic in this sense, rather than other products with smoother price trends. Philip V's reign was in any case fairly privileged in terms of price stability, especially after the end of the War of Succession. Hamilton's indices indicated in general terms an era of low prices with few fluctuations, at least in comparative terms, both in farming and non-farming prices. This price stability began as far back as 1680 and lasted until about 1750, with blips only during the main conflicts: the War of Succession and war with England around 1740. This general picture can be fleshed out by a specific example, given by C. Cremades for the city of Murcia in the first half of the eighteenth century. There we see how wheat prices varied sharply with inter-index extremes of 40 to 240; over two hundred points of difference. These swings, however, were not very numerous. Other products, in contrast, showed a much more stable trend. Cod, wine, oil and mutton were very stable over the whole period (1710-1754) with indices ranging only from 85 to 125. Only after 1755 does a general upward trend seem to set in, coinciding with Hamilton's indices.

The wheat price in Valencia showed a similar picture: stability with an upward trend during the first half of the century. The highest prices in the first half of the century were recorded in the thirties while the fifties marked a transition to a higher price plateau. Lisbon, Barcelona and some spots in France, as Palop has confirmed, showed similar trends. The sequence was basically the same in other foodstuffs, with fewer ups and downs than wheat. We can therefore safely draw the conclusion that from the point of view of urban foodstuff supplies, the first half of the eighteenth century was in general a very favourable time for the consumer, without doubt a general economic bonanza paving the way for the higher growth rates to be clocked up later.

Apart from these general considerations, some products deserve a special mention due to their importance within domestic trade. Wheat was grown almost everywhere, except in the coastal areas, who received it from the closest inland areas in a normal year or from abroad in years of scarcity. The "*trigo del mar*" (imported wheat, literally "wheat of the sea") replaced national wheat in years of poor harvests; paradoxically, therefore, it was the coastal regions that suffered least from wheat shortages. But the wheat distribution arrangements could at times lead to apparently complex situations. As J. Andrés Gallego has explained, Cádiz might receive wheat from *Castilla la vieja* (Old Castile) through the Cantabrian ports, at least in exceptional circumstances, as occurred in 1768. But this expedient was not turned to in 1733 when trade with Barbary was banned because of the plague and Andalusia was then hit by a wheat shortage in 1734. The reason why Castilian wheat was shipped in in 1768 and not on other occasions was almost certainly a question simply of the personal relationships of the middlemen involved. Cádiz's wheat demand might act as the catalyst of business between Castile and Bilbao and Santander but only if the right persons were involved at the right time. This example clearly shows how the mercantile world did not respond solely to a commercial logic of market hierarchies or the closeness or importance of markets but, above all, to affinities of kin and friendship. These were the fundamental links in the chain whereby a wheat farmer in the province of Burgos might satisfy the demand of Cádiz via Bilbao or Santander, thus setting up circuits of domestic trade that were inconceivable a priori.

Wine was a product of widespread consumption but limited production. In Spain of the first half of the eighteenth century there were established wine markets set up fairly close to the main production and consumption areas. Some areas were already beginning to specialise in the distribution of wine to more distant regions and even abroad. Such areas included La Rioja, La Mancha, Tierra de Campos, Cariñena, Jerez, to give only some examples of areas already specialised at the time, plus the Galician wines. More or less the same could be said of oil, obliged to travel from south to north, except for the Ebro valley's output.

Textiles also had their own circuits. Galician linen was usually transported to Castile by emigrant seasonal workers. The best woollen textiles of northern Castile, from Cameros, for example, were distributed throughout the whole of northern Spain and also a large part of the southern half, although here they had to compete with the better-selling textiles from Montes de Toledo and Andalusia. Valencia silk came to Castile from the east of the *Cordillera Ibérica*, followed by Catalanian cotton by the end of Philip V's reign. The textile market, therefore, fanned out a fair way from the production sites, especially the medium- and high-quality fabrics. Some textiles were also exported, especially to the Americas, but we have only indirect information on this trade. In the second half of the century a company of merchants from Soria was up and running in Cádiz; among other things they shipped goods from Soria to the Americas. The trade probably existed long before but without a company to organise it.

Wool as a raw material had its own circuits from the shearing areas (León, Segovia, Extremadura) and washing areas. Some might be bought by manufacturers and some by export merchants, normally an intermediate link before reaching the shipping agent who loaded it on board. The *tanteo* (preferential option) rules tried to give preference to national manufacturers so that the raw material did not have to compete against the prices ruling on international markets. The fact that these rules had to be reiterated so much and the complaints made by manufacturers and writers of the time suggest that they were not properly enforced. The main sea outlet for merino wool from Castile was Bilbao, (attempts were made in the second half of the century to strengthen the Burgos-Santander axis) while for Extremadura it was Seville. Wool was also exported to Portugal and Italy, in the latter case by Spain's east-coast ports.

Some products were *estancados*, meaning that the sale and sometimes even the manufacture thereof were reserved for the government. Salt was one such product. Sea salt normally met the salt needs of the coastal area and its hinterland, while most of inland Spain used mineral salt from the numerous saltmines that were scattered throughout the whole of Spain. Given that the sale was a State monopoly, the government itself had organised the districts in which the salt from each particular mine had to be sold and the points of sale or *alfolies*. Tobacco was a similar case, its manufacture also being organised on a monopoly basis by the *Hacienda* in its Seville factories. Tobacco production was banned in the Iberian Peninsula so that all tobacco had to come from overseas, especially from Cuba, the main supplier. The peninsular market was divided up into provincial administrations, which in turn organised the sale through the *tercenas* and *estancos*. General warehouses had been operating in Madrid for years, seeing to the distribution in the northern half of the Peninsula. The rest was organised from the Seville factories. A factory (distributing warehouse) had also been operating in Barcelona since the thirties, helping in the east-coast distribution. It would serve as the model for the similar distributing warehouses that mushroomed in the second half of the century to keep up with the increase in consumption.

Another particular aspect of the domestic market is the supply arrangements for major factories, shipyards or the army. A well-known example is that of the Guadalajara

Textile Factory. In 1745, at the start of a new growth phase, it was running 75 broadcloth looms and 40 serge looms, employing over 1100 people in the factory itself. The factory needed huge amounts of very varied products from far and wide. The Province of Guadalajara supplied it with soap, firewood, coal or oil, for example. The cards for combing the cloth came from the Ágreda area in the Province of Soria; the wood for construction also came from Soria, from the Duruelo area. But then things got more complicated. The cloth shears were bought in Olot, the wool in any of the producing provinces (Soria, Segovia, above all). The dyes were brought in from various places; some were found in Spain, in diverse provinces; others were shipped in from the Americas, like the vicuña wool that was also used. Some more sophisticated instruments were imported from abroad. In short, as in other cases, the products had to be sought out and brought in from wherever they were available.

A similar situation obtained in the shipyards, set up precisely in Philip V's reign. Their almost insatiable demand for wood had a strong knock-on effect in the traditional timber-cutting areas; their demand for nails, ironwork, anchors and the like was a similar shot in the arm for the northern metal industry while their sails also generated a healthy demand for the canvass industry. Although the shipyards aimed to be self-sufficient in some products, setting up their own on-site factories, they never managed it entirely and still had to buy in products from outside. The mercantile flows generated were naturally very specific, albeit of a very high value. The main agents involved were the great *asentistas* who specialised in or concentrated on wood supplies for the navy, such as Goyeneche and above all Juan F. de Isla. But they were not the only ones. State demand was strong enough even to rechannel production and supply flows. Witness anchor manufacturing in Guipúzcoa. The boom in State demand from 1730 onwards stoked up this manufacture to unprecedented levels, enabling the navy to use these anchors instead of importing them and even to export some.

The development of the shipyards had the added effect of creating practically a new city wherever they were set up, with a multiplier effect generating new supply flows not only for their raw materials but also for the consumption of their workers. This is seen to good effect in Cartagena, a city in which R. Torres has been able to match the growth of its shipyard, very clear from 1740 onwards, with the growth of its population and the concomitant changes in its economy, especially in the supplies as measured by the revenue received by the *concejo* (council). It is clear that all these multiplier effects of the major firms, especially the State companies, were limited to the local area, in terms of both the origin and destination of supplies. They could therefore not define inland trade as a whole, mainly based on the supply of staples to a predominantly rural population. Nonetheless, it is no less true that they helped to endow the mercantile panorama with a variety and even an importance that we are all too wont to overlook.

An important part in inland trade, as already pointed out, was played by coastal trading. Each port would obviously create a clear network of relations with its hinterland, but coastal trading clearly transcended the local sphere and not only in exceptional moments. Boat trips along the coast were now cheaper, quicker and also safer. An example is the fish trade between Catalonia and Galicia, which would later lead to the establishment of a Catalonian salting industry in Galicia. Continuing with the example of Catalonia, we see how the growing presence of Catalonians in Cádiz from the late seventeenth century, as pointed out by Martínez Shaw, prompted an expansion of Catalonian trade along the whole Mediterranean coast, reaching even beyond Cádiz to Lisbon and Galicia. This gave Catalonia the upper hand in coastal traffic, especially when they managed to merge domestic and overseas trade operations.

## 7- Hacienda: What should be taxed and how?

### 7.1 The Zeitgeist and the First Reforms

The fact that Hacienda had to be paid its dues had been a well established principle among the population for centuries. Moreover, at the start of the eighteenth century absolutism was still in full swing, with a past momentum that would allow it to linger on for almost another century. The principle is clear: if the king has to be stronger in order to be able to organise more unified states, he needs to have the wherewithal and this can only come from fiscal revenue. That said, the sixteenth-century view that this revenue served only for war-making purposes had by now been overcome. True it is that military preoccupations, as reflected in expenditure figures, still remained uppermost in the monarchs' minds, as Klein has quite rightly pointed out. Nonetheless the *Hacienda* was now beginning to be understood as factor in economic growth or at least as an institution that might harm this growth if things were done wrongly. The question was not only to rake in more revenue, therefore, but also how to do it.

England's positive seventeenth-century example weighed even more heavily than the French model. Some years ago J. Nef made a comparison of the fiscal systems applied in England and France in 1540-1640 and pinpointed England's more benevolent fiscal treatment of industry as one of the key factors in its superior industrial growth. Nef's conclusions, drawn in 1940, had logically been drawn by the Spanish and French governors three centuries earlier. The Spanish could do nothing, overstretched as they were in trying to keep up international policy obligations that were clearly beyond their means. Only at the end of Charles II's reign was any reduction of the fiscal burden considered, together with some other interesting ideas, but little was actually done. The French, on the other hand, had more leeway of action and struck out on a policy that Spain tried to emulate, albeit patchily, as from 1679. It would then be the new dynasty as personified by Philip V that brought about a clear change of direction in this field.

The authors of the time were unanimous in considering a change in the taxation policy to be crucial. This change was always related to an equally necessary increase in output. As a preview of what is to come we can say here that, in their opinion, the host of taxes increased the production costs of industrial products and balked the selling of any product, whilst also reducing purchasing power and ipso facto demand and production. To change this situation a fiscal reform needed to be carried out and this would involve a complete overhaul of the whole treasury organisation. This is precisely what was attempted in Philip V's reign, as we will see, with notable success though the fruits would not be reaped until 1750 onwards. For the moment we will continue citing the varied opinions of different authors. According to Aguado, taxes only exacerbated the problems posed by the supposedly work-shy character of the Spanish. Although somewhat clichéd, this opinion about the Spanish attitude to work may nonetheless hold a kernel of truth in terms of what we today know as the theory of property rights as applied to the expected yield of an investment or piece of work. If these expectations are reasonable, the work will be done, otherwise it will not. Herein lies a crucial factor of Spain's economic history since at least the sixteenth century and down to our days: the relative weight of taxes prompts people to opt for safe investments even though they may yield little in the short term. Such options include the purchase of land and

investment in public debt, as well as hoarding when the property is in the form of cash. If yield prospects are low, the investment will not be productive. It is not a question of a lack of entrepreneurial spirit but rather the disincentive effect of low or non-existent profit. The alternatives will be less productive but more profitable.

Cabrera looked at the problem from another viewpoint, the purchaser's, and asked for productive investments not to be taxed so as not to increase the product prices. Indeed, under a poorly organised taxation system, productive investments are not viable. Zabala referred in particular to provincial revenue, the main battlehorse here, and called it "an efficient impediment to trade and manufacturing activities". The Abate de la Gándara, for his part, dubbed tax increases a "wall" that dampened not only private economic activity but also State revenue. Uztáriz had been arguing a similar line in claiming that excessive taxation was destroying industry and hence leading to a loss of useful trade, with "harmful trade" filling the void, i.e., business from abroad. To increase Spain's industrial output and trading potential it was necessary to avoid taxes.

The doctrine was clear, but how did the government see it? Basically the governors of the reign of Philip V thought exactly the same. Of course no one was advocating the disappearance of taxation; rather its rationalisation. As has often been pointed out, no important taxes in the Crown of Castile were actually abolished in the reign of Philip V; even the less important taxes were hardly tampered with. This answers in part the question, what should be taxed? The answer was clear: the same activities, though perhaps with particular exemptions. The main problem for the governors, many of whom (Macanaz, Campillo, Ensenada), also wrote on the matter, was how to do so. As Artola says, Philip V's reign was "profoundly innovative from the point of view of *Hacienda* administration". It would be a question of simplifying, streamlining the mechanisms, of setting up an efficient system that increased revenue without increasing taxes and without hindering economic activity.

This was rather like squaring the circle but it can nonetheless be safely claimed that the revision work in this field was carried out with more continuity than in other fields of economic life. By 1745 the system seemed to be ready, with some dry runs being conducted: the cadastre, the single contribution and direct administration of revenue. The first, a *sine qua non* of the second, was carried out from 1747; the second was dropped in the clearout at the start of Ferdinand VI's reign and was never actually put into practice, so the cadastral studies in the end served "only" the interests of historians, though here they have been enormously useful. Finally, direct administration did come to be definitively implemented in 1749 and had a salutary effect on the organisation and results of the *Hacienda*. Although the measure was actually taken in the reign of Ferdinand VI, it stemmed from the work and experiments of the previous reign and was put into effect by a minister who had been working on it uninterruptedly since the last years of Philip V. Here, as in other aspects there is a clear line of continuity between the two reigns as far as reformist policy is concerned, without playing down the advances made in the reign of Ferdinand VI.

Despite the reformist tag we have given the reign in terms of treasury organisation, this always has to be interpreted in the particular context and timeframe, taking into account the inherited situation and how it was changed. In this sense the situation in 1750, after all the reforms of the first half of the century, offered a markedly different panorama from the one inherited in 1700. The *Hacienda* was now directly run by the government; the revenue had been greatly increased; the fiscal situation was more evenhanded in territorial terms, with a relatively homogenous fiscal weight per capita and the public debt had been brought under control. The comparison of the two bookend situations is clear but the gradual change over the whole fifty year period was

much less noticeable on a day to day basis. Consideration also has to be given to failed attempts such as the single contribution in Castile.

During the first years of the reign, in the midst of the military conflict, the only concern was to increase the revenue to be able to maintain the army. The measures taken had the traditional makeshift form of *valimientos* (a sort of expropriation of financial revenue from the fiscal proceeds of local authorities or other revenue receivers), or donations, ostensibly voluntary but to all intents and purposes obligatory. Another measure, similar to others already taken in the past, was the reduction in 1705 of the interest on *juros* (interest-bearing state bonds) to 3 percent, a measure that not only alleviated the public debt but also increased the actual available income, insofar as *juros* interest was paid from fiscal revenue. In this overall context mention should also be made of other important measures such as the creation in 1701 of a board to run tobacco revenue, now considered to be an important revenue source set to grow in the future, or the renewal in 1704 of the *servicio de tres millones* (a tax granted by the realm to the king and falling mainly on the commoners), which had been in abeyance for twenty years.

After the victory of Almansa in 1707 the government had the chance to set up a uniform tax system in the territories of the Crown of Aragón, starting with Aragón and Valencia. This would lead to new taxes in the Crown of Aragón and the cadastre experiment, later to be applied, as we have already pointed out, in Castile. Later on we will look at the fiscal aspects of the *Nueva Planta* of Aragón. For now we will continue with the Crown of Castile. From the institutional point of view Castile also saw a well-defined change towards greater State authority; the State ceased to call parliament and decided arbitrarily whether or not to renew the *millones* tax (on staples) as it thought fit, without consulting the realm. This was tantamount in practice to absolute government, increasing the liberty of action for fiscal progress. It often turned out in practice, however, to be a sort of progress that only weighed more heavily on the commoners.

The prime concern of Philip V's governments was to reorganise the *Hacienda* in the sense of simplifying and regularising the bureaucratic procedures and mechanisms. One example of this is the appearance of the term "*rentas provinciales*" (provincial revenue) during this period, so called because it was paid by each one of the provinces of the Crown of Castile, except for the exempt provinces. The *rentas provinciales* pooled all the old concepts of *alcabalas*, *cientos*, *millones*, *servicios* plus a host of lesser taxes. This was a set of taxes imposed on the citizens, just like before, with the difference now that they were brought under a unified organisation, thereby improving and simplifying all the rather long-winded arrangements and procedures. The trend of establishing *millones* and *servicios* without having to resort to parliament and await its decisions made it easier to keep orderly accounts and predict the revenue from these taxes. Agreements were still reached with town councils to decide how much each population had to pay, but this procedure was also more orderly than before.

The situation with general revenue was very similar. In the first years of the eighteenth century all the realm's various customs points were unified administratively, together with the wool revenue. There still remained a situation of *almojarifazgos* (customs duties) in the south, customs points in the north and the *puertos secos*, which had withstood the abovementioned attempts to do away with them, plus the plethora of taxes affecting each one, but the administrative orderliness improved greatly. The provincial revenue administrations were also set up at this time, to centralise in each province or administration the set of royal revenue comprising provincial revenue, general revenue government-monopoly revenue and others. Although the *Hacienda*

organisation as a whole was still unwieldy it was still much more manageable than it had been before the beginning of this reign.

The fiscal situation was certainly still far from satisfactory but some progress had been made. Artola recalls the Instruction of 1725 to regulate the collection procedure of provincial revenue in an attempt to lessen the grievances caused to the local populations in exacting the tax. This instruction confirms the general suspicions of the time: fiscal bias in favour of locally-registered landlords, who did not pay provincial revenue or only in their place of residence. Only in the case of the *servicio ordinario y extraordinario* (a property tax on commoners collected in Castile), almost testimonial by now, did the instruction mention absentee landlords. Many landowners therefore did not pay for their land in other places. At the end of the reign there were the first signs of a change in this respect, with attempts being made to bring the absentee landlords into the revenue trawl. "The king is decided" says an instruction of 1741 "to base the share-out on all such property as may exist in any given place, whether belonging to residents or seigniors of vassals...". Nonetheless, as Artola points out, these good intentions of the minister Campillo were largely thwarted by the lack of information in the cities.

There is nothing new in all the above, though the abovementioned instruction of 1725 did try to defend commoners from abuses of local governments and tax collectors (collecting the tax twice, collecting it even when the government had granted an exemption, keeping the proceeds, etc.). As regards the revenue farmers, mention is often made of the pressure they exerted on the people to increase their profits: the part they had to pay over to the government was fixed, so anything they could rake in above that sum would be net profit. Hence the hard-hitting attitude of the revenue farmers' employees and the resultant ill-feeling among the people, who always thought they were paying more than their due and to the benefit, moreover, of these people rather than the king himself.

Throughout Philip V's reign the accounts presentation was also improved, as reflected in the books kept. Not only did all revenue now abide by a similar model, therefore, but it could now be continually monitored by means of accounts statements, allowing the government to keep abreast of available cash. This improvement was particularly notable after 1745, when accounts statements were drawn up to prepare the cadastre, the single contribution and the definitive universal administration.

## 7.2 Towards Universal Administration

One of the burning issues of the realm was precisely universal administration. Should revenue still be farmed out to lease holders as before or should it all be "brought under administration" i.e. run directly by the *Hacienda*? An obvious problem here was the need for a bureaucratic apparatus capable of reaching all corners of the realm; it would seem that this was not in place at the beginning of the reign. The other side of the coin was the aforementioned abuses, whose weight fell on the taxpayer, and the bloated profits of the revenue farmer, representing a sum of money that the *Hacienda* had to forfeit. It proved impossible in any case to end this practice forthwith, and revenue was still farmed out, always providing a suitable revenue farmer came forward. The Castilian practice was general in Spain and we find it clearly detailed in Navarre by Hernández Escayola: if there was a suitable bid at the auction the revenue was always leased out. The king thus received the money instantly with no more ado. The work



would have to be done by the revenue farmer who would have to cover at least the fixed lease if he wanted to come out winning on the deal.

Orry's revenue-centralising plan had been on the table since 1703; in all likelihood it was shelved due to the war needs, at first, and then Orry's departure to France in 1706. As Kamen explains, the plan was structured around four points: set up a new fiscal system, recover alienated property rights, shake off the hold of the jurists and ensure an increase in revenue. Despite all the pitfalls some progress was made down this road. When Orry returned to Spain he was able to try to put the new revenue leasing scheme of 1713 into practice, under which there would be a head revenue farmer in each province with responsibility for all the taxes in that province. There was no problem in a revenue farmer taking on several provinces; Goyeneche, for example had the lease on six provinces in collaboration with some partners.

But there were also attempts to end the revenue farming system, or at least reduce the number of revenue farmers and bring them under strict control. Witness the arrangements made for general revenue and wool revenue, which would become a single tax as from 1715 controlled by a board chaired by Orry. This board also comprised some high ups from the administration, some well-known financiers, such as Flon and Sartine. The plan failed in general terms, due to the destitution of Orry in 1715, but there was at least one legacy: general revenue and wool revenue remained in administration. General revenue, as Artola points out, would remain in administration until 1725, without any appreciable increase in income. In 1740 general revenue was brought back into administration due to the continual abuses of the revenue farmers. Wool revenue, for its part, as S. Aquerreta has explained, was under administration until 1731, then to be newly leased out until the general decree of 1749.

As can be seen from the above, it was no easy task to bring in direct administration. Although the writers of the time, such as Aznar, Moya Torres or the other ministers Patiño and Campillo, and of course Ensenada, harshly criticised the revenue farmers, they seemed to be easily strong enough to fend off any attempts to change the situation. The government concentrated its efforts on tobacco revenue. Special attention was paid to this product because of its yield at the start of the century, its future growth prospects and its relative independence of economic activity and purchasing power. It was not a staple, after all, but a voluntarily consumed product. In 1730 the revenue was brought into direct administration, definitively in this case, the first one of all, because it would not be leased out again until the late nineteenth century. The consequences were soon being noted. Although, as Rodríguez Gordillo and others have noted, the new tobacco prices tended to dampen official consumption figures, the revenue never stopped growing from that moment. This would seem to vouch for the efficiency of the direct administration system.

At the moment we have no detailed information on the process of bringing the various revenues of the Castile *Hacienda* under direct administration, other than the facts given above. We do know the process was broader, judging from some documents detailing the revenue already being directly administered by 1749, but these documents are neither very consistent nor sufficiently clear. The only thing we can safely say is that the aforementioned revenues of tobacco and general revenue plus part of provincial revenue and saltmine revenue, in short the most important revenue, had been brought under direct administration by 1749. Some revenue was half and half: partly farmed out and partly administered directly. Between 1743 and 1748, the directly administered part of this revenue grew more quickly than the farmed-out part. Moreover, the last leasing contract of the considerable wool revenue ran its term in late 1748, as did what remained of the provincial revenue. All these factors may have been crucial in the

decision to take all revenue into direct administration in 1749. The subsequent figures tend to bear out the correctness of this decision, insofar as liquid income increased substantially, i.e., the increase in administration costs was more than offset by the increased revenue brought in.

As we have seen, the main part of the process had already been carried out in the reign of Philip V, especially from 1730 onwards (tobacco) and in particular from 1740, when, apart from taking general revenue into administration, provincial revenue was also taken into administration on an experimental basis whenever no suitable revenue farmer had come forward. This experiment was carried out by Campillo from 1741 onwards and also seems to have been satisfactory. The following quote by Campillo, recorded by Ibáñez Molina sheds some light on the minister's stance and the problems involved, even though it refers to a single revenue: "Wool revenue" says Campillo, "is leased out on atrocious terms ..., for it is worth over eleven million *reales*, and has been farmed out to Miguel de Arizcun for a fixed price of five and a half million. He himself has acknowledged the outrageous situation, voluntarily offering three million more at the last leasing arrangement without anyone twisting his arm. This should have opened the eyes of the minister he was dealing with and the *Consejo* if one and the other were not falling asleep on the job". The quote, as we can see, also criticises the infighting between different factions and institutions, which were responsible for deciding whether or not the reforms would go ahead. Campillo's quoted figures seem to be correct, not in terms of the increase offered by the revenue farmer, which seemed to be only one million *reales*, but certainly in terms of the overall result, for in 1749, once brought into direct administration, wool revenue yielded 11.6 million *reales*, and even more in the following years. The revenue farmers' rake-off may not always have been as high; it is also true that the business involved running certain risks and only a strong company would be capable of making such profits. In any case, what seems to be clear is the potential income forfeited by the *Hacienda* under the old system.

Universal administration was a fairly modern measure, stealing a march on the measures practiced in other countries and fortifying State resources. This increase in the *Hacienda's* revenue without doubt helped Spain to take on its new international role in the forties and allowed it the luxury of remaining neutral under Ferdinand VI. Nonetheless this measure would also weaken the private financial system by depriving it of good business opportunities. But the most favourable result was a considerable lightening of the tax burden for the people during a long period.

But the State needed to rake in even more. Important as it was, an organisational reform would not in itself suffice. The taxation principle itself needed to be modified to end the system's huge bias in favour of the rentiers. The single contribution scheme aimed to serve this purpose. One of the first authors to uphold the establishment of a single contribution was Macanaz, who advocated a single tax on 10 percent of the property of each person. In this author's case theory was closely allied with practice because he was in charge of setting up the *Nueva Planta* tax system in some territories of the Crown of Aragón. This reform was partly inspired on the idea of a single contribution. This contribution would be means tested; hence the need of carrying out an initial cadastre and the fact that the terms "cadastre" and "single contribution" have tended to blur into one in Spanish history.

Besides the ideas of Macanaz, the Castilian cadastre attempt had another precedent in Zabala y Auñón's 1732 address to Philip V, in which he also argued in favour of a single-contribution tax system. Foreshadowing the future, Zabala also alluded to the certain opposition of the privileged classes, since this contribution would also be due from agrarian wealth. According to Artola, Patiño's death might have put

back the practical implementation of these ideas (Patiño had carried out the research for the cadastre of Catalonia) and it would not be until 1740 that Verdes Montenegro, in need of money for the war with England, launched an attempt to collect a 10 percent tax on the revenue of all the king's subjects. As we can see, he retained the percentage proposed in the past by Macanaz. This idea of course proved impossible to put into practice because there was not enough information to go on. It would seem, according to Matilla Tascón, that it was Ensenada, who, as minister, ordered in 1745 that cadastral research be carried out in some Castilian provinces.

In 1747, the experiment almost over, Ensenada wrote to Ferdinand VI in favour of setting up the cadastre, which, according to the reports of Bartolomé de Valencia would have a twofold advantage. Firstly, a single contribution of between five and seven percent would be more than enough to replace the glut of taxes making up provincial revenue. Secondly, the new collection system would be conducive to free trade, by reducing the fiscal burden largely falling on trade and cutting down red tape. After the usual teething problems Ferdinand VI gave the green light to the project; in 1749 work began on the first survey that was to lead, five years later, to the famous Ensenada Cadastre. How it fared and its unsatisfactory end obviously takes us beyond our remit here, but once more we see how one of the main reforms, implemented shortly after the death of Philip V, was first conceived and developed within his reign.

### 7.3 Income and Expenditure of the *Hacienda*.

The structure of the State's net income, i.e., the money actually available for spending by the king after paying all administration costs (if any: no costs existed in the case of leased revenue) and *juro* interest, underwent a significant change throughout the reign, a change reflected in some political measures and in mercantile development. The lion's share of the total income was made up by the provincial revenue of the Crown of Castile, which, in 1713, according to Kamen's calculations, added up to nearly 50 percent of total net income. Provincial revenue then held its own in absolute figures (according to some estimates there was a slight dip from 1720 to 1730) and then an increase after 1742. In this year its net value was 63.7 million *reales*, a higher figure than the average of about 56.5 million up to 1741. In 1750 the sum rose to 68.8 million *reales*, with an upward trend. This obviously meant more available cash in the last years of Philip V's reign and the first years of the next. This rise was due not only to the increase in the population and in trading transactions but also the progressive bringing of provincial revenue into direct administration, a change that, as with the other revenue, was initially beneficial.

General revenue, raised from customs duties, grew after the end of the War of Succession to a net income of slightly above 20 million *reales*. In the thirties this figure rose to above 23 million *reales* but the war with England brought it down again. After this conflict it soared to way above 38 million by 1750. Revenue from the Crown of Aragón, for its part, grew significantly after application of the *Nueva Planta* decrees, flattening out from the thirties onwards for reasons we will look at later. In proportional terms the quickest growing revenue was tobacco, with net values rising from under 14 million *reales* in 1713 to over 20 million in the twenties. In 1731, after the implementation of universal administration, its net value rose to 36 million, this growth continuing in the following years. After a brief dip during the war with England the net value had risen to 41.8 million *reales* by 1742 and 53.3 million *reales* by 1750. By the

end of Philip V's reign, therefore, tobacco revenue had established its ranking as the second most important revenue source after provincial revenue, closing the gap constantly on the latter since 1713. General revenue had also risen in absolute and relative terms, albeit lagging behind the two frontrunners.

Other income of qualitative importance, like that of salt and wool, recorded much lower figures. Only salt revenue clearly topped 10 million *reales* in this reign, a figure that wool revenue would not reach until 1749. To weigh up the total income received by the State, the funds from the Americas would have to be added on, the figures of which we have already dealt with above.

State spending has been dealt with in some detail only by H. Kamen, who shows that this expenditure rose throughout the reign, in line with the increase we have already seen in the revenue. A reasonable balance would be struck between the two in times of peace: "a comfortable balance between revenue and expenditure", as that author also points out. In times of war, however, the situation was more awkward. The State then had to turn to financiers, who were often ready, at least during the war, to offer the government low-price supplies to curry its favour as a future client. Balance in peacetime and difficulties in wartime was a fairly traditional situation, and certainly proved to be the case during the War of Succession. After 1715 the military needs were not so pressing but military expenditure in fact continued to grow during periods of war. This, as is well known, was one of Patiño's main bones of contention with the king, the fact that the painstakingly gleaned extra revenue then had to be spent on military campaigns. The biggest conflict was without doubt the war against England, which gave rise to financial hardships in 1739. This was probably one of the spurs to *Hacienda* reform, which led at least to the aforementioned bringing of all revenue into direct administration in 1749. The increased revenue resulting from this process in the final years of Philip V and in the following years would serve as a guarantee for the pacifist policy of Ferdinand VI.

Broken down by areas, the army was the biggest expenditure item. In the thirties and forties between 150 and 200 million *reales*, depending on the year, were spent on land warfare. Navy expenditure was also rising, amounting in some years to over 60 million *reales*. Against these figures, spending on administration and the Royal House pales into insignificance, for they hardly matched the navy expenditure between them. If we add these sums together, as the most significant spending items, and compare them with the revenue figures (again the most significant items) we get a rough-and-ready idea of the aforementioned balance between costs and income, always providing war needs were not too pressing. This balance fed on the natural growth of wealth from the population increase and higher economic activity, but still did not guarantee a completely unshackled treasury unless more far-reaching changes were made. Such changes were attempted but only the least significant ones, albeit still important, were successfully carried through, so the *Hacienda* would be another of those fields in which renewal was both thought provoking and partial.

#### 7.4 The Fiscal Aspects of the Aragonese *Nueva Planta*.

As many authors including Artola have stressed, the *Nueva Planta* decrees may indeed have been partly a means of punishing rebel realms but they were also much more than that. The idea was to implement a new conception of the State, maybe not so

new in the strict sense but never before so likely to be successfully implemented. The centralism drive is inherent to the development of the modern State. Its pace has been quicker or slower in each country depending on the particular circumstances. In the case in hand here, the War of Succession was seen as the chance to try something that would undoubtedly have been attempted in any case, because it was being advocated by all the political pundits of the time. The elimination of the *puertos secos* of Aragón, between 1708 and 1711, an endeavour that was successfully carried through unlike the later attempts to close the Ebro line, created the conditions for integrating the Castilian and Aragonese economies into a single market, precisely when the Aragonese economy was growing more quickly (except for hiccoughs in war years). In the long term this situation would be favourable to all concerned but especially the territories with traditional *fueros*, particularly Catalonia, whose industry was now freer to tap into its best market in the rest of Spain.

Nonetheless the expressed aim of Philip's government to harmonise all the realms under "the same laws, uses and customs" was not fulfilled. As Enrique Giménez, points out, there was no simple mechanism whereby the abolished *fueros* would automatically be replaced by the Castilian model. There was no Castilian annexation of these territories; rather the *Nueva Planta* decrees set up a new situation that was neither the one nor the other, neither Castilian nor the previous *fuero* regimes. This new situation was reflected in two facets above all, fiscal and military. The fiscal facet, which is the one of interest to us here, involved the development of a new taxation system that, without following the *fuero* model, and therefore running into opposition in the early years, turned out nonetheless to be more favourable than the system prevailing in Castile. In the long run, therefore, a difference in fiscal treatment was still maintained between the two crowns, in favour of the Aragonese territories.

Over and beyond uniformity with Castile, the new fiscal system sought modernity: a fairer and more even-handed distribution of the tax burden between all the different groups of society. As we have already seen it was this model that the government would later try to apply in Castile, by means of Ensenada's Cadastre. Its application in the Crown of Aragón would seem to be, from this point of view, the first attempt to modify the fiscal systems, and the military conquest provided a favourable occasion for doing so. The change of model and introduction of new taxes represented the first time that the government had established taxes without the consent of the *Cortes*. In this sense also the *Nueva Planta* was a turning point. But, as we have already seen, it was not only the Crown of Aragón that was affected; neither would the Castilian parliament meet again to vote on tax proposals. Although in Aragón the government also acted with extreme prudence in creating new taxes, the fact is that the door had now been opened for the centralised State in this important matter.

The reform began in Valencia where, to start with, the abolition of the *Diputación* (Provincial Council) meant that the *Hacienda Real* had to take over the servicing of the debt, lessening the burden by applying the *juro* interest reduction decreed in 1705 in Castile. The introduction of *papel sellado* (stamped paper tax) *alcabalas* and later tobacco revenue rounded out the fiscal unification process in Valencia. It soon became clear that the *alcabala* sales collection procedure involved high administration costs. The solution Macanaz came up with, as opposed to the Castilian *encabezamientos* (lump sums agreed by the *Cortes* and raised by the individual towns as they wished) was a head tax that brought in the same amount as the *alcabalas* would have raised. The new tax began to be collected in 1714 and ended up establishing itself as the *Impuesto del equivalente* (Equivalent Tax).

As Artola quite rightly points out, the *equivalente* was a pragmatic solution to the situation that had cropped up in Valencia. In reality it was an archaic formula, less egalitarian than the *alcabalas*, and the Valencia people ended up paying more than before. Heed was therefore paid to the protests and the quota was brought down by 29 percent. In 1718 the *equivalente* was set at 7.7 million *reales*, raised soon afterwards to 8.8 million *reales*. As well as this reduction it turned out that this reform, originally meant to be a stopgap solution, was made permanent, thereby consolidating a system that had no quota-updating procedure. Ironically, therefore, the subsequent demographic and economic development of Valencia ended up turning this tax, in principle onerous, into a relative tax advantage in comparison with the Castilian situation.

In some specific aspects the new system was beneficial even from the start, such as the abolition of the *puertos secos* and of the local *sisas* (excise taxes) on wheat and meat. The old duties charged by the *Generalitat* (Regional Government) included the *tall*, a 5 percent toll on the buying and selling of textiles, by means of a cumbersome production-control system. Its abolition favoured manufacturers. At the same time the whole fiscal system was being geared increasingly towards indirect taxes; in 1728 an 8 percent duty on goods imports was introduced to bring total revenue up to the level previously collected under the old taxes. Up to that time the *Colegio de la seda* (Silk Association) had acted as one of the intermediary tax collectors. Its accounts, as recorded by Franch Benavent, show how the new taxation system initially hit the silk manufacturers hard, then slackening its hold between 1715 and 1728. As from this date, with the introduction of the 8 percent duty, the silk manufacturers did not pay more. The duty introduced on silk imports was also lowered. Once the aftermath of the war had passed, therefore, and apart from the political consequences of the conflict, the new tax system, says Franch, can in general be considered to be positive for the development of manufacturing activity.

In Aragón *alcabalas* were introduced in late 1707 and shortly afterwards the *Hacienda Real* took over the lease on tobacco revenue. The difficulties in collecting the *alcabala* revenue forced the government to slash the rate, bringing it down to 5 percent. A head tax was also resorted to in the war years to maintain the army. Up to 1715 Aragón's fiscal contribution was characterised by high military charges, since it had to finance the army operating in Catalonia. When the conflict had ended it was decided, as in Valencia, to continue with the quota system instead of introducing the Castilian system, which had run into some difficulties. These quotas were called "*única contribución*" (single contribution). In 1716 they were first set at 8 million *reales* but shortly afterwards this figure was brought down to 5 million. The quota was assessed on the basis of a population and wealth figure taken from a cadastre hastily drawn up in one month. This base remained unaltered, so as the population grew with time the tax liability fell in relative terms. Some new taxation concepts were introduced from 1719 onwards but they added up to little, not even accounting for 20 percent of the total by the end of the century.

In Catalonia the same procedure as in Valencia and Aragón was applied, benefiting from the experience built up in those territories, since the reform in Catalonia could not be brought in until 1714 when the Bourbon troops took Barcelona. Up to that moment war contributions had been collected in the territories controlled by Philip V. After the abolition of the *Generalitat* and the *Consell de Cent* (City Government), Patiño set up a *Junta Patrimonial* with the mission of establishing the new taxation system. The first thing it did was to introduce the *papel sellado* and then established a quota of 31 million *reales* to be paid over the next ten months. This quota, as Artola points out, reflected the experience built up in the past, thought now being given not

only to a central and general quota but also a personal means-tested quota according to "the funds and business of the individuals concerned... and other considerations in favour of respective equality". The situation in Catalonia, therefore, came closer than in other Aragonese territories to the idea of taxation even-handedness. As Molas points out "the fact that it affected all property, without exempting the aristocracy meant that it was taken [afterwards] as the model for a thoroughgoing overhaul of taxation in Castile". By 1716 the quota had been lowered to 22 million *reales*. Some writers regard this reduction as a reflection of the citizens' taxation incapacity, the poor calculation made and the bad situation of the taxpayers (this had also occurred in Valencia and Aragón); others regard it as a reflection, above all, of the end of hostilities and reduced needs (an idea that could also be applied to the former cases). In 1717 continued complaints brought the quota down again to 25 percent and several arrears of payments were pardoned in 1720. Afterwards there were some attempts at a cadastral review but none was actually carried through.

In keeping with the idea of tax equality two cadastres were set up, one on landed property and its fruits, including that of the nobility, the other on the personal wealth gained from industrial and commercial activities. The necessary statistical study was carried out beforehand to ensure that the resulting revenue could be collected. According to Zabala, who took part in these studies, the spadework before implementing Patiño's instructions was thoroughgoing and sufficient. Artola is of the opinion that these instructions as implemented fell far short of what would later be done in Castile with Ensenada's Cadastre, which is tantamount to saying that the Catalanian research was sufficient for the purpose in hand – increasing the taxation haul – but it could have been even better if carried out with more attention to detail. Nonetheless the "*percepción del Catastro*" as the cadastre proceeds came to be called in Catalonia, represented a huge increase in tax revenue at the moment of its introduction, probably less than has been claimed on the basis of early seventeenth century figures, but in any case high. As Artola reminds us, however, if we compare the new Catalanian with the Castilian provincial revenue, the result reflects not so much an onerous imposition but rather a situation of readjustment, an attempt to balance out the contribution of the various territories.

It is clear that the new taxes would not have been welcomed by those who had to pay them, especially when they went hand in hand with the loss of the old *fueros* and came hard on the heels of a military defeat. Nonetheless they were still lower than Castilian taxes. There is also another factor to be taken into account here: there was an increase of the tax burden at the start of the process, together with the abovementioned reductions, but this was one off. As Molas tells us, "the cadastre and equivalent taxes were in practice frozen at their initial sums; in a century of sharp price increases and much ploughing of virgin soil this represented an ongoing reduction of the tax burden". This explanation probably works best when applied to the whole century, as the author himself did, but it is still valid when applied to the period of interest to us here, the whole of Philip V's reign, which was itself a period of increasing population and wealth.

As regards Catalonia, this appreciation of the constant tax burden has given rise to a controversy that, to my way of thinking, Artola has cleared up quite perfectly on the abovementioned line of reasoning. The controversy, this author explains, arises from a basic misconception whereby the cadastre is taken to be a percentage quota drawn from a taxable base, whereas in fact it was a quota imposed by government decision. Chance would have it that this government-imposed quota was then kept unchanged throughout the whole eighteenth century, which is tantamount to a progressive falling of the tax

burden as wealth increases. The figures given by Zabala and other subsequent figures have enabled Artola to ascertain that the Catalonian cadastre never exceeded 13.5 million *reales*, although this figure has to be increased by other taxes such as the army-funding tax *utensilios*, which from 1719 increased the above figure by 100,000 *reales*. Elsewhere, Sartine tried in 1735 to improve the collection procedure in line with the attempts previously made in Castile, guaranteeing that the local authorities did not claim more than was due from their residents.

In Catalonia, as a top-up to the general customs revenue taken over by *Hacienda* after abolishing the *Generalitat*, the government established the *derecho de bolla*, a tax on textiles. This was to produce a good yield until it was abolished in 1769 at the behest of the *Junta de comercio de Barcelona* (Barcelona Trade Board), in return for the agreement to charge in its port the same duties as were charged in other ports and also the abolition of the customs points of Fraga and Tortosa. This readiness to abolish the *derecho de bolla* and the two *puertos secos* clearly shows their interest in the national market and the advantages that Catalonian commerce and industry had reaped over the years from the tax system of the *Nueva Planta*. Finally, following the chronological order of events, the fiscal reform was established in the Isle of Majorca in 1715, with the introduction of a quota shared out on the Catalonian model, the "*talla*", amounting to 485,000 *reales de vellón*.

## 8- Mentality and Economic Policy.

### 8.1- Two Mercantilism Scenarios

Before speaking of economic policy in the eighteenth century, at any of its moments, we need first of all to make two reflections. The first refers to the timeframe. Although the title of this work obliges us to take the start date of 1700, when the turn of the century coincided with a change of dynasty, there is in fact often an unbroken line of continuity between this era and the previous one. Industrial reform came from a long way back; trade reform less so, but at least it was being aired beforehand; in other words this policy was not invented with the Bourbon dynasty. The immediate precedent was the policy pursued in the final decades of Charles II's reign, especially after 1679. In any case the applied ideas come from earlier times and would still survive after the reign of Philip V; a telling fact here is that Campomanes was still republishing works by early seventeenth century authors in 1775.

The second reflection refers specifically to the industrial sphere. In the eighteenth century, industry was not as neatly marked off from other spheres as it would be later. Industrial policy, therefore, has to be sought not only in measures directly bound up with production but also in other aspects of economic life, particularly trade, and of social life, particularly the development of what we know as the bourgeoisie. The measures taken to foment industry encompassed such aspects as customs, taxation, improvement of communications, mercantile organisation or social promotion, to name only some of the factors that affect mainly – and lastingly – non-industrial spheres. In speaking of industrial policy, therefore, which was one of the main concerns of Philip



V's politicians, we are really dealing with a wide gamut of the life and mentality of the times, which was affected by this policy and also affected it in turn. In other words, we are speaking of economic policy, just as trade decisions were largely taken in light of industrial interests.

To some extent, therefore, we are dealing with a true economic policy, which had not existed hitherto. It may well have been a piecemeal, unsystematic policy, even hit and miss, but it did strive to be a complete economic policy. In the late seventeenth century authors were already beginning to see the economy as a whole from which nothing could be left out. Certainly it could be claimed that agriculture was left out. I would say only up to a point. Agriculture was a general talking point but since it posed no special problems in the first half of the century, as we have already seen, it was not regarded as one of the sectors to be reformed, in comparison to industry and trade where the current approach was clearly correctable.

This whole policy was set in a theoretical and practical framework that has come to be called, in general terms, mercantilism. We need to dwell on this a moment because it is the backdrop to economic policy and the role of the economy in political life. Furthermore it is a changing backdrop, different for each scene. From this point of view two different moments in Spanish long-term history need to be mentioned. The first refers to the mercantilism practiced in the sixteenth century, which in some aspects lived on in all subsequent transformations. It still acted as the true point of reference, invariably prompting such questions as whether or not it should be followed, how to harness its strong points while avoiding its weak points; in short, how to adapt it to new times, bearing in mind that its structures, once set up, were difficult to dismantle afterwards. The sheer persistence of its influence explains why we need to recall it now, for everything done in the eighteenth century was a modification of the system set up in the sixteenth century, especially in the reign of Charles V, which had long become outdated.

This first moment corresponds to what has gone down in history as the Spanish mercantilist model. It was largely identified with the so-called *bullionism*, based on the fundamental premise that wealth resided in the possession of precious metals. The theory was somewhat more complicated than that in fact, because the importance granted to obtaining and keeping stores of precious metals by Spanish theoreticians of the sixteenth century was overriding but not exclusive. Money was regarded above all as "the sinews of war". The sixteenth-century States, especially the Spanish monarchy, needed large hoards of money to finance evermore costly and lengthy wars. They were therefore determined to get their hands on precious metal. No sixteenth-century mercantile activity produced enough money to defray war needs; moreover, the growth of trade itself called for investments and liquidity that only metal money could supply. Gold and silver were not the only wealth underpinning political and economic life but they were crucial in an expanding economy. All States sought precious metal, which was found in Central Europe, in Africa and finally in the Americas. The goal was obviously not the metal in itself but the metal as wherewithal for making the necessary investments and expenditure. There were also times when the particular economic juncture made the hoarding of metal money the safest and most lucrative investment.

Spanish governors were well aware of the potential wealth they had obtained in finding American precious metal and hastened to safeguard it so that they could harness it for political purposes. If more money was needed for war and no more could be milked from the realm in the form of taxes, due to the supposed poverty of the people and the political difficulties with the *Cortes*, then the only solution to meet

extraordinary military expenditure was the money flooding in from the Americas, at first with no political impediments whatsoever. Small wonder that the governors latched onto it with such alacrity, not just because they considered gold and silver to be theoretically the source of wealth but because it was a necessary source of wealth at that time for solving immediate political problems. Small wonder too that those who were in possession of it should try to hold onto it exclusively and prevent it from leaking out to other countries. This is why Spain set up a rigid mining and transport system, to ensure the greatest possible profit for the State, otherwise others would do it, just as Aguado pointed out in the eighteenth century: "Trade should not be denied to nations *per se*, but should be so arranged as to ensure that the country carrying out the trade is not cheated. Trade with foreigners should consist of an exchange of merchandise, furnishing Spain with what it lacks and taking from it what abounds, not fobbing us off with goods we already have to carry off gold and silver that will then be used for waging war against us". From the political point of view the gold possessed by one State can be sought by another; the State that has it needs to try to hold onto it; the State that does not have it is duty bound to try to secure it. Both stances define a completely different economic and political strategy, explaining many of the policies pursued in the sixteenth and seventeenth century.

As well as the existence of American precious metal, the Spanish monarchy's control of Flemish industry in those centuries tended to downplay the importance of industrial production at home. In any hypothetical division of labour within the monarchy its overall supply of resources would be guaranteed by Flemish industry. Moreover, the private Spanish economic agents, given the situation, found little allure in industrial promotion and were much more tempted by the greater profits to be made in State business. Only the major negotiators – State lenders – were involved in high-quality industrial production, but they were foreigners and were dragged down with the sinking ship in the seventeenth century.

The second scenario takes us on to the eighteenth century. By the time this century arrived the theorists had honed the labour theory of value and pointed out the inflationary risks of the abundance of precious metal and a plethora of mercantile transactions with no productive activity underpinning them. They had also discovered some time ago the risks of excessive fiscal pressure that might be exerted by a rich sovereign of poor subjects. The seventeenth century crisis, in its great variety of situations and problems, had brought these principles firmly home. Some countries like England and Holland developed a singular strategy to exploit their only real chance of getting their hands on precious metals in light of their weak State apparatus. The only way they could obtain the metal they needed to fund their expenditure was by trade and industry, employing a particularly rigid version of the favourable balance of payments theory based on a mercantilist model that was more open than the Spanish, with little direct State intervention and encouragement of free industrial production and trade, i.e., without monopolies. Precisely one of the main motives behind the English revolution of 1640 was the anti-monopoly struggle. Cromwell's Navigation Acts were a response to this desire. Only a few privileged companies came out of the scheme. Unlike the ones created in eighteenth century Spain, however, privileged companies in England were the exception to the rule in a system without monopolies, while in Spain they were quite the contrary, a way of opening up trade and limiting monopolies. Without a broader network of private trade around them, the privileged countries had few possibilities of success.

By the beginning of the eighteenth century, therefore, industrial production was regarded as a crucial factor also from the political point of view, not so much because it had been theoretically defined as a source of wealth but rather because, in actual practice, there could be no beneficial trade without it and the precious metal would not end up in the State coffers. Precious metal was still important to the politicians, therefore, to meet their military expenditure but the way of obtaining it had changed. Instead of by direct political-military methods, which had proved to be ineffective, it was now secured by indirect means. Military weakness meant that a new social-economic system had to be developed to secure this money: it was the profit of private industrialists and traders that could provide the State with its wealth. The State was now bound to organise a freer economic system; as a result there was now a greater fraternity of interests between the State and private individuals. In this new scenario, already a fait accompli in England by the second half of the seventeenth century and in another form in France, industry took on paramount importance. In short, economic policy had now swung from a trade-obsessed, industry-neglecting stance to a much more balanced outlook in which industry played a key role. But in Spain's case the money still came from America and the system was still dominated by State control of the money-obtaining mechanisms, especially in view of the fact that money needs had still been pressing throughout the second half of the seventeenth century and, once the crisis had passed, the money began to flood in again.

## 8.2- The End of the Seventeenth Century. The First Reforms of the System.

As explained above both theoreticians and hands-on politicians had changed their ideas on industry even before 1700. They now recognised that it needed to be one of the central concerns of State. In the Spanish case the concern for industry implied recognition of the failure of the prevailing system, an acknowledgement freely made by all concerned at that time. It also meant setting up a new system. Theoreticians thought that this new system would mean the recuperation of past abundance; politicians, of the political and military upper hand; all agreed it was a sine qua non of economic growth. Politicians continued to regard mercantilism as a set of interrelated economic activities that buoyed up State power. By 1700 they had realised that more profound changes were needed if this system was not to flounder.

The Spanish of the seventeenth century – even of the sixteenth century – were perfectly aware of the need to change things. This is clearly shown by the attempts to broaden American trade to include other ports besides Seville as far back as the sixteenth century or the series of prominent thinkers in the second half of the seventeenth century who defended a freer version of the State monopoly; but the politicians were unable to change the system in time: the difficulties created by the system itself, vested interests and military urgencies hampered any experiment. Olivares's reform attempts came to naught and it would not be until 1679-80, with the creation of the *Junta de Comercio* and the currency devaluation, that serious measures were taken. Political weakness, moreover, meant that even now these measures could not be pursued with all due firmness and consistency; hence they were largely ineffective.

In any case the new Bourbon dynasty took up a lighted torch in 1700 that now had to be further kindled in a different political and economic panorama with a new mentality, which would favour but by no means guarantee success. There might indeed be a new mentality but there was also much inertia. One thing was in any case crystal clear by now: the need to boost industrial production, which, incidentally, had increased in the last third of the seventeenth century. In other words there was a need to set up a new mercantilist model that would favour industrial development. The idea was clearly expressed by Uztariz when he said that, in monarchies, “there could not be large populations, abundance, splendour, armies, navies and forts to guard this abundance and enforce respect for the monarchy without the help of a large-scale and useful trade set-up; there could be no large-scale and useful trade set-up without the aid of many, good-quality manufacturing establishments, particularly of silk and wool fabrics...”. As for how this should be done, Uztariz himself came up with the answer: “and it will be impossible to set up and maintain many good-quality manufacturing establishments without the support of well-proportioned exemptions, at least in some of the comestibles consumed by the workers and in the materials they employ in the textiles and other components and also in the selling thereof”.

For this to occur, Uztáriz of course insisted on the need to establish "useful" trading arrangements instead of the "harmful" trading arrangements that had existed hitherto. Trade had never been lacking in Spain, he says, "but the way in which it has been carried out has been so harmful to the monarchy that it has impoverished, depopulated and weakened it, as is vouched for by the very books kept by the nations". The cause of this harmful trade was the trade-gap run up with foreign States, buying from them more than Spain sold to them. This then allowed these foreign nations to siphon off Spain's precious metal to make up for the unfavourable trade balance. But it was a vicious circle. To turn this harmful trade into useful trade and turn round the balance of trade it was necessary to export manufactured goods, or at least stop importing them, and this meant they would first have to be manufactured. The economic policy of the eighteenth century was therefore based on two mainstays: industrialism and protectionism, two keystone ideas of the times of the Catholic Monarchs and lost soon afterwards.

What exactly was Uztariz up to in expressing his ideas? Was he theorising, designing a policy or simply copying? A bit of everything probably. But it seems important to point out here that the remedies he was putting forward had an almost fifty year track record behind them, even though their implementation had been severely hindered by political limitations. Right from the word go in 1679 the *Junta de Comercio* had tried out a new policy. The Junta's groundbreaking spirit could be gauged, in the first place, by the character of the ministers making it up. Take Francisco Centani as just one example. In his work *Tierra: medios universales propuestos...* (Land: Universal Measures Proposed), published in 1671, Centani reveals himself to be, in the opinion of Colmeiro, “the first Spanish politician we are aware of who tried to give a different turn to economic ideas”. Among other things he spoke of replacing indirect taxes by a single land tax. According to Grice-Hutchinson, although there are Spanish precedents, Centani was the first who clearly expressed the idea that land was the only real source of value. Given that his work and thoughts were also imbued by the idea of the economy as a whole, the single tax on land would eliminate the tax on the sale of industrial products and boost production. It was clearly too soon to implement these ideas, which would still be controversial eighty years later, so the *Junta's* work tended in practice to be more moderate. As far as industry goes, it did at least field the central

idea of freeing manufacture from taxes, which it tried to implement *à la* Colbert, i.e., by the granting of tax exemptions, still apparently a modern idea in Spain of 1680. But the *Junta* also set other trends, such as the attraction of foreign technicians, commercial protectionism or the social dignification of the entrepreneur. We will now look in detail at some of these questions for the seventeenth century. As we will see they largely coincide with those already mentioned elsewhere for the following century. And the fact is that the measures taken were always piecemeal, so the matter as a whole remained an ongoing concern of the thinkers, writers and politicians of the eighteenth century.

Exemptions and privileges tended to lower production costs not only in terms of tax reductions (*alcabalas* and *cientos* in factory sales) but also the concession of other privileges freeing the manufacturers and employees from some onerous obligations: exemption from *quintas y levas* (levies and drafts) for workers, from *bagajes* (army equipment), *alojamiento de tropas* (troop billeting) and *repartimientos* (special war drafts). Transport convoys were also given special permission to carry knives for protection. To be eligible for these privileges the company had to satisfy minimum standards of quality and activity, so the *Junta* tried not only to lower costs but also to help the firms to rationalise and attain this quality. Kamen is of the opinion that “its achievements may have been limited but it can in no way be written off as a failure”. According to this author industrial investment was encouraged and output increases were sought as far back as the reign of Charles II. Kamen himself has given a long list of examples of the *Junta*’s work, which can be consulted in the documentation on the *Junta* in the *Archivo de Simancas* or in the *Archivo Histórico Nacional*, as well as in the *Memorias* of Larruga. Larruga himself, in his *Historia de la Real y General Junta de Comercio* (History of the Royal and General Board of Trade) indicates other measures that were taken to improve maritime trade, designed to help the selling process of industrial products.

The policy of attracting foreign technicians was also a patent success in the last two decades of the seventeenth century. It was one of the *Junta*’s specific objectives, following the examples set in other countries, based on the principle that technological improvement and a competitive edge can be obtained only with the collaboration of masters and workers who were conversant with the techniques not yet used in Spain. In most cases they were masters who came from outside the country to set up their firms. The list is long. Some cases are better known because studies have been published on them, such as Roo and Kiel, who set up the table-linen factory of La Coruña, studied by Enciso Recio; there are many other references to these foreigners in other works. P. Molas has made a detailed study of these foreigners in Catalonia and Andalusia; H. Kamen also mentions many examples in reference to Madrid and other parts of the realm. Adriano Gutiérrez and I myself have written an account of Revellart, the Flemish master who set up shop in Valladolid in 1690.

Most of these masters worked in the textile sector – silk and wool – but there are also examples in many other activities such as glass or paper. All had their corresponding privileges and all ran into problems with the local workers, facing particular opposition from the guilds, who saw their monopolies in jeopardy or at least felt the heat of the competition. Some arrived alone while others brought along their own workers to be able to pursue their task. On some occasions there were mass contracts of workers without anyone clearly being in charge of them. The prime case is probably the Flemish workers hired by the Duque de Béjar, who set up in Béjar the high-quality cloth factory. The stay in Spain of many of these entrepreneurs was short, but quite a few had a notable success and spawned more activity in the future.

Industrial promotion was accompanied by protection from competition at home and abroad. In 1699 the ban on exporting raw silk was reiterated. There was also a concern at this time to improve the social image of the entrepreneur, along the general line of “doing away with the prejudices against mechanical crafts”, as Carrera Pujal put it. This became a lasting concern. The Edict of 13 December 1682 tried to make “blue-blooded nobility” (*hidalguía de sangre*) compatible with the possession of factories. Rather it tried to lay a ghost to rest, the prejudice “that has restrained many noble men of this realm from running factories”. It therefore declared that running factories was not at all at loggerheads with the idea of nobility and likened in dignity the “business of running factories” with the “working of the land and obtaining fruits therefrom”. That said, the nobles should never actually stoop to manual work; this point remained clear. All the above was based on the premise that those who “ran factories should not work in them themselves but rather through their artisans and journeymen”. Likewise, the owners did not necessarily have to be qualified in the main trades, but did have to have skilled and qualified personnel at their command. The edict thus solemnly established the idea that any person could be an entrepreneur without staining his nobility, present or future, but left intact the yawning chasm between class honour and manual work.

The *Junta de Comercio* underwent a series of vicissitudes in these initial decades that tended to undermine its efficiency. It paved the way for further progress throughout the eighteenth century, without solving the problem of the clash of responsibilities, which would rumble on for some time. The *Junta* was made up by ministers from diverse tribunals “absorbing the powers over these economic matters previously held by the *Consejos*”. This would spark off the responsibility and power conflicts we have already referred to.

### 8.3- The Colbertist Influence

The change of realm and dynasty brought with it, in principle, an attempt to continue with the same policy. It is a well known fact that Gaspar Naranjo y Romero was sent off on a tour of the country’s main textile factories at the start of the century to report back on their situation. This was the same measure that had been taken in 1679, when the *Junta de Comercio* was set up. Once more, however, there seems to have been no practical issue of this inspection tour, although there was at least an academic result. In 1703 Gaspar Naranjo wrote a book on the experience gleaned called the *Antorcha que alumbra para empezar la restauración económica de España por medio de su comercio interior y fábricas de sus naturals* (The Lighted Torch for Illuminating Spain’s Economic Recovery by means of its Internal Trade and the Factories of its People). Like other works of the time it remained in manuscript form, probably because the proposed reforms were far reaching and therefore generated mistrust and misgivings at a time of great ministerial instability.

The *Antorcha* is an excellent information source and, according to Colmeiro, “the author’s doctrine is a pure reflection of Colbert’s”. As Ustariz was to do later, Naranjo pinpointed some necessary measures that had already been taken but only in part, such as banning the exporting of raw materials, looking askance on the wearing of foreign clothes or stemming the outflow of gold and silver. Like Ustariz also, Naranjo expresses none of the radical ideas posed by aforementioned authors like F. Centani or

the ideas of others like Pellicer de Ossau or Miguel Álvarez Ossorio who insisted on the economic unity of Spain and America as a sufficient market for Spanish industry. Such opinions foreshadowed the free American trade of a century later. Manuel de Lyra also advocated free trade conducted through a general company. Of these ideas, the authors of the early eighteenth century retained only the least groundbreaking ones and also the least specific to Spain, since they had already been applied generally elsewhere, such as the ideas of protecting industry and setting up privileged companies.

As a result, in the last years of the seventeenth century, when the death of Charles II was seen to be imminent, and during the first years of the eighteenth, no measure was taken to improve trade with the Americas or to check the growing direct trade being carried out between America and France, at least since 1695 as C. Malamud has shown. Before this the aforementioned ideas on the measures to be taken had been put forward and attempts had been made to set up trading companies. True it is that these ideas came up against the opposition of Spanish pressure groups, which held out against these reforms, then and later, as the main beneficiaries of the current system, but it is no less true that the reformist interests fell away after a certain moment (witness the inactivity of the *Junta de Comercio* in the second half of the nineties of the seventeenth century) with a subsequent development of French mercantile interests. It was in these years that the traditional foreign *asentistas*, especially the Dutch, were replaced by French merchants. Likewise the *asiento de negros* was negotiated with a French company in 1701. Both Louis XIV and Philip V were stakeholders in this company. The efforts of the *Junta de Comercio* in the early years of the eighteenth century, as Girard and Walker point out, aimed precisely at a total control of American trade by the French and maintenance of the Spanish monopoly, although war exigencies led to a temporary flirtation with France. The Treaty of Utrecht benefited Great Britain and sidelined French merchants. It would not be until 1711 that any attempt was made to reform the trading system with the Americas, a plan then improved in 1720, and not until 1718 that Spain organised any sort of punitive expedition against direct French trade.

France wielded a huge influence in the first years of the century, the necessary industrial reforms playing second fiddle to the interests of Louis XIV, especially during the War of Succession. Army provisioning needs meant that industrial production needed to be stepped up but it was not clear if further progress was possible. H. Kamen has furnished some documents seeming to prove beyond any shadow of doubt that France was not all keen to see Spanish industry strengthened and tried to sabotage the process. The circumstances of Gaspar Naranjo's pre-1703 mission should be remembered here, even before war had broken out on the peninsula. Even though, as already pointed out, it was a measure similar to others taken since 1679 by the *Junta de Comercio*, there are some significant aspects in Naranjo's report. For example the idea is expressed of "beginning" the economic restoration of Spain, the use of this word suggesting that nothing had been done beforehand, especially in the case of industry. The industrialising measures, moreover, were no more than simple protectionist and tax-exemption recipes. This does not mean that Naranjo's *Antorcha* has no points of interest but it does indicate a different tone from that of previous decades.

Although it proposed only partial measures this report came to naught precisely because even such measures as it did contain would have breathed some new life into industry. It would seem that the new regime stopped even some measures that had been implemented right at the start of the eighteenth century, like Naranjo's report or the reorganisation of the *Junta de Comercio* in 1701, which also fell through. Afterwards the top priority was war and the financial measures to raise the necessary funds. If it

proved possible at some moment in time to initiate actions of industrial promotion this was because French pressure ebbed after its European war fortunes took a turn for the worse, compared to Philip's success in Spain. In 1710, for example, the Valdemoro factory was set up, promoted by Bergeyck and run by Aguado. This year seems to have been important in this sense and in others, because it was not until after this date, as Kamen points out, "that serious steps were taken to build up Spain's merchant and military navy, which is why Spain had to fall back on French protection during most of the war".

It would seem, therefore, that the advent of the new dynasty marked a backward step in the reformist trend, especially in terms of American trade, the most fundamental point for Spain. Naranjo, like other authors and functionaries of his time, was a fervent supporter of Philip V and admirer of Colbert. Either moved by personal conviction or swayed by the political situation of the time, dominated by French thought, he did not take up the most radical ideas of the first *Junta de Comercio* but chose instead to toe the Colbertist line, which saw the American problem in a different way, as was only logical. From Spain's point of view this could be called a more conservative approach, though it may have been more realistic in terms of political cost, bearing in mind the strong influence exerted on international trade at that time by both the French and the English, and hence the rather delicate line he had to tread. In any case Naranjo's ideas, if not the most modern, were of undoubted interest and it is strange to think that his book was never actually published, considering it was written under royal patronage. But the fact is that things changed somewhat after 1703, until French influence slackened.

Nonetheless the Colbertist influence remained even after French influence had waned, probably because the new ministers had also been trained in this school of thought. This is why the new post-1715 ideas on economic policy, with the advent of Italian ministers in Philip V's government, also reproduced the Colbertist schemes. Alberoni, who had spent a long time at the court of Louis XIV, had soaked up the Colbertist idea that political action had to work from a strong base of State-run economic activity. His policy of overturning Spain's post-Utrecht international situation therefore called for a revitalisation of trade and industry. Against this backdrop, Alberoni implemented a plan for creating State factories; i.e., factories promoted, financed and managed by the government. This plan was completely new in Spain and presented a paradox: although the idea and model was French it would not be until French influence waned and an Italian minister arrived that it could be put into effect. With Alberoni the Colbertist idea that "the Prince should be a merchant" held sway, with the aim of strategically developing certain products to win market shares and, above all, avoid imports and improve the technological level of the workers: cloth, tapestry and weapons factories were his prime creations, as far as the financial possibilities of the time allowed and with three clear objectives in mind: substituting imports of quality goods (cloth), serving the luxury consumption of the court and the well-off (cloth and tapestries) and supplying the army (weapons).

These actions were in keeping with the ideas of the main Colbertist thinkers of the time. In 1719, for example, Cabrera had published in his *Crisis política* (Political Crisis) that the "existence of many factories would lead to an abundance of goods, no lower in quality and appearance to those imported from foreigners, thereby reducing imports and consequently the draining of gold and silver from the realm". Industry is seen, once more, as the sine qua non of healthy trading relations that would ensure the abundance of precious metal. These ideas are not entirely concordant with those of Uztáriz, who saw industrial promotion as part and parcel of trade, but a trade in which



the corresponding reforms would be made. Uztáriz spoke above all of the Dutch-style trading companies. This line would take some time to prosper. The first of these trading companies, the *Compañía de Honduras*, was authorised in 1714, but apparently never actually came into operation. Shortly afterwards Uztáriz published his book, but this first edition never spread beyond a small circle of like-minded friends. Reforming American trade was certainly no easy task. The 1720 regulation had already been proposed by then but it involved no substantial changes in the system, as we have already seen.

What did come out strengthened, international treaties permitting, was protectionism, now pursued more openly. Two decrees of 1718 banned imports of cotton and silk fabrics from China and other parts of Asia, to protect the home-manufactured products. In 1728 these bans were widened, many authors taking this to mark the framework for the future development of the Catalonian cotton industry. At the same time, between 1718 and 1720, many orders were passed to regulate trade between Spain and diverse points of the Americas and the Philippines and also increase the shipping of Spanish fabrics in the American fleets. The aforementioned bans on the exportation of raw material, especially of silk, were also reiterated, though these orders never seem to have been fully enforced. Protectionism was not built up only on the basis of such bans but also on the strength of the agreements reached in international treaties, seeking to renew them with favourable trading clauses, as in the treaty signed by Ripperdá with Holland in 1720. Another measure along these lines, once the phase of French influence was over, was the renewal of the *Junta de Comercio*'s previous attempts to improve the situation created by the signing of the 1667 treaty with England, a situation that in fact worsened in Utrecht, the lost ground not being made up until 1750.

The calls were also stepped up at this time for what could be called an example-setting attitude by the social elites, starting with the members of the royal family. At the end of the seventeenth century the king had already decided to wear clothes of Segovia cloth, which, in the opinion of Larruga, as recorded by Carrera Pujal, favoured these factories. Philip V continued with this policy and asked the nobles to follow suit. The example was accompanied by various coercive measures, such as obliging army soldiers and officers to wear clothes made from national fabrics (1719), the ban on using gold and silver brocade, tissues and trimmings from abroad, to avoid a leakage of money from the realm, and on foreign silk lacework, to encourage national production (1723). Other measures were taken on repeated occasions to force merchant guilds to buy Guadalajara textiles, at a time when they had not yet acquired the quality they would have afterwards. The policy was also continued of reducing excise duty on diverse comestible articles and raw materials, and searching for foreign workers.

#### 8.4- A Second, more Spanish Colbertism.-

All the above serves as a basis for understanding the events of the whole century, because these lines of action were maintained: encouraging private businessmen by dint of tax exemptions, directly intervening in production, drawing in foreign entrepreneurs and technicians. At the same time an attempt was made to combine industrial measures with other measures adopted for the trading system,

especially increasing protectionism and looking into ways of improving the trading system with the Americas, albeit in a predominantly monopolistic context, except for the privileged companies.

These measures would vary in intensity and direction throughout the century, not only due to the development of a new economic outlook but also to suit the particular economic and political circumstances of each moment. They could therefore take on different aspects and even go under different names as circumstances changed. For example, when the number of exemptions was large enough, and after the disappearance of the most onerous prohibitions, this would mark the change from a harshly regulated mercantilist regime to another giving more leeway to entrepreneurial freedom, the change phased in gradually with few quantum leaps. It was in fact this very gradualness that proved to be one of the biggest flaws of the economic policy of the eighteenth century. It made the whole process slow and unwieldy, with any advances so far removed from each other, and even with some backward steps, that it was difficult to descry any clear progress. This is why Philip V's reign is not fully associated with this policy, even though it was precisely in those years that it was set in motion most systematically.

All this also poses an additional difficulty for the historian. It turns out to be very hard to pinpoint periods in which policy moves in a direction more or less favourable to individualism, or tends towards a more or less lenient attitude. Neither is it any easier to ascertain the real intentions of the governors, over and above the expressions of the various royal orders or decrees. Moreover even this gradual process was not uniform in all sectors of economic life or within the borders of each realm. In light of this situation, I have therefore chosen the term "Second Colbertism" or "Spanish Colbertism" to designate the period running roughly from 1726 – with Patiño in the ministry – to 1754, the death of Carvajal, now in the reign of Ferdinand VI. It is Colbertism because it continues along the above-mentioned lines and it is Spanish not only because most of the politicians implementing it were Spanish but also because it tries to revive ideas of the Spanish mercantilist tradition, especially the first *juntas de comercio*, abandoned since 1701, as we have already mentioned, and above all a greater concern for American trade. The so-called "end of Colbertism", as Palacio Atard has called it, would coincide with the death of Carvajal and the implementation by Ensenada, shortly before the death of his colleague, of measures more conducive to individualism.

All this is bound up with the breakdown of economic policy into periods during the reign of Philip V. After 1726, with the fall of Ripperdá and with Patiño at the head of the Navy, and then with the reorganisation – which can be considered to be basically definitive – of the *Junta de Comercio* in 1730, it became possible to follow a more systematic policy, focusing on the reconstruction of the navy, an increase in the granting of exemptions and maintaining the protectionist line. The reconstruction of the navy, carried out by Patiño, was an important boost to industry and trade, given the sheer complexity of ship building. From that date shipyards were built and the navy received its first big injection of funds, as P. Merino points out. The shipyards would become the biggest industrial undertakings of the time. The success of Patiño's policies here are borne out by the words of the English ambassador, Keene, in 1731: "I have noticed much to my chagrin the progress being made by Patiño in his navy-building plan...all the money that does not go to Italy to further the plans of the queen is spent on shipbuilding". According to the ambassador, the minister made sure he annulled any ruling measures that were harmful to Spain, and this was not conducive to the interests

of England. Mention of the money “that does not go to Italy” reflects Patiño’s effort to combine the expedients of dynastic policy with the structural needs of the future, which were more to the fore in the Atlantic, political and economic concerns.

As for tax exemptions, the 1744 survey of the *Junta de Comercio* shows there were many of them, and an increase in output which is presumably their fruit. Under Patiño, in his period at the head of the *Casa de Contratación*, at least four privileged trading companies were also formed, along the lines expressed by Uztáriz, albeit with uneven results. The *Compañía de Honduras* foundered immediately; the *Compañía de Filipinas* never actually came into operation until fifty years later; an unsuccessful attempt was made in 1734 to create the *Compañía de Galicia*. The only one organised on a serious and ongoing basis was the *Guipuzcoana de Caracas*. The outlook towards these companies was changing, however. In 1732 the Marqués de Santa Cruz de Marcenado, for example, wanted them to be temporary, with everyone being able to participate in free trade after a certain time. This opinion shows not only that these companies were difficult to set up but also that they had lagged behind the economic situation of the times.

The protectionist policy towards the textile industry was also maintained, as reflected in diverse measures taken in 1734. It is true that by 1738 the ban on exporting crude silk from the country had been found to be unenforceable and was dropped, but the doubts about enforceability were soon cleared up and the ban was brought back in 1739. Despite some vacillations and dry runs and some changes in American trade the general outlook on industrial policy had not changed and in 1739 the *Fiscal* (procurator) of the *Junta de Comercio* indicated the main measures that had to be taken (meaning that, in his view, they had not been taken properly or had not yet been taken at all): ban on the importation of foreign fabrics of a different standard, brand or weight from the Spanish, establishment of a system of stamps and experts at points of sale for identification of foreign fabrics, visits to the shops of the merchants to head off fraud, combating the idea of the legal dishonour of work, obtaining a papal dispensation for holiday working while maintaining the obligation to attend mass, obligation of merchants to buy their fabrics from the Guadalajara textile factory, ending the practice of leasing provincial revenue to prevent the revenue farmers from exempting foreign goods from duties, preventing tax evasion and favouring population growth. As can be seen, this was a forthrightly mercantilist programme.

Such programmes began to sound a bit over zealous. Patiño’s efficiency had begun to usher in some renovation, however limited some of it may have been. Those who followed him – to some extent his disciples – Campillo for a brief time and Ensenada, were able to advance along these largely individualist and liberal lines, understanding this term in the context of the times. In fact it is well worthwhile setting these terms in their context and comparing them with the subsequent term of free trade. To start with we can say that the term “free trade” was never applied in Spain of the eighteenth century, in which the policy was always a protectionist one of safeguarding home industry from foreign competition. The economic thinkers of the time always used the concept of freedom in relation to taxation matters: freedom was freedom from duties (excise duties and others) for the naturals of the realm; it was also freedom from excessive legislative interference from the government. It was also freedom from personal or group privileges and monopolies. For this reason privileged companies were seen as somewhat anachronistic, for they were born in a time when the idea of freedom from privilege was being openly aired. It was an economic individualism insofar as it

favoured the development of the private initiative of any subject, without the need for special privileges.

Campillo's modification of the system was perhaps a change of mind. In his early writing Campillo had included America among "what is surplus in Spain" and had affirmed: "Vested interest is what goads our neighbours to offer us their alliance. Their shows of friendship are meant only to cloak a relationship in which, taking advantage of our lack of factories, they bring their ships here laden up with trinkets and take them back full of silver... Spain is working in vain for the subsistence of the Indies, for what is produced there is carried off by foreigners without themselves doing a stroke ... the Americans are well aware of Spain's paltry efforts and also that its aid is forthcoming only when they have suffered unjustified ills, so they try to shrug off what they deem to be the Spanish yoke and sidle up to stronger allies better able to defend their interests". Despite the over-the-top wording Campillo is putting his finger here on a series of harsh truths in the period running from the failure of the monopoly mercantile system to the eventual establishment of freer trade. He was not the only one. The *Noticias secretas de América* of Jorge Juan and Antonio de Ulloa conveyed a similar message based on the experience of several years in situ.

But the image could change if the correct policy was applied. Campillo himself referred in his *Nuevo sistema economico para America* (New Economic System for the Americas) to the essential improvements, such as freeing the trade from the *derechos de toneladas y palmeo* (bulk and tonnage duties). The advantages of this would be enormous because "it will bring down the prices of the goods, merchandise for all types of purchasers will be carried, boosting consumption and thereby providing jobs for the commoners; this will strengthen industry and enrich the nation". Note here that no explicit mention is any longer made of precious metal in connection with industry. Not that it did not interest Campillo, but stress is now placed on industry as the main wealth-creating source. He was quite right too. This is exactly what happened with the English fabrics, largely smuggled in with the connivance of fraudulent customs officials: cheaper goods were therefore shipped off to the Americas, freely at any moment, so that by the time the fleets arrived the markets were already saturated.

Argumosa was of a similar turn of mind. In 1740 he argued that America would be profitable for Spain only if the trading system was reformed, with a "more convenient government". "It is ironic", he said, "that we are the absolute possessors of such rich regions, the source of Europe's trading supplies, and it is precisely we that most lack this wealth and abundance, serving up to now as the mere conveyors for the other nations". Argumosa drew an optimistic conclusion in view of the new policies that were enabling Spain "to shrug of its long lethargy". Campillo also wrote another work called *España despierta* (Spain Awake), but we do not know whether it was in itself a wake-up call or a recognition that Spain had indeed already woken up. In any case, these works evince a fairly clear shift in ideas around 1740, also reflected in political actions. Although the suppression of the fleets for *Nueva España* in 1740 was almost certainly a result of the war with England, the truth is that it favoured an increase in trade in the following years. Argumosa also helped to free Spain from its precious-metal fixation, stressing rather a balance of payments based on industrial production: "If Spain's factories, manufacturing fabric and trading policy were as good as they could be" he argued, "the trade would not be harmful to it even if they did carry off all the gold and silver, for if the balance of trade was unfavourable there would no other way of making up the difference but in kind, but if it was favourable the foreigners would be our debtors and the trade would always be advantageous".

This clearly sketches out, albeit with some scruples, a system of freedom. This was a freedom that Argumosa had observed in other countries he had travelled through. In fact the same theory had already been expressed by Struzzi as far back as 1624, but probably ahead of its time. In Struzzi, as in the Dutch *jusnaturalist* fountainheads he drank from, freedom is bound up with international law and human nature. As in the previous Scholastic tradition, his was not a State perspective but a personal viewpoint, a viewpoint the governors found it very hard to accept. In Argumosa, as in most of the writers of his time, there was more of a pragmatic bent: if freedom led to the siphoning off of precious metal this mattered little if there was a strong industrial base to ensure the necessary profits. But in any case, as would occur with other writers of his generation, Argumosa returned to the tradition of Spanish economic thought forged as far back as the first decades of the seventeenth century when Struzzi, in view of the failure of the ruling system, advocated the worldwide distribution of silver.

This tradition was broken, as we have already seen, with the predominance of Colbertism, although it certainly never went beyond the theoretical stage because no politician dared to put it into practice. The idea of the importance of industry remained, however, together with the idea of freedom based on a strong industrial base; Struzzi himself had already spoken of "favouring the arts with privileges". Hence the fact that, with a more pragmatic attitude, economic thought of the second half of the seventeenth century dropped the subjective theory of labour in favour, almost exclusively, of the labour theory of value, giving prime importance to industrial production. From then on, slowly but surely, freedom would become identified with free individual initiative for producing goods and then selling them to cover production costs, doing so without State interference. In any case, in the first half of the eighteenth century there was still some way to go and when the pre-1750 thinkers speak of freedom they are always referring to the reduction of fiscal trammels, monopolies and excessive privileges.

The theoretical development of these ideas, in any case, was often at loggerheads with actual practice. Campillo as a writer wanted the money from America to be spent on developing Spanish factories or at least a reduction of taxes that would boost consumption and ipso facto production. Campillo the politician, however, had to spend the money, once again, on the war with Italy, although he did have time to launch the *Compañía de la Habana*, to replace the American-trade fleet system by *registros sueltos* in 1740 and to make a very specific attempt at introducing free trade when, in 1742 he repealed the traditional decree banning cotton-fabric imports, in force since 1728. The attempt clashed head on with the cotton fabric manufacturers of Barcelona, who, according to most historians, forced the government to climb down a year later, in late 1743, when Campillo, recently passed away, had been replaced by Ensenada. This minister preferred to set out his stall with a less risky foreign policy more coincident with Patiño's line.

As already pointed out, it is difficult to set off the eras neatly, since the ideas, intentions and facts all tend to blur together. Before 1746 some groundbreaking attempts had already been made and ruling ideas had been modified. A highly regulated version of Colbertism would continue to hold sway for quite some time. Bedfellows at this time were Carvajal as President of the *Junta de Comercio*, an innovator within the conservative Colbertist fold, and Ensenada, who, prudently at first, as we have already seen, and then more audaciously flirted with such ideas as the single contribution, now in the reign of Ferdinand VI. The era of these two ministers, which coincides almost entirely with the reign of Ferdinand VI, was clearly a transitional stage: the end of Colbertism, as Palacio Atard has called it, would coexist with the development of

“fundamental changes in industrial policy”, as Enciso Recio has pointed out, these changes then leading to a more individualist less State-centred approach. If Ensenada, minister in the two reigns, was the link, he also marked the differences by decreeing in 1752 the generalisation of rights and exemptions previously received only on a case to case basis, a measure that many authors have considered to be a harsh blow against the privileged trading companies. As can easily be seen the basic elements of history, change and continuity, are once more inextricably intertwined in this transition from the end of Philip V’s reign to the reign of his son.

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