

Conclusions Part III

ORGANIZING AND PAYING FOR GLOBAL EMPIRE, 1598–1668

One of the great problems in the history of Spain since the birth of the Black Legend has been that of exceptionalism. If less affected by the ideological tints of this hoary view, the history of Portugal has also been stained with this problem. A comparative history of this age underlines, however, that neither of these kingdoms constituted an anomaly in European history. Rather they are variants, shaped and determined by their imperial ventures, of a common model or ideal type. Other political formations of the time, including England, were characterized by the overlap, collision, and diversity of powers, by the existence of conflicting pacts with the elites, and by the coexistence of agents who exercised coercion. This is in fact the reason why, in the words of P. O'Brien, they were not efficient states 'that can be represented as sovereign authorities governing successful economies that provide high, stable and rising standards of welfare for their citizens.'

In England it has been possible to speak of a 'federation of counties, each with its individual ethos' (Smith 1997, p. 139). Phenomena such as royal patronage, rent-seeking practices, court corruption, monopolies that raised transaction costs for the outsiders, and so on were the order of the day. In France, the sale of offices is the best-known, but not the only, manifestation of how absolutism was maintained through pacts with the elites and by sharing—again not always peacefully—quotas of sovereignty. The same was true of the fiscal system and of French absolutism in general (see Mettam 1988; Beik 1985, and many other). The Frondes would

bring to light the existence of privately owned armies whose importance has been emphasized by different studies on the seigneurial households (e.g. Béguin 1999).

This disavowal of exceptionalism does not mean that all societies are the same. What captures the attention about the Iberian ones in general, and of the Castilian and Portuguese cases above all, is their remarkable social stability and capacity to reproduce their political structures. This is all the more striking because they were connected to developed commercial and global circuits, something that stands in contrast to the historiographical tendency to see a link between commercial development and political change (as well as with a certain modernizing vision of globalization).

While not exclusive to Iberia, it was precisely this aspect of it that could provide the variant. The empires and the positioning of these societies in global networks served to stabilize them. This is not to claim that they did not change, and this is (one reason) why Pierre Vilar's notion that the Spanish empire represented 'the supreme phase of feudalism' (an affirmation that, *mutatis mutandis*, has also been applied implicitly to Portugal) cannot be accepted today. Furthermore, similar visions have been applied to countries such as France, in regard to which P. Anderson (1974), and Marxist historians in general, spoke of a form of feudal income centralized through the tax system, which also has its parallels in Castile and Portugal and which (supposedly) acted in the same sense while facilitating its elites' reproduction. It was in this context that religious phenomena acted. Catholicism was ingrained into the heart of the composite monarchy: it served not only to justify empires but also the system for the transfer and mobilization of fiscal and military resources. It is enough to reflect on the cases of England or the Netherlands and the way in which their religious fractures led to ruptures that would end up illuminating alternative forms of the state to underline the importance that religious orthodoxy had in the Iberian kingdoms and the way in which it contributed to the reproduction of an institutional framework that was important for the forms of allocation of productive resources.

From 1600 globalization—even if it still yielded insignificant trade figures in relation to overall European wealth—would coincide with a growing tension over market control and competition between European regional industries. In this context, the transfer of resources tying these two empires to Northern Europe, and in particular to the Netherlands and England, would also be important to spark decisive changes in these societies.

In all, the effects of Spanish silver and the expenses generated by war—the second of these being negative for the economy in the short term—would only be positive to the extent that the political and institutional systems evolved in a different way, especially in the cases of Holland and England. This occurred while in Iberia the capacity of the aristocracies to overcome the depreciation of seigneurial income both strengthened them and tied them more closely to the state. In other words, the capacity of trade and globalization to dissolve the fortunes of aristocratic elites and to erode their socio-economic bases was reduced and even reversed. The result would not be a recession—decline is still spoken of—as dramatic as the one successive generations of scholars conjured up; but it did lead to a loss of competitiveness of the industrial sector, even in the domestic market, and a re-composition of the economic map of the peninsula which, even if fell within general European patterns, would henceforth be so slow that the subsequent readjustments would not be able to achieve the same degree of efficiency as the Northern economic centre for a long time.

The great problem of the Iberian empires would originate in their own structure and context. Together they had launched European globalization, but soon things became rather more difficult. Empires were the spring-board for the making up of informal global networks that did not always bend to the interests of rulers. In fact, they were so important precisely because the formal institutions created by these rulers were not efficient enough in generating trust among economic agents, who continued to resort to the same systems that their predecessors had been employing for many centuries: family, reputation, friendship, reciprocity, and so on. The result was that these networks, which had a transboundary character and were impossible for governments to control, would render obsolete and inoperable any imperial models based on the command of the most important commercial circuits, such as the Indies convoy (*Carrera de Indias*) or the State of India (*Estado da Índia*). In addition, the hybrid nature of these networks (merchants, officials, etc.) would encourage and foster patronage, clientelism, nepotism, rent-seeking, fraud, and even corruption, which would become constitutive of the system itself and would affect the functioning of formal institutions created in these empires. This fact, nevertheless, and in spite of the difficulties of political control from the centre of these empires, would not imply a reduction in the global networks' overall commerce, thus demonstrating, once again, the efficiency of informal mechanisms for creating confidence, even if they also rerouted a good part of the riches these empires generated to other political formations.

If the difficulties in states' control of colonial resources have almost always been viewed from the perspective of what happened in these two empires, the truth is that we need also to view those empires from the perspective of what happened in their peripheries and even outside them. This has much to do with the fact that the Iberian empires were, as has been said, one agent among many in this process of globalization. The expansion of the Ottoman Empire, its early projection to Asia in the fifteenth century, served not only to create an element of contention in the Indian Ocean from the mid-sixteenth century but also to promote globalization routes inaccessible to the Iberians. These routes came to be strengthened by the religious toleration practised by the sultans and the very nature of the empire as a collector of incomes generated by the mercantile networks that spanned its territories. From the early seventeenth century, the English routes that fed the trade of the Mediterranean Levant also had this function (Fusaro 2015). Moreover, to the extent that the Portuguese had only been able to control a small part of the Asian trade, their circuits could be redirected towards other actors, such as the Dutch, who operated with noticeable efficiency. From 1644, the new Qing dynasty, creator of another empire, limited European expansion in the South China Sea, while the trade of the *Estado da Índia* had already been subject to vampire-like attacks by non-Portuguese traders who proved difficult for Lisbon to control. In these same years, the Tokugawa consolidated an imperial system that would soon affect Portuguese trade in the South China Sea and across the Pacific system (Flores 1998). The problems experienced by both the *Estado da Índia* and the Crown revenues would be greatly affected by these changes. The incorporation of America into the process of globalization through the development of regional trade flows and alternative routes to those that linked the Caribbean with Seville also weakened the King of Spain to the same extent. And this occurred while the English colonies in North America expanded their illegal trade in the Caribbean and with Spanish and Portuguese colonies, with a concomitant impact upon the king's revenues. All this would also weaken the imperial pact between Lisbon and Madrid.

In this way and if, indeed, colonial commerce continued to provide a small part of the wealth of different European countries (in spite of its registered growth from the late sixteenth century), the important tensions generated around it would end up affecting political systems and would constitute one more factor that, in a context of general political competition, would accentuate the need for fiscal reforms and place unprecedented pressures upon composite states.

This was the case even if powers such as the Netherlands or England were undecided about whether to attempt to conquer territories controlled by the Portuguese and Spanish, suspecting that the post-conquest costs of protection would be exorbitant; these concerns, in conjunction with failed ventures such as those of Bahia and Pernambuco, ensured that the colonies remained under the Habsburg government of Madrid. But if these arrangements represented good political business for the Habsburgs, they were not sound commercial practice and became a problem from the standpoint of the fiscal system. Madrid and Lisbon paid for the costs of protection, externalizing the payments of their officials in the form of compensation for fraud, nepotism, patronage, and smuggling; but this came at the expense of a great deal of trade and economic resources eluding the monarchy.

The change in American ecosystems would allow a new phase of expansion that would also be beneficial for the king, who no longer claimed the lion's share of the general wealth generated by his dominions; indeed, his proportion was an ever-smaller part of it. To the extent that colonial elites had increased their economic capital, these same groups had also augmented their political decision-making capacity. Their increased ability to withhold resources—even military resources—at such a delicate time as the Thirty Years War was a good indication of the change underway in the balance between colonies and metropolis. What W. Maltby called the 'drift toward autonomy' was taking place: in reality, this was nothing more than an indication of the impossibility of applying a mercantilist policy in a composite monarchy, a formation that had none of the hallmarks of the proto-national systems typical of mercantilism (Yun 1999a). But this situation presents us with an image different from that of the immobile empires. Having separated in 1668, both the Spanish and the Portuguese empires constantly reconfigured themselves on new bases. The former depended upon a colonial pact that included a high degree of autonomy enjoyed by the Creole minorities and systems of interregional transfers of funds for their defence—and defence was no longer undertaken simply in the interests of Madrid but also on behalf of these elites who had resisted any loss of autonomy through conquest by other rival powers such as England or Holland. Portugal would turn to Brazil, where gold mining would create new bases for the development of the plantation economy. Moreover, at the very height of mercantilism and the war against Holland (after 1648 Amsterdam had allied with the Habsburgs), Lisbon would find in England an ally interested in maintaining an empire that brought it remarkable benefits. In both cases, areas of domi-

nation and influence were being lost, but the survival of very substantial parts of the colonial system was guaranteed.

Of course, all this was accompanied by ruptures in the composite monarchy of the Habsburgs. And again, these breaks cannot not be understood without considering the process of globalization and its overall effects. As the remittances of American silver arriving in Seville for the monarchs declined, and as American tax systems increasingly operated so that a (growing) portion of their resources remained in the New World, the composite monarchy began to be endangered. This failure of the global system allows us to understand the need to increase the fiscal burden on territories such as Catalonia, Portugal, Naples, and others, some of which were already used to a steady increase in their contributions. As we have emphasized, this reduction in the flow of Atlantic resources arriving at Seville did not happen because there was a lasting recession in the American economy as a whole but because Madrid's share of resources was limited by the centrifugal forces created by globalization and the pacts that this forced upon it. The rebellions in Portugal, Catalonia, and even Naples were more than fiscal movements. But they were also proof that one of the pillars of the pact between the Habsburgs and the European local elites over the mobilization of local resources was the efficiency of the royal revenue collection system of the empire and the functioning of a Portuguese system that was already unsustainable. In this case, moreover, the problem was not only the difficulty of maintaining the Portuguese fortress positions in Asia. It was also proof that these problems and developments strained relations between the king and elites in Goa and Lisbon until they were incompatible with the basic constitutional principle of the composite monarchy: that the resources of each kingdom (and by extension of each empire) should be employed for the benefit of its subjects. The far more drastic fiscal reforms that Dom João de Braganza would have to introduce after 1668 are a good symptom of what was happening: regardless of whether the Portuguese were right or wrong to see tyranny in the policy of Count Duke in the 1630s, the state could not be maintained with the existing parameters and basis; steps, therefore, had to be taken to strengthen the tax state within the kingdom.

Though gradually weakened, up until 1668 the Castilian elites had managed to preserve the essential components of the unstable pact made with Charles V within their frontiers. But the composite monarchy was no longer efficient, and neither was it an effective political system for this new world of globalization and mercantilism. These elites had succeeded in

reproducing their status quo. Undoubtedly, the nobility was renewed to the extent that the circulation of elites (Yun 2004) allowed the ascent of new families. Now, at the end of the seventeenth century, a new Amerindian nobility was beginning to enter the peninsular social arena. The urban oligarchies of Castile had had to open up their ranks to new members. The asymmetry within the composite monarchy was creating a statist ideology and even an imagined Castilian community that was assimilated with Spain, as if Spain were a simple extension of Castile. But this political system would remain a composite state even after the disappearance from 1665 of the *Cortes* that represented the kingdom. And, more importantly, this coincided with the development of a model of absolutism in which, after the disappearance of assemblies, the territorial component of political representation was replaced by a system of direct and bilateral relations between the king and the oligarchies of each city or corporation. This model of constitutional development was similar to those of other European countries, such as France, but it was very different to the English model, which would prove itself capable of creating the most efficient state for the defence of markets and thereby reducing for its subjects the transaction costs of international trade.

In any case, from the beginning of the eighteenth century, the foundations of a new absolutism that depended upon a proto-national state with an empire, rather than a dispersed composite monarchy, were created in Spain and Portugal. In the case of Spain, this was achieved by the crisis and dismemberment of the Habsburgs' composite and dynastic monarchy. A new growth would emerge on this new foundation and the slow re-composition of the regional economies and relations among them; logically, this growth would be slow and limited in both countries. And this was a manifestation of another fact: the ability to generate economic expansion—at the levels prevailing in pre-industrial economies—might depend upon the institutional framework and property rights, but these were not the only variables. The performance of this institutional framework must be seen in the context of the availability of resources at any one moment. What could not be expected was that these institutions would witness a qualitative change of the scale of the Industrial Revolution, which would knock on England's door within a few decades. In other words, this eruption was difficult to imagine in political formations in which the state—not because of the Crown's parasitism but because of its political constitution and pacts with elites—systematically exploited private market activities rather than simply regulating them (Jones 1981, 2000).

The political reforms and consequent flexibility of the economies of France, Portugal, and Spain in the eighteenth century would be very favourable and serve to explain the growth in these countries. But they were still far from that of England. Meanwhile, the development of international trade, linked to globalization, would mark the geography of growth in the Iberian countries, which occurred mostly in the coastal regions. Such considerations do not imply that countries such as England were free from the corrupt and corrosive effects of informal networks. It only indicates that the relationship between such institutions and the state's capacity for enforcement would be different and that, at the same time, systems would be created for the canalization of state resources towards defensive systems more effective than those of the Iberian countries in the seventeenth century. It is very possible that the comparison between China and Great Britain that has been carried out by P. Vries (2015) is also applicable to the case of the Iberian empires.