

## The Iberian Grounds of the Early Modern Globalization of Europe

In or around 1450, Europe began to emerge from the ashes of the crisis of the fourteenth century. This recovery would be the result of a series of internal forces, the role of the institutions being perhaps the most significant of them. The process, moreover, would entail a fundamental qualitative leap forward in the long process of globalization, by which the different regions of the planet would come to be tied together by ever tighter bonds.

In light of this growth, an overly pessimistic and anachronistic vision of the Iberian economies has prevailed. This view underlined their archaic character and held that they were barely expansive. Such an interpretation is hardly surprising when many historians have worked backwards, influenced by very negative visions of the Iberian countries and their empires prevalent in the eighteenth and nineteenth centuries. Moreover, many scholars have subscribed to a simplistic idea of empires as a source of growth, and the result was—and is—a perception of the Iberian empires as historical anomalies (Yun 2010).

Some scholars, for example, wrote of the formation of a semi-peripheral economy, whose function was simply to construct a bridge for the transfer of primary materials from America to Europe, with manufactured products flowing back in the opposite direction (Wallerstein 1979; Frank 1978). A few years ago, it was even normal to think that America's riches had been bestowed upon a country lacking the technical and institutional means necessary to face the challenge of the New World, Castile being the domain of warriors and priests and therefore unable to take advantage of

this gift from Providence. Spain, in other words, was not qualified to build a more dynamic economy capable of supporting the development of capitalism. Other scholars described the Spanish economy of this period as one unable to generate development and even growth (Cipolla 1976, p. 233; Kamen 1978, p. 25). Others, E. Hamilton prominent among them, considered that the flood of precious metals out of America caused ravages in the Spanish economy: it raised salaries—and, therefore, the costs of production—thus pushing back industrial investment, at the same time that it increased the price of Spanish manufactures, thus lowering their competitiveness in relation to those of other countries (Hamilton 1934, Spanish translation 1975). Even Keynes liked this opinion and made it his own (Keynes 1936). As perhaps had to be the case, some historians have seen this as evidence of the Spanish and Portuguese way of life—specifically, their alleged dedication to the culture of honour, disapproval of manual work, and even lack of entrepreneurial spirit—and argued that these cultural norms hindered a genuine long-term economic development.<sup>1</sup> For Pierre Vilar the Spanish empire embodied ‘the superior phase of feudalism’, one that necessarily led to a profound and enduring decadence (Vilar 1974). Working from the theories of Max Weber on the role of the Protestant ethic as a motor of capitalism, D. Landes has written of Spain’s self-imposed intellectual isolation and its adherence to a form of Catholic intolerance that would have aborted any process of technical and economic developments (Landes 1998). This vision dovetails with the view of the Iberian economies as being subject to an iron law of decreasing agrarian returns due to the farming of increasingly poor soils and the inevitable contradiction that had to emerge with evidence of demographic growth and the development of cities (Braudel 1976; Anes 1994). More recently Acemoglu, Johnson, and Robinson have applied the ideas of the new institutional economy, already tested by Douglas North, to illustrate the supposedly predatory character of Spanish absolutism and underline the weakness of property rights and the lack of positive institutions. These features, they postulate, created high transaction

<sup>1</sup>This idea was present in the work of Sánchez Albornoz, in which the warrior condition of the Spanish in the Middle Ages was a ‘psychosis’ which was inherently inimical to the development of manual and commercial activities. His phrase ‘neither feudalism nor bourgeoisie’ neatly encapsulates many of these ideas (1976, vol. I, pp. 678–703). Echoes of Sánchez Albornoz’s idea could be still noticed—albeit phrased more elegantly—in the work of leading historians such as Bennisar (1976).

costs and heightened levels of risk, both of which were very negative for economic development (Acemoglu et al. 2005).

Visions of this sort have led to exaggerations that recent research has either entirely dismissed or, at the very least, nuanced. Indeed, some of the above theories would be unacceptable today. This section proposes to revise many of these areas. It will focus on an analysis of the institutions and political systems that emerged from the crisis of the fourteenth century. To this end it aims to set out the most important of the dynamic forces in the development of feudal society, with special reference to the situation in the Iberian Peninsula (Chap. 1). In addition, an analysis of this sort requires us to consider the context of globalization, empire, and growth during the sixteenth century, thus providing a critical overview of a few of the old ideas and stereotypes (Chap. 2). This will also set out a new characterization of economic growth in the sixteenth century (Chap. 3). The basic thesis is that medieval societies were subject to an internal dynamic within their elites that obliged them to search for ever-greater resources. These tensions were the basis of the political instability of the fifteenth century; they would shape the transaction formulas at the heart of the dominant coalition<sup>2</sup> composed by the different elites and would result in the very different political systems that emerged in the Iberian Peninsula.

<sup>2</sup>I use the expression in the same way as North et al. (2009). Such a term does not mean here a complete political agreement among the elites but rather as a sort of pact that is not exempt of internal tensions, on the bases and general structures of the epoch's society (see Chap. 4).