

# GROWING IN THE SHADOW OF AN EMPIRE

How Spanish Colonialism  
Affected Economic  
Development in Europe  
and in the World  
(XVI<sup>th</sup>-XVIII<sup>th</sup> cc.)

edited by  
Giuseppe De Luca  
Gaetano Sabatini



**STORIA DELLA SOCIETÀ  
DELL'ECONOMIA  
E DELLE ISTITUZIONI**

**FrancoAngeli**

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## *Prologue*

Tamar Herzog\*

The collection of essays examines the economic development of territories that were under Spanish domination during the early modern period. It maintains that colonialism, which was practiced not only overseas but also in Europe, greatly affected their particular histories. It further argues that, because “modernization” may have had different expressions in different locations and times, rather than unfavourably comparing the growth and changes in Spain, Italy, Portugal, and Latin America to developments in England – as has usually been the case – Spanish-controlled areas should be studied on their own terms. Including contributions by authors from six different countries and profoundly interdisciplinary in nature, this collection seeks to answer a very basic question: did the countries under Spanish dominion experience a particular developmental course that may have led them to a common, yet distinct, type of modernization? In order to answer this question, the authors examine the interplay between institutional and social frameworks on the one hand, and economic patterns on the other. Employing both quantitative and qualitative methods, they analyze issues such as commercial networks, production, and fiscal and monetary policies in order to identify the factors that allowed long-term economic growth and modernization.

The findings they reach are extremely suggestive and are relevant not only to early modern historians but also to economic historians who reject the New Institutional Economics’ narrative, which maintains that Spanish institutions were extremely inefficient when compared to the Anglo-American ones. Completely overturning this traditional portrait, the authors suggest that during the early modern period Spain, Portugal, Italy, and Latin America indeed took a different path when compared to other European and American countries. However, this divergence was not caused (and therefore cannot be explained) by underdevelopment. Paradoxically, what was common to all former Spanish territories was not ‘failure’ but instead ‘success’. Local peripheral groups became integrated into (and benefited from) colonial structures, forming larger commercial circuits, purchasing offices and ecclesiastical benefits created or sold by the Monarchy, and participating in wider markets of public debt. Also common to all former Spanish

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territories was their relative resilience to the economic downturn, which characterized other Mediterranean countries during the same period. This was possible thanks to the willingness (and ability) to re-adapt manufacturing activities to the demands of the market and to the redefinition of mercantile circuits, as well as to the introduction of new credit forms and instruments. As a result of these changes, which occurred between the end of the sixteenth century and the first half of the seventeenth century, in the late seventeenth and eighteenth centuries most territories under Spanish dominion were engaged in highly innovative productive, commercial, and financial activity. In short, rather than decaying, Spanish controlled areas blossomed or, so was at least, the situation in the seventeenth century.

These conclusions shed a completely new light on developments not only in Spain, Portugal, Italy, and the Americas, but also in other areas that failed to experience them. Not only do they question (and indeed reverse) existing assumptions, they also make some very important methodological points. They demonstrate that areas, which currently are considered marginal to economic development, economic theory, and economic modernization, may be central to our understanding of the past. They remind us that comparisons must be respectful of what was meaningful to contemporaries. Rather than studying national economies in a period pre-dating the arrival of nations and states, the authors reconstruct the political spaces that existed during that period. Last but not least, their collective effort proves what some of us have only begun to suspect, namely, that modernity could have had different meanings in different periods and places and that in no case could it ever be reduced to clear, pre-defined models, elaborated by examining some countries, but not others.

After several decades, in which postcolonial studies had been at the forefront of some of the most innovative research, it was perhaps time that its insights would be applied not only to the former English colonies and not only to Asia. That the colonial legacy of Spain – the most important early modern global power – was neglected until the present is as surprising as the insistence of historians of Europe that colonialism was a phenomenon affecting others, never themselves. If these assumptions are to be re-examined, and if the history of Europe could be retold, there would be no better method than to examine the changes that subjection as well as integration operated in both the continent and overseas. The lessons of the past, in short, may help us understand the present also because they may be a shared patrimony in ways we have yet failed to understand.

# *Genealogies of Economic Growth in the Spanish Empire (Sixteenth-Eighteenth Centuries): Back to History*

Giuseppe De Luca\* and Gaetano Sabatini\*\*

Common wisdom suggests that the way Spain governed its European and Latin American domains from the sixteenth to the eighteenth centuries was one of the main explanations for their failure to modernize. Backwardness was attributed to a wide range of factors, but all on some way related to Spanish rule. The usual suspects included predatory taxation, inefficient institutions, a parasitic political economy, regressive re-feudalization, and an indolent mentality more attracted to conspicuous consumption than productive investment. In recent decades, however, the foundation upon which this interpretation, correlating Spanish dominion with economic stagnation, was built had gradually eroded. Three closely inter-related conceptual pillars enabling this association have come crumbling down: the comparative paradigm of English industrialization, the neo-Malthusian model of no economic growth in the pre-modern era, and the conviction that in the seventeenth century there was an irreparable economic crisis in many Spanish-controlled territories.

The questioning of the comparative model – i.e. a hermeneutical logic allowing to judge a historical/economic reality by comparing it to the growth of the country that first achieved a modern economy (England), making it the ideal to emulate – began during the crisis of the 1970s, when the end of a ‘golden age’ shook the trust in such a development model. Several fundamental studies taken at that stage stressed the ‘regional’ nature of European industrial expansion, highlighting what was unique, what was shared, what was simultaneous, and what was circular in the experience of Continental Europe<sup>1</sup>. The next fracture in the equation economic growth equals progress was the growing understanding of the problematic nature of the relationship between economic development and employment that further undermined the validity of the comparative model. Equally, the recent focus on the ‘Great Divergence’ between the West and the Rest (China in particular), stimulated by the spectacular economic performance of the latter, has shown the intrinsic weakness of the classical model of comparison, based on

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1. See the seminal volume of S. Pollard, *Peaceful Conquest. The Industrialization of Europe 1760-1970* (Oxford: 1981).

a single prototypical example, and favored global comparisons, in which different economic realities are examined in order to comprehend their interaction as well as their specific development paths<sup>2</sup>. As a result, the limits of a rigid binary logic based on ‘advanced’ versus ‘backward’, ‘developed’ versus ‘underdeveloped’, and ‘modern’ versus ‘antiquated’ economies have gradually become evident, as the comparative model slowly was drained of its historiographical value.

In a similar way, historians have begun to seriously review the assumption that late-medieval and early modern European society was hopelessly static and trapped by diminishing returns. If according to the prevailing paradigm centered on Ricardo and Malthus demand inevitably outstripped supply due to the technological stasis and scant population control, making «pre-modern economic growth a contradiction in terms»<sup>3</sup>, in the 1970s, partly thanks to the gradual understanding of the inadequacy of the linear model of growth, four new interpretations came to light. Responding to the weaknesses of the Malthusian model, which failed to explain how modernization could happen in a conservative society and how economic performance could differ so markedly between regions, each new model pointed to a different driving factor for growth, but all coincided in describing pre-modern economy as dynamic and variable.

First, the proto-industrial theory suggested that the spread of industry in the countryside after the mid-seventeenth century transformed the incentive structure for rural labour, drawing peasants into the marketplace and freeing them from the constraints of land supply. It weakened the urban craft guilds or integrated with them, and provided the financial accumulation necessary for factory industry<sup>4</sup>.

Second, placing the emphasis on an integrated system with a complex division of labour between the economies of the Continent and those of the colonies, Immanuel Wallerstein argued that a capitalist world-system emerged in Europe in the sixteenth century and that thereafter the profits from overseas and long-distance trade characterized the trajectory of the Continental economy<sup>5</sup>.

Third, for Robert Brenner, the Black Death distributional conflicts (class struggle) between peasants and aristocrats allowed the emergence of a new regime of property rights in land that enabled the expulsion of the peasantry and its replacement by tenants and labourers, who were forced to compete productively in the market<sup>6</sup>.

2. K. Pomeranz, *The Great Divergence. China, Europe and the making of the modern world economy* (Princeton: 2000).

3. S.R. Epstein, *Freedom and Growth. The rise of states and markets in Europe, 1300-1750* (London: 2000), p. 1.

4. For an overview of the model of proto-industrialization, developed by Mendels, Kriedte, Medick and Schlumbohm, see S.C. Ogilvie, M. Cerman (eds), *European Proto-Industrialization* (Cambridge: 1996).

5. I.M. Wallerstein, *The Modern World-System* (New York-London: 1980-1989), 3 vols.

6. T.H. Ashton, C.H.E. Philpin (eds), *The Brenner Debate. Agrarian Class Structure and Economic Development in Pre-Industrial Europe* (Cambridge: 1982).

Fourth, Douglass North and the New Institutional Economics school (NIE) put forward a dynamic model of institutional change, in which the key to economic growth were institutions (understood as formal and informal rules, moral rituals, and customs), which reduced transaction costs (agency problems, contract enforcement, and information costs) and made economic organization more efficient. For example, new institutional arrangements such as written contracts enforced by courts were largely responsible for European economic development, because they enabled the improvement of the efficiency of factor markets (bills of exchange) and economies of scale (joint stock companies)<sup>7</sup>. NIE's hypothesis – that markets arise as transactions costs decrease – cleared up the false dichotomy between feudalism and competitive markets shared by the three preceding models, making the existence and nature of markets in non-capitalistic societies a question to be proved empirically, and providing a means for comparing the historical growth of markets and other economic institutions across time and space.

Although these four theoretical models may have their failings, all describe pre-modern growth as Adam Smith did, namely, a process initiated by an increase in demand in which transaction costs diminished and the state turned into a major actor in the economic progress. Moreover, later source-based studies proved that during this period Ancient régime European societies experienced growth<sup>8</sup>.

Similarly, researchers have gradually and fundamentally redefined the very notion of economic crisis in the seventeenth century, previously one of the most fertile fields allowing to apply the first two paradigms. In the 1950s, the economic retrogression of the seventeenth century was thought to be the decisive moment, in which some Mediterranean countries fell away from the linear path of growth represented by the 'new' English model and began a descending phase. The supposed decline of the economy and the revolutionary movements of the mid-century led to the intellectual construction of a 'general crisis of the seventeenth century', which Marxist historians in the English-speaking world were fine-tuning within the context of the discussion of the transition from feudalism to capitalism<sup>9</sup>. Yet, in recent years, their excessively abstract reasoning became manifest and their economic interpretations questioned. Many empirical studies demonstrated that some of the parameters they used were contradictory and that not all sectors were equally hit.

On thorough analysis, some late-comer countries appeared immune from stagnation, whilst others saw rapid expansion in trade and manufacturing precisely at this time<sup>10</sup>. By the 1970s, the deconstruction of the idea of crisis has become in-

7. D.C. North, *Institutions, Institutional Change, and Economic Performance* (Cambridge: 1990).

8. See, for example, P.T. Hoffman, *Growth in a Traditional Society: the French Countryside, 1450-1815* (Princeton: 1996), and Epstein, *Freedom and Growth*.

9. See F. Benigno, "Ripensare la crisi del Seicento", *Storica*, 5 (1996), pp. 7-52, on pp. 10-32.

10. The reference is clearly to the Netherlands, where the seventeenth century was 'a golden' era, see I. Schöffner, "Did Holland's Golden Age Coincide with a Period of Crisis?", *Bij-*

creasingly perceptible and the standard view of universal retrogression dismantled, with interest gradually moving from the analysis of production to that of distribution and services and to the economic role of States and public apparatus<sup>11</sup>. As an outcome of all the above, the crisis was segmented, periodized, remeasured and broken down into sectors and regional areas, with the effect of seriously downsizing its consequences and significance.

For countries like Spain and Italy, in which the seventeenth-century recession was considered the beginning of an unstoppable, absolute decline, the questioning of this paradigm was particularly important, allowing to redefine the magnitude and extent of this phenomenon. Historians have shown that in the seventeenth century there was no agrarian depression in Castile, Extremadura and Andalusia: «it was rather a matter of slow and self-regulating readjustment and readaptations» while the production of wine and olive oil increased, explaining how the demographically growing cities could be fed<sup>12</sup>. In the production and export of wool, after a collapse at the beginning of the last quarter of the century, there was a recovery, whilst in building, commerce and financial services, the trend was continuously on the upside<sup>13</sup>. The latest and most reliable estimates on per capita production in Spain in the early modern age confirmed this new reading. The reconstruction, put forward by Carlos Álvarez-Nogal and Leandro Prados de la Escosura and based on the analysis of regional demographic trends and the rate of urbanization, shows that Spain's economy contracted in the seventeenth century but that this was followed by considerable dynamism<sup>14</sup>. Therefore, Spain did

*dragen en Mededelingen van het Historisch Genootschap*, 78 (1964), pp. 45-72, and to France, see A.D. Ljublinskaja, *French Absolutism: the Crucial Phase, 1620-29* (Cambridge: 1968).

11. N. Steensgaard, "The Economic and Political Crisis of the Seventeenth Century", in *Actes du XIII Congrès International des Sciences Historiques*, Moscou, 16-23 Août 1970 (Moscow: 1970), vol. I, pp. 28-41; this review was published in Danish as "Det Syttende Århundredes Krise", *Historisk Tidsskrift*, 12 (1970), pp. 475-504, and with some changes as "The Seventeenth-century Crisis", in G. Parker, L.M. Smith (eds), *The General Crisis of the Seventeenth Century* (London-Henley-Boston: 1978), pp. 26-56.

12. G. Anes, "The agrarian 'depression' in Castile in the seventeenth century", in I.A.A. Thompson, B. Yun Casalilla (eds), *The Castilian Crisis of the Seventeenth Century. New Perspectives on the Economic and Social History of Seventeenth-Century Spain* (Cambridge: 1994), pp. 60-76; quotation from p. 76.

13. See L.M. Bilbao, E. Fernández de Pinedo, "Wool exports, transhumance and land use in Castile in the sixteenth, seventeenth and eighteenth centuries", in Thompson, Yun Casalilla (eds), *The Castilian Crisis of the Seventeenth Century*, pp. 101-14.

14. Two methods have been used to date to estimate per capita income in Spain in the early modern period, the first based on fiscal data, the other on family spending, but neither proved reliable both because of the shaky nature of the data and because the data only referred to certain areas of Castile. Moreover, incomes from the secondary and tertiary sectors were excluded; whereas, the trend in urbanization, albeit providing only indirect elements to assess the growth in GDP, may be a more reliable indicator. See C. Álvarez-Nogal, L. Prados de la Escosura, "The decline of Spain (1500-1850): conjectural estimates", *European Review of Economic History*, 11 (2007), 3, pp. 319-66.



not stagnate after the seventeenth-century slowdown, and certainly did not decline.

In the case of Italy, where researchers considered the crisis of the seventeenth century as a moment in which the development of the economy came to a standstill, ushering in a backward economy, revision was even more far-reaching. The view of an unending decline, caused by the loss of competitiveness of ‘fully matured’ manufactures, and a drop in trading accompanied by a crisis in agriculture<sup>15</sup>, has slowly given way to the idea of an essential continuity. Research into the most advanced economic areas uncovered new elements – such as the liveliness of rural industry, the rationalization of agricultural production, the prominence of the financial sector and, in general, the positive impact of Spanish military spending<sup>16</sup> – the Italian economy of the seventeenth century now appears very resilient and able to respond successfully to the changing environment.

From the macro-economic point of view, Paolo Malanima has recently estimated that real urban wages and per capita production rose after the 1629-30 plague, when recovery was possible because the fewer surviving workers were endowed with much greater fixed capital<sup>17</sup>. In Italy, then, the crisis of the seventeenth century is no longer seen as a collapse without recovery. Nowadays it is regarded as a «short-term disease in a sound constitution», during which the Peninsula lost its primacy to the more dynamic economies of northern Europe, but at the same time it began a favorable conversion towards a new balance, based on the consolidation and industrial growth of silk production<sup>18</sup>. Overall, the crisis of

15. For example see C.M. Cipolla, “The Decline of Italy: The Case of a Fully Matured Economy”, *Economic History Review*, 2d ser., 5 (1952), 2, pp. 178-86; *Aspetti e cause della decadenza economica veneziana nel secolo XVII*, Conference papers 27 June - 2 July 1957 (Venice: 1961); R. Romano, “Tra XVI e XVII secolo. Una crisi economica 1619-22”, *Rivista Storica Italiana*, 74 (1962), pp. 480-531.

16. D. Sella, *Crisis and Community. The Economy of Spanish Lombardy in the Seventeenth Century* (Cambridge-Mass.: 1979); A. Moioli, “Una grande azienda del Bergamasco tra XVII e XVIII secolo”, in G. Coppola (ed.), *Agricoltura e aziende agrarie nell’Italia centro-settentrionale (secoli XVI-XIX)* (Milano: 1983), pp. 599-724; E. Brambilla, G. Muto (eds), *La Lombardia spagnola. Nuovi indirizzi di ricerca* (Milano: 1997); M. Rizzo, J.J. Ruiz Ibañez and G. Sabatini (eds), *Le Forze del Principe. Recursos, instrumentos y limites en la práctica de poder sobrano en los territorios de la monarquía hispánica* (Murcia: 2004), 2 vols.

17. According to the endogenous neoclassical economic model proposed by Malanima, the crisis in per capita production occurred in the following century when the population began to grow again in a greater rate than capital formation and gross production. See P. Malanima, *A Declining Economy: Central and Northern Italy in the Sixteenth and Seventeenth Centuries*, in T.J. Dandeleit, J. Marino (eds), *Spain in Italy. Politics, Society and Religion 1500-1700* (Leiden-Boston: 2006), pp. 383-404.

18. Ivi, quotation from p. 384; P. Malanima, *La fine del primato. Crisi e riconversione nell’Italia del Seicento* (Milano: 1998); G. Vigo, *Nel cuore della crisi. Politica economica e metamorfosi industriale nella Lombardia del Seicento* (Pavia: 2000). See also G. Sabatini “Dimensione italiana e contesti regionali nell’economia del Seicento”, *Storia Economica*, III (2000), 2, pp. 375-88.

the seventeenth century has lost its crucial connotation within a global economic analysis and is no longer regarded as a negative period casting its gloomy light on the entire century.

The debunking of these three historiographical idols – a unique growth model, the trap of economic stagnation in the pre-modern age, and the irreversible nature of the seventeenth century crisis – uncovered the interpretative and empirical limits of the few studies that were dedicated to the economic development of countries governed by Spain during the pre-industrial age. In the first of these, a collection of papers submitted to the Conference organized by the Interuniversity Centre for European Studies in Montreal on April 18-20, 1974, and subsequently published under the title *Failed Transitions to Modern Industrial Society: Renaissance Italy and Seventeenth Century Holland*, the assessment of the economy in Spanish-ruled Italy and Holland was clearly framed within the paradigm that sustained the failure of these countries to follow the prevailing model of economic development<sup>19</sup>. The crisis of the seventeenth century in Italy and subsequently in Holland, was thought to be responsible for weakening drowsy mercantile and agricultural forces, unable to generate the capital required to kick off an English-style industrial revolution. The brief talk given by Carlo Maria Cipolla – who fourteen years later cited this Conference as a glaring example of falling into the *ex post* trap<sup>20</sup> – was meaningfully titled “The Italian Failure”<sup>21</sup>.

Ten years later, another conference focused comparatively on a narrower aspect, specifically, the manufacturing systems of cities, without taking into account the characteristics of these systems, instead limiting itself to measuring their distance from a series of changes that each country ‘had to go through’ in checklist fashion in order to modernize. The papers presented to the Italo-Belgium Colloquium of Social and Economics History, held in Antwerp on October 14-17, 1984, dedicated to “Structural changes in the urban industries of Southern Netherlands and Italy from the Late Middle Ages until the beginning of the Industrial Revolution: comparative analysis of the socio-economic aspects of structural change”, admitted that the sector was much more vital, yet again only in order to answer the yes/no question in relation to the archetype. The title of the book col-

19. F. Krantz, P.M. Hohenberg (eds), *Failed Transitions to Modern Industrial Society: Renaissance Italy and Seventeenth Century Holland* (Montreal: 1975).

20. According to Cipolla, the title of the colloquium reflected the prejudice that, after the Renaissance and seventeenth century, Italy and Holland failed to carry out an industrial revolution *ante litteram*, and this *ex post* assumption induced the organizers to ask why. But the question is absurd because they didn’t know what industry meant: speaking of ‘failure’ suggests the idea that those societies planned to equip themselves with an industrial base but somehow failed to do so. «*Ex post* reconstructions hide instead of illustrating the decision-making and problem-solving processes at the heart of human history», C.M. Cipolla, *Between History and Economics. An Introduction to Economic History* (Oxford: 1991; published in Italian in 1988), quotation from p. 63.

21. C.M. Cipolla, “The Italian Failure”, in Krantz, Hohenberg (eds), *Failed Transitions to Modern Industrial Society*, pp. 8-10.

lecting the papers submitted to the Conference – *The Rise and Decline of Urban Industries in Italy and in the Low Countries (Late Middle Ages-Early Modern Times)* – is a perfect description of the confines within which the conference restricted itself<sup>22</sup>. Another study published at that time included Spain among the countries whose principal «failure was an inability to complete the transition to a more urbanized economy»<sup>23</sup>.

The revision of the economic trajectory of countries under Habsburg control allows to question the negative influence that Spanish rule was assumed to have had. It is now believed that this *Leyenda Negra* that sustained that fiscal pressure, injustice, and the intolerance and arrogance of these rulers were responsible to the lack of economic development was a form of political and religious propaganda used by the enemies of the Monarchy. To give a quick example, in Italian territories, anti-Spanish sentiment began to spread in the late fifteenth century as a reaction to the hegemony of Aragon. During the Napoleonic era, the decline of the Peninsula was strictly associated with a period of foreign, and specifically Spanish, government. This impression was amplified during the Italian unification process and nurtured by nationalistic ideals. Thereafter, the Habsburg Empire came to symbolize oppression and it was made culprit for the spread of feudalism and backward institutions and for causing an abiding economic and cultural crisis<sup>24</sup>. Despite some more balanced interpretations, the view that sustained that the Spanish experience was anti-modern, and was characterized by incompetent government and rapacious taxes imposed by Madrid, persisted until the 1970s and beyond, with some historians using the term ‘Spanish domination’ to imply the existence of an oppressive and authoritarian government.

In the past two decades, however, a new generation of historians, using new evidence from previously unexplored sources, has profoundly changed this portrait. As it currently stands, under the European dominion of the Monarquía Hispánica, taxation no longer appears rapacious if compared to the income of subjects, and it does not seem that Madrid raised a disproportionate amount of tax revenue from the periphery of its Empire, compared to regions closer to home.

22. H. Van der Wee (ed.), *The Rise and Decline of Urban Industries in Italy and in the Low Countries (Late Middle Ages- Early Modern Times)* (Leuven: 1988).

23. J. Casey, “Spain: a Failed Transition”, in P. Clark (ed.), *The European Crisis of the 1590s: Essays in Comparative History* (London: 1985), pp. 209-28; quotation from p. 224.

24. Manzoni’s historical novel, *The Betrothed*, was adopted as required reading in all Italian schools. The novel was published in 1825-27 and described seventeenth-century Lombardy, ratifying the portrait of Spanish rule as a dark age of decadence for Italy. In it, Spanish rule stands for contemporary Austrian rule. See G. Signorotto, “Aperture e pregiudizi nella storiografia italiana del XIX secolo. Interpretazioni della Lombardia ‘spagnola’”, *Archivio Storico Lombardo*, CXXVI (2000), p. 530; M.A. Visceglia, “Mito/antimito, spagnolismo/ antispagnolismi: note per una conclusione provvisoria” in A. Musi (ed.), *Alle origini di una nazione. Antispagnolismo e identità italiana* (Milano: 2003), pp. 406-29; A. Musi, “Antispagnolismo classico e antispagnolismo rivisitato,” in C. Cremonini, E. Riva (eds), *Il Seicento allo specchio. Le forme di potere nell’Italia spagnola: uomini, libri, strutture* (Roma: 2011), pp. 13-25.

Public finance served not only to pay for the war effort, but also created both local and international financial markets for selling debt. The central government was not extraneous to the needs of the territories it administered but instead engaged in a dialogue with high-ranking local representatives. In the same way, Madrid was careful to keep a balance between different local communities under its domination, whether rural or urban, and models of reform were freely discussed within the Empire, including administrative, commercial and financial reform. The bureaucracy in the countries under the Spanish throne was not ineffective, and theoretical discussions appear to have been intense and were carried out at a very high level across the board<sup>25</sup>.

In the Latin American colonies too, the nature of Spanish rule has been revised and is now far different from the stylized caricatures that used to appear in institutional textbooks. Historical evidence demonstrates a situation utterly different from the model of a centralized monarchy, which according to Douglass C. North, «relied on the extraction of state revenues from outside sources, an elaborate hierarchy of bureaucrats armed with the immense outpouring of royal edicts», and created institutions that, in the long run, hindered the economic and political development of both Spain and its overseas possessions overseas because they were utterly inefficient when compared to their Anglo-Saxon equivalents, which fostered and supported Britain's successful path to the First Industrial Revolution<sup>26</sup>. There is no real evidence of a fiscal administration at the service of a predatory and all-powerful Spanish state. On the contrary, there are proofs for the existence of a Crown without the means to impose a uniform tax system on its subjects in the colonies or at home. All political actors, including the Sovereign, Cortes, towns, nobility, church and lower-classes, bargained over how to finance military needs. The relationship between the crown, its own bureaucracy and local economic interests was one of negotiation, not command<sup>27</sup>. In the words of Halperín Donghi, even at its European core: «Absolutism was an aspiration rather than an effective political regime»<sup>28</sup>.

25. See P. Cardim, T. Herzog, J.J. Ruiz Ibáñez, G. Sabatini (eds), *Polycentric Monarchies. How did Early Modern Spain and Portugal Achieve and Maintain a Global Hegemony?* (Brighton-Portland-Toronto: 2012), and the bibliographic references there.

26. D.C. North, "Institutions, Economic Growth and Freedom: An Historical Introduction", in M.A. Walker (ed.), *Freedom, Democracy, and Economic Welfare: Proceedings of an International Symposium* (Vancouver: 1988), quotation from p. 18.

27. R. Grafe, M.A. Irigoin, "The Spanish Empire and Its Legacy: Fiscal Re-distribution and Political Conflict in Colonial and Post-Colonial Spanish America", *Working Papers of the Global Economic History Network (GEHN)*, 23 (2006), pp. 3-14, 44.

28. T. Halperín Donghi, "Backward Looks and Forward Glimpses from a Quincentennial Vantage Point", *Journal of Latin American Studies*, Supplement (1992), p. 221.

In addition, the idea of North and Weingast that representative and democratic governments are the *sine qua non* of economic growth<sup>29</sup>, has been heavily criticized in recent years. David Stasavage demonstrated persuasively that it is not a broad consensus that drives development so much as an active agreement between the political and economic classes. His research indicates that the strength of the Bank of England and improved access to finance in Great Britain were associated above all with the rise of the Whig supremacy than with constitutional changes, whilst the collapse of John Law's Banque Royale was caused by the withdrawal of political backing. What is decisive, therefore, is a dialectic action at the political and economy top end rather than the particular form the institutions take, since these end up reflecting the limitations and opportunities of the local situation that creates them<sup>30</sup>.

On the whole, Spanish control over many European and Latin America countries developed during a long period of economic change and, in some areas, slowdown. Nothing has been easier than to explain the second as a consequence of the first, but coincidence is not necessarily causality. After clearing the field of conceptual prejudice and the suggestion that we already know all there is to know about the relations between Spanish rule and economic trends, it is time for a new historiography that would engage in the reconstruction of the specific features of various territories, their economic and social profiles and the network of influences between local and global dynamics<sup>31</sup>.

This was the basis for the international seminar "Economic Growth Genealogies in the Shadow of the Spanish Empire: Comparing Countries, Regions, Domains and Boundaries (sixteenth to nineteenth centuries)", held at University of Milan on April 13-14, 2007, and organized by two groups of Red Columnaria, devoted to "Circulación de recursos y dinámicas sociales" and "Italia Norte". The meeting, whose proceedings are presented here, aimed at investigating – *iuxta propria principia* and beyond the traditional divide into economy, institutions, religion, and so on – different elements of the economic and social paths taken by the various areas under Spanish rule. It also wished to display the kind of research undertaken by Columnaria, an international scholarly network, created in 2004 in order to facilitate collaboration among researchers interested in the Iberian worlds in Europe, the Americas, Asia and Africa, and to stimulate global and compara-

29. D.C. North, B.R. Weingast, "Constitutions and Commitment: The Evolution of the Institutions Governing Public Choice in Seventeenth-Century England", *Journal of Economic History*, 49 (1989), pp. 803-32.

30. See D. Stasavage, *Public Debt and the Birth of the Democratic State. France and Britain, 1688-1870* (Cambridge: 2003).

31. On the specific subject of the nature of Spanish-Italian relations and the lively cultural production resulting from far-reaching exchanges between the two peninsulas throughout the early modern period, see C.J. Hernando Sánchez (ed.), *Roma y España: un crisol de la cultura europea en la edad moderna* (Madrid: 2007), 2 vols., and Dandeleit, Marino (eds), *Spain in Italy. Politics, Society and Religion 1500-1700*.