

Bartolomé Yun-Casalilla

# Iberian World Empires and the Globalization of Europe 1415–1668

palgrave  
macmillan

# CONTENTS

<b>Part I</b>	<b>The Iberian Grounds of the Early Modern Globalization of Europe</b>	<b>1</b>
<b>1</b>	<b>Global Context and the Rise of Europe: Iberia and the Atlantic</b>	<b>5</b>
	<i>Global Links and International Exchanges in Europe and the Iberian Peninsula</i>	5
	<i>The Global Forces and the Portuguese Atlantic Expansion</i>	5
	<i>Towards a European Poly-nuclear Recovery</i>	10
	<i>European Recovery and Property Rights</i>	10
	<i>The Iberian Peninsula</i>	13
	<i>Institutions, Political Economies, and Regional Forces</i>	15
	<i>Social Conflicts and Political Regimes</i>	22
	<i>Aristocratic Lineages, Local Oligarchies, and Conflict</i>	22
	<i>Isabella and Fernando: From Crisis to War and Expansion</i>	27
	<i>Bargaining Power</i>	27
	<i>Foreign Wars for Domestic Peace</i>	31
	<i>Portugal: The Bases for a Precocious and Enduring Political Stability</i>	35
	<i>Iberian State Formation in European Perspective</i>	37
	<i>Comunidades and Germanías</i>	37
	<i>Western Monarchies. The Iberian Kingdoms in Comparative European Perspective</i>	42

<b>2 Iberian Overseas Expansion and European Trade Networks</b>	<b>51</b>
<i>Sailing the Atlantic, Conquering America</i>	51
<i>Challenges and Tools</i>	52
<i>Political Control, Bargaining, Resistance, and Environmental Failures</i>	60
<i>The Portuguese Empire and Asia: Bargaining, Diversity, and Limits</i>	67
<i>Overseas Trade and European Economies, 1492–1580</i>	73
<i>Silver and the Price Revolution</i>	73
<i>Markets and Trade Networks</i>	77
<i>Iberia in the Global Economy: Lowering Transaction Costs</i>	84
<i>An Export Economy?</i>	84
<i>A Semi-periphery of Europe? Domestic Trade and Institutional Improvements</i>	88
<b>3 Domestic Expansion in the Iberian Kingdoms</b>	<b>99</b>
<i>A Technological Crossroad</i>	100
<i>Local Institutions, Regional Ecosystems, and Land Property Rights</i>	103
<i>Economic Expansion in a Pre-industrial Society</i>	118
<i>Growth and Development</i>	119
<i>The Advantages of Peasant Economies and Increasing Productivity</i>	124
<i>The Final Test: Industrial Development and Regional Urban Systems</i>	133
<i>Patterns of Economic Growth, Market, and Institutions</i>	138
<b>Conclusions Part I</b>	<b>145</b>
<b>Part II State Building and Institutions</b>	<b>153</b>
<b>4 The Empires of a Composite Monarchy, 1521–1598: Problem or Solution?</b>	<b>155</b>
<i>Why Castile?</i>	156
<i>The Problems of a European Composite Monarchy</i>	156
<i>Castile, a Nervus Belli</i>	162
<i>A Conflictive Pact</i>	174
<i>The Challenges of a Dynamic Society</i>	174

<i>Absolutism As a Threat to the Dominant Coalition</i>	177
<i>A Crucial do ut des</i>	179
<i>Global Forces and the Mobilization of Resources</i>	186
<i>Silver and the Circulation of Elites Within the Empire</i>	187
<i>Mobilization of Resources and the Limits of the System</i>	192
<i>The Empire As a Solution in Portugal</i>	198
<i>Peninsular Trends</i>	204
<b>5 The Crystallization of a Political Economy, c. 1580–1630</b>	211
<i>Iberian Stereotypes and Cultural Beliefs in European Perspective</i>	212
<i>Formal Institutions</i>	215
<i>Family and Social Networks</i>	226
<i>Transaction Costs, Rent-Seeking, and Allocation of Resources:</i> <i>A Qualitative Approach</i>	235
<b>Conclusions Part II</b>	257
<b>Part III Organizing and Paying for Global Empire, 1598–1668</b>	269
<b>6 Global Forces and European Competition</b>	271
<i>Religion As a Factor: Western European Patterns of Development</i>	272
<i>Globalizing Agents</i>	284
<i>Informal Globalizing Networks</i>	284
<i>European Integration</i>	289
<i>Habsburg Wars, American Silver, and the European Trends</i>	294
<i>The Gradual Shift to the North</i>	299
<i>1600: The Problems of Europe</i>	299
<i>The Peninsular Interior by 1590–1600: The Limits of a More Rigid Economy</i>	302
<i>Long-Term Changes</i>	302
<i>The End of Century Crisis in Castile</i>	306
<i>The Advantages of the Enemies</i>	311

<b>7</b>	<b>The Luso-Spanish Composite Global Empire, 1598–1640</b>	<b>323</b>
	<i>The Iberian Complex in a Global Perspective</i>	323
	<i>Two Empires and One World</i>	323
	<i>The Problem of Information</i>	327
	<i>Social Networks and Informal Institutions in a Cross-Border Perspective</i>	329
	‘Perverting’ ‘Perverted’ Institutions?	333
	<i>Justice, Enforcement, and Distance</i>	333
	<i>Dominant Coalitions, Patronage, Rent-Seeking, Corruption, Fraud, and Contraband</i>	337
	<i>Corrosive Globalization</i>	342
	<i>Globalization and Regional Economies</i>	342
	<i>Problems of Regulation and Internal Conflicts</i>	345
	<i>World War, Money, and Men</i>	348
	<i>Mars and Mercury on a World Scale</i>	350
	<i>Global Wars and the Relevance of the Imperial Periphery</i>	364
	<i>Cash for the King on a Global Scale</i>	364
	<i>But Not Only Cash: The Real Burden of the War</i>	371
<b>8</b>	<b>Ruptures, Resilient Empires, and Small Divergences</b>	<b>377</b>
	<i>Oliveres’ Challenge to the Imperial Elites</i>	377
	<i>Reformism</i>	378
	<i>Fiscalism and Upheavals</i>	381
	<i>Castile: Change and Continuity</i>	385
	<i>Reshaping the Conflictive Pact at the Core of the Empire</i>	385
	<i>Patrimonial Management, the Economic Resilience of Elites, and Property Rights</i>	389
	<i>A Balance</i>	392
	<i>Ruptures and Continuities: A Decadent Empire?</i>	396
	<i>Ruptures in the European Peripheral Kingdoms: Portugal and Catalonia</i>	396
	<i>The Portuguese Rupture: Globalization Against the Composite Empire</i>	396
	<i>The Catalan Crisis or the Problem of a Composite Monarchy</i>	403
	<i>The Renewal of the American Colonial Pact</i>	408
	<i>A Renovated and Difficult Agreement</i>	408
	<i>Ecosystems, Globalization, and Plenty Versus Formal Institutions</i>	413

<i>Regional Recession and New Growth Patterns in Iberia, c. 1600–1668</i>	418
<i>Big Trends, Big Numbers: Recession in the Empire’s Core</i>	418
<i>Crisis and Adaptation in the Peninsula’s Periphery</i>	423
<i>A New Pattern of Growth</i>	429
<b>Conclusions Part III</b>	435
<b>Epilogue</b>	443
<b>References</b>	451
<b>Index</b>	499

## INTRODUCTION

Over the last few years, the history of empires has undergone something of a renaissance. This is due in part to the new interest in global history and the privileged status it has acquired in academic circles. This volume tries to explore the relations between globalization and empires, two developments or phenomena that are often considered complementary but should not be confused.

In recent years, economic historians have entered into debate about the degree of globalization prior to the late nineteenth century. For Williamson and O'Rourke, the late 1800s saw the beginning of this process, with an identifiable tendency towards the convergence of economic variables, especially prices.<sup>1</sup> Discussion has tended to turn on the use of terms such as hard or soft globalization, primitive globalization, the first globalization, and so on. These are debates of great interest.<sup>2</sup> But a few preliminary observations are needed. The first is that I find the definition of Flynn and Giráldez (also evident in Williamson and O'Rourke) to be somewhat restrictive, as they propose that the economic historian must define globalization primarily from the perspective of the 'exchange' of 'products' and 'its long-lasting impact' 'on all trading partners' (2002). While I agree with many of their statements about the importance of silver in this process, I have tried to demonstrate that although the economies of the

<sup>1</sup> See, among others, O'Rourke and Williamson (2002, 2005).

<sup>2</sup> In addition to the works of Williamson and his collaborators, see Jan De Vries (2003, 2010, 2011).

sixteenth and seventeenth centuries did not meet these criteria—as Williamson and O’Rourke argue—those economies did create connections that would be decisive for the political economies and the construction of the state and, in this way, the allocation of resources in Europe and its colonies. My approach also starts from the conviction that global history is not only important because of what it tells us about non-European worlds but also because it offers us a different perspective and overall context for Europe itself, and may even allow us to reinterpret it in light of the new vantage points thus acquired. Indeed, this may be its most important contribution (Yun 2007). These two presuppositions are the basis of the book, which attempts to employ them in a concrete form to understand the internal history of Spain and Portugal, drawing comparisons between them and other countries and exploring the way in which globalizing forces conditioned relations with other areas of Europe. For this reason, the debate is not always focused on the history of mercantile relations or the classic literature on ‘world economies’ of Wallenstein but also on some of the classics of the new institutional economics, such as Acemoglu, Johnson, and Robinson.

Another of the purposes of this book is to use this perspective to approach the history of empires and the processes of state building in Iberia, using the concepts of monarchies and composite states.<sup>3</sup> It also attempts to challenge some stereotypes and views that, although anachronistic, have resulted in a highly negative understanding of Iberian societies. To the extent that it looks at problems of statecraft, a basic purpose of this book is to analyse the effects of war on society. This aspect of *Marte contra Minerva* (Yun 2004) which was largely ignored by its readers is vital in understanding the pacts between elites and central power and the forms of organizing coercion and its effects on society.

Empires and the political formations of this period cannot be understood, however, by a study focusing exclusively on what we could call formal institutions. Above all, an analysis of informal institutions—and personal rules—is required, something which is not present in the studies of D. North and his co-authors but which remains essential from our point of view: the family, the extended lineage of family and the kinship relations it entailed, patronage and friendships, reciprocity, prestige, and so on. An analysis of these informal institutions is vital not only to understand political organizations and their dynamics but also the political economies of the time and the forms of

<sup>3</sup>Some ideas in Yun (1998).



resources allocation.<sup>4</sup> It may, of course, be difficult to distinguish between formal and informal institutions (Grafe 2012). This is even more the case when we deal with Old Regime societies in which the separation between the public and the private is not clear and in which institutions such as the family are very regulated by the law. The exercise is, however, without doubt of considerable heuristic value. This study will try to set out the internal dynamic of elites, in which reciprocity and conflict were two sides of the same coin and vital to any understanding of political dynamics as well as economic and territorial expansion, including the establishment and nature of empires. Also the relations between the different local and regional elites and the central power of the state is also constitutes a central part of my arguments. Another crucial argument is that these informal institutions developed in contexts of great political and jurisdictional fragmentation, which created enormous competition for resources. From this perspective, it becomes essential to discuss how the institutional framework affected the allocation of productive factors and economic growth or recession. The conclusion is paradoxical, because although this institutional framework explains some of the most negative aspects of the economic behaviour of these societies, it is obvious that the final effect of these (supposedly) inefficient institutions (inefficient, i.e. from the perspective of the new institutional economics) could very well be economic growth of a notable scale within the parameters of pre-industrial societies. Such was the case when the available resources and the ecosystems in which they were inserted acted positively. And this may be true not only for territories in Europe but also for the colonies.

From a heuristic and methodological point of view, a study of the sort undertaken here has obvious roots. Comparative history and what is somewhat unfortunately called ‘transnational history’ are undoubtedly among the creditors.<sup>5</sup> While the work of authors such as D. North appears continually as a point of discussion, this is only possible in the context of a critical use of their own concepts and ideas. Bourdieu’s theory of capital reconversion has been useful to the extent that it allows us to link economic and political factors and explains the decision-making process of historical agents in general and of elites in particular (Yun 2011). And I have also found inspiration in the theory of organizations of H. Simon and others (Yun 2011).

<sup>4</sup>A good number of studies of political economies have focused only on mercantile institutions, the state, the judicial system, and the consulates. See, for example, the innovative book by Hough and Grier (2015).

<sup>5</sup>My theoretical approach in Yun (2007, 2014a).