

Distant Tyranny. Trade, Power and Backwardness in Spain, 1650-1820

Chapter 2: Power, Legitimacy and the Historical Territories¹

Writing about widespread riots in Spain in the autumn of 1854 a German journalist and incisive observer of European affairs tried to trace the deep historical roots of the “revolutions” Spain had experienced since the turn of the century. In a series of articles for the New York Daily Tribune he quipped “Spain has never adopted the modern French fashion [...] of beginning and accomplishing a revolution in three days”. Instead it experienced revolutionary upheaval 1808-12, 1820-23 and 1834-43 and of course again in 1854. The social origins of these protracted conflicts he traced back to the sixteenth century: the suppression of the Revolt of the *Comuneros*, an urban uprising in 1521, the catholic reaction and the discovery of the Americas. It was then that “Spanish liberty disappeared under the clash of arms, showers of gold, and the terrible illuminations of the auto-da-fe.” There was just one thing that perplexed him:

“[...] how are we to account for the singular phenomenon that, after almost three centuries of Habsburg dynasty, followed by a Bourbon dynasty – either of them quite sufficient to crush a people – the municipal liberties of Spain more or less survive? That in the very country where of all the feudal states absolute monarchy first arose in its most unmitigated form, centralization has never succeeded in taking root?”²

How indeed?

The journalist in question, Karl Marx, had a habit of asking good questions and historians are still struggling with the answer. Integrating Spanish early modern history into the narrative of the genesis of the (western) European nation states is a serious challenge. Spain does not fit into most of the stylized facts we teach our students about how European nation states came into being. To begin with, there were supposedly two kinds of European countries: the early nation states, such as England, France, and Spain, and

¹ I would like to thank Hamish Scott for his comments and criticisms on an even cruder version of this text.

² Karl Marx and Friedrich Engels, *Revolution in Spain* (London,: Lawrence and Wishart, 1939), pp.295,303.

the nineteenth century late-comers, like Italy and Germany. Spain is counted amongst the former because its origins go back to the unification of Castile and Aragon in the late fifteenth century. Yet, by the early nineteenth century Spain did not look anything like France or England, and rather a lot like Germany or Italy in terms of its economic, social, linguistic, cultural, or political integration, or rather the lack thereof, something that was obvious to a German like Marx.

Historical sociologists and historical economists have tended to look at this Spanish *Sonderweg* instinctively in the very way that model-based disciplines tend to react. In the face of an incompatibility between models of the genesis of the nation-state and Spanish history they have opted for arguing that there was something wrong with Spain. Nation states were meant to be successful and Spain was not, which made it an uncomfortable case. In much of the historiography on pre-twentieth century nationalism Spain is not mentioned; where there is an entry in the Index on *Spain* it is usually followed by one that says *see Basques, Catalans, Spanish America*, apparently with no irony intended.³ Historians of the creation of the nation-state meanwhile struggle to explicate Spain's failure, both as an emerging nation state and as conforming to the model.⁴ The divergence is explained alternatively by, or as a combination of, Spain's Moorish heritage, its status as an imperial power, its military overstretch as a result of a money illusion caused by American silver, religious intolerance and an anti-enlightenment elite or its status as a semi-exploited European economic periphery with a bourgeoisie engaged in Braudelian treason. Just how difficult it is to make sense of Spanish history in the standard

³ See e.g. Ernest Gellner, *Nations and Nationalism* (Oxford: Blackwell, 1983), Benedict R. Anderson, *Imagined Communities : Reflections on the Origin and Spread of Nationalism*, Rev. ed. (London ; New York : Verso, 2006), Liah Greenfeld, *Nationalism : Five Roads to Modernity* (Cambridge, Mass.: Harvard University Press, 1992). Hobsbawm comments on the late arrival in 1884/1925 of the word *nación* in its modern meaning in the standard Spanish dictionary but explained that away by arguing that this was not unusual since "nineteenth-century Spain was not exactly in the vanguard of ideological progress." E. J. Hobsbawm, *Nations and Nationalism since 1780 : Programme, Myth, Reality*, 2nd ed. (Cambridge [England] ; New York: Cambridge University Press, 1992), pp.15-17.

⁴ See e.g. Perry Anderson, *Lineages of the Absolutist State* (London: N.L.B., 1974), chapter 3.; Thomas Ertman, *Birth of the Leviathan : Building States and Regimes in Medieval and Early Modern Europe* (Cambridge, UK ; New York: Cambridge University Press, 1997), chapters 2 and 3.; Michael Mann, *The Sources of Social Power I: A History of Power from the Beginning to A.D.1760* (Cambridge: Cambridge University Press, 1986), chapters 13-15.; Jan Glete, *War and the State in Early Modern Europe : Spain, the Dutch Republic and Sweden as Fiscal-Military States, 1500-1660, Warfare and History* (London ; New York: Routledge, 2002), chapter 3.

framework built around such concepts as “absolutism”, “mercantilism” and “bourgeoisie” can be illustrated by one recent attempt:

“We have implied the existence of a deformed or *pseudo*-mercantilism [in Spain] through the agency of a dependent *pseudo*-bourgeoisie, [and] we posit a *pseudo*-absolutism – a barely concealed consensus of aristocratic, bureaucratic, and merchant elites sanctioned by the ecclesiastical establishment.”⁵

In Spain nothing was what it was supposed to be, we are told. This convoluted assessment is neither unusual nor entirely nonsensical. But it suffers the consequences of trying to press the Spanish case into a set of theoretical concepts and heuristic devices that are ill-suited. There is an uncanny feeling that if model and history diverge, history must have been wrong. Alas, it seems more reasonable to simply draw the conclusion that in order to understand Spanish political economy and nation-building we first have to understand the structure of governance. At present, it remains essentially un-reconciled with sociological and political economy models of European state building, not because “Spain is different”, as Franco’s tourism advertisers claimed, but because the models are too narrow. Spain is an unwelcome but useful spanner in the works of explaining how European states emerged and became relatively strong autonomous organizations.

Equipped with plenty of theory political, social and cultural historians have in the meantime chipped away at the sorts of regularities about European state-building that were once accepted. Gone are absolutist Absolutists, that controlled the mercantilist economy, punished their subjects for social and religious “crimes”, unified their territories through linguistic and religious impositions and service in the standing army for king and country rather than a mercenary’s pay. Gone is also the genesis of society as a struggle of classes that led to modern capitalist nations. Instead, nation-states were a construct of the historical imagination and subject to re-interpretation. Consequentially, there was no common paths towards the nation-state, just an idiosyncratic combination of outcomes largely due to contingent developments that were re-constructed in the public consciousness to reflect a (nineteenth-century) ideal of state and society. The rich

⁵ Stanley J Stein and Barbara H Stein, *Silver, Trade, and War. Spain and America in the Making of Early Modern Europe* (Baltimore and London: The Johns Hopkins University Press, 2000), p.103. Emphasis added.

narrative that this literature has given us undoubtedly goes a long way to prove that not history was wrong, but the model. Yet, it has also largely refused to provide an alternative model of state-formation. If there was no clear path towards a fiscal-military competition along the lines suggested by Charles Tilly or Eric Jones, why did the European system of warring medieval political units continue to develop into competing, but more unified nation states in the way it did? ⁶ Why did it not become an extended empire like China or the Ottoman Empire or a system of states with much weaker territoriality as much of Africa?

Thus, the important methodological turn in history has arguably been better at demolishing the existing edifice than rebuilding one with which to replace the canon of the social science oriented historiography. We certainly have a denser narrative for the development of society and religious and linguistic expression in many would-be European nation states. But we still need to explain why, by the nineteenth century, European political constructs had quite evidently evolved into administratively much more complex structures that gave more autonomy to the state, why this process occurred at a very different pace across Europe and along different paths. After all, what was understood as the European nation state became the model of social organization that has dominated human history ever since and has proven apt at surviving into an age of globalisation. This chapter will plead the need for a continued search for models - in the sense of observed regularities that can yield a set of heuristic devices - useful beyond the individual case. Most importantly, it will suggest a model that can usefully illuminate the case of Spain within the European history of the early modern period. It will, however, also claim that we have to go beyond the parameters usually considered by economic historians and historical sociologists, who have tended to concentrate on political institutions. In order to rebuild a model in an empirically more useful way we need to analyse the room for negotiation implied in a corporate society, the way in which it was

⁶ Charles Tilly, *The Formation of National States in Western Europe* (Princeton, N.J.: Princeton University Press, 1975). E.L. Jones, *The European Miracle* (Cambridge: Cambridge University Press, 1981), E.L. Jones, *Growth Recurring. Economic Change in World History*, 2 ed. (Oxford: 1993), Charles Tilly, *Coercion, Capital and European States, Ad 990-1990* (Cambridge: 1990).

used e.g. in the mechanics of state finance and the underlying perception of political rights and duties that served as constitutional constraints.

1. The fiscal military state and the ability to tax

For historical sociologists the story of the emergence of powerful European nation states in the early modern period is one of the genesis of the fiscal military state.⁷ The notion is powerful. Competition between rulers for territory and subjects was a central feature of European political development in the Middle Ages. But changes to military technology began to shift the advantage from defence to offence.⁸ Since military activity is subject to indivisibilities, larger armies are cheaper *per capita*, the optimum size of the state increased, and this fostered a territorial consolidation process.⁹ In this phase of “mergers and acquisitions”, roughly from the mid fifteenth to the early nineteenth century, mere survival as a minor state was most of the time not an option.¹⁰ Instead, states had to consolidate into larger units with larger fiscal potential to survive. Size alone, however, was no guarantee for success. The ability to tax was paramount. In other words not just the fiscal potential mattered but the actual capability of the state to collect revenues.¹¹ The ultimate winner of this contest was England. But there were second prizes. France, Sweden, Denmark, Spain, the Netherlands and a number of smaller territories managed to hang on to independent statehood, something most small territories, principalities and city states alike lost.

⁷ See e.g. Richard Bonney, *The Rise of the Fiscal State in Europe, C.1200-1815* (Oxford ; New York: Oxford University Press, 1999), J. Brewer, *The Sinews of Power. War, Money and the English State, 1688-1783* (London: 1989).; Michael J. Braddick, *The Nerves of the State. Taxation and the Financing of the English State, 1558-1714*, ed. Mark Greengrass and John Stevenson, *New Frontiers in History* (Manchester and New York: Manchester University Press, 1996).; M. J. Braddick, *State Formation in Early Modern England, C. 1550-1700* (Cambridge, U.K. ; New York: Cambridge University Press, 2000). Tilly, *Coercion.*; François Crouzet, *La Guerre Économique Franco-Anglaise Au XVIIIe Siècle* (Paris: Fayard, 2008).

⁸ Storrs 2009 [check not available as of April 5]

⁹ R. Bean, "War and the Birth of the Nation State," *Journal of Economic History* 33 (1973). Geoffrey Parker, *The Military Revolution: Military Innovation and the Rise of the West, 1500-1800* (Cambridge: 1988), Michael Roberts, *The Military Revolution, 1560-1660; an Inaugural Lecture Delivered before the Queen's University of Belfast* ([Belfast: M. Boyd, 1956).

¹⁰ Mann, *Sources I*, p.490ff.

¹¹ Brewer, *The Sinews of Power*, P.K. O'Brien and P.A. Hunt, "The Rise of the Fiscal State in England, 1485-1815," *Historical Research* LXVI (1993).

Was military technology really an independent variable and the exogenous trigger of this development as most historical economists and sociologists imply?¹² It is certainly true that the states' increased technical and political capacity to raise taxes in turn drove war. Early modern philosophers, and modern economists and sociologists alike have seen the creation of nation states as a means of ending the war of all against all, or at least of noble bully against noble bully. But the process increased the level of violence against individuals and certain communities at least in the short run with, for example, seriously negative consequences for those engaged in long-distance trades.¹³ War and market integration were almost certainly negatively related in the short and medium term.¹⁴ But once a European competitive state system had come into existence military might could guarantee survival, and the fiscal well-being of the state was a necessary though not sufficient condition for a functioning army and navy. Military expenditure everywhere was – as has often been pointed out – the single largest rubric of early modern states' spending.¹⁵

What then determined the ability to tax? In chapter One we saw that the standard political economy model of the superiority of parliamentary versus absolutist government performs poorly in explaining the amount of resources at the disposal of the Spanish state for a variety of reasons. As I have argued, the original new institutional economics model neglects almost entirely the question how states became powerful. Hence, it provides little in the way of a theory of the state, or power more generally but is predicated upon an assumption that the state – in this case the early modern one - already *has* power and

¹² See Mann, *Sources I*, versus Stephan R Epstein, "The Rise of the West," in *An Anatomy of Power. The Social Theory of Michael Mann*, ed. John A. Hall and Ralph Schroeder (Cambridge: Cambridge University Press, 2006), pp.247-249.

¹³ Oscar Gelderblom, "Violence and Growth. The Protection of Long-Distance Trade in the Low Countries, 1250-1650," *Working paper* http://partner.library.uu.nl/vkc/seh/research/Lists/Working%20Papers/Attachments/17/Gelderblom_ViolenceGrowth_2005.pdf (2005). **[update: chapter of forthcoming book]**

¹⁴ Kevin H O'Rourke, "The Worldwide Economic Impact of the Revolutionary and Napoleonic Wars," *CEPR Discussion Paper 5079* (2005). **[update: is this published yet?]**

¹⁵ Regina Grafe and Maria Alejandra Irigoin, "A Stakeholder Empire: The Political Economy of Spanish Imperial Rule in America," *London School of Economics Global Economic History Working Paper 111* (2008).

predates on its subjects, and can only be kept in check by parliament.¹⁶ Reflecting the concern of historical sociologists with the role of warfare it has more recently become generally recognised that the advantage of parliamentary regimes was not that they appropriated a *smaller* share of the national product in the form of taxes, but that they were able to appropriate a *larger* share. O'Brien has shown that England was unusual precisely in how much the state extracted from the economy, outdoing France and, according to my calculations, also Spain in capturing a share of the national product.¹⁷ The "protection against predation" side of the North and Weingast argument was complemented by the "reliability of taxation" feature also contained in it: where elites were represented in decision making over taxation in parliament they were thought to be willing to pay more on a more equitable basis.¹⁸ Absolutists' problem in this way of reading the constitutional divide was not that they ruined the economy through extraction but that they were faced with corporatist power that severely restricted their ability to raise taxes. They engendered a weak state not because their greed cut short economic growth – as North and Thomas had claimed - but because their subjects distrusted them and evaded and avoided taxation.

In fact, the ability to tax required at least three things: A prosperous economy that could sustain taxation, a state that was sovereign enough to impose taxes and a state apparatus that kept the monitoring costs in the fiscal machinery down.¹⁹ States in the early modern period took advantage of an improved "technology" of coordination and communication (essentially the rules of governance) to consolidate their control over territories and subjects.²⁰ But some were more successful than others. The successful ones gained in this process more clearly defined public property rights to taxation and could as a consequence also enforce more easily the private property rights of their subjects.²¹ The empirical question thus is not primarily why some European countries developed into a

¹⁶ See also Epstein, "The Rise of the West," p.234.

¹⁷ See chapter 1 [update page]

¹⁸ O'Brien and Hunt, "Rise." Also David Stasavage, *Public Debt and the Birth of the Democratic State* (Cambridge: Cambridge University Press, 2003), p.57.

¹⁹ Is lack of monetization still a constraint? Jean Meuvret

²⁰ Mann, *Sources I*, pp.416ff.

²¹ Stephan R Epstein, *Freedom and Growth: The Rise of States and Markets in Europe, 1300-1750* (London: Routledge, 2000), pp.14-16.

parliamentary system. That is an interesting political, intellectual and social question but of much less consequence for our understanding of economic growth in the pre-modern era than we once assumed if we accept the conclusion that chapter One has suggested, namely that monarchies were not necessarily more predatory.²² Instead degrees of jurisdictional fragmentation were far more fundamental in determining the strength or weakness of early modern states than variations in political regimes.²³ As we have seen part of the problem with the political economy focus on political regimes was that it took little notice of the historical reality of forms of governance commonly described as absolutist. It simply assumed that they were centralizing, all powerful, could suppress opposition and would extract as many resources as possible. This caricature of monarchical rule, however, is so flawed that it could not render any useful insights.

Jurisdictional fragmentation and patrimonialism

Absolutist rulers were bound at every turn by the traditional freedoms and liberties that corporate entities and historic territories enjoyed. Epstein demonstrated the negative effects of jurisdictional fragmentation in the case of the Italian city states and came to the conclusion that political freedom was either unconnected or possibly negatively related to economic growth.²⁴ Hoffman and others have discussed the limits imposed on the French Crown. Winkelbauer amongst others has made the case for Austria-Hungary.²⁵ Dincecco in turn has shown that in a cross country growth comparison jurisdictional unification

²² That does explicitly not mean that political regimes do not matter for economic growth in our times. Extending this claim to the modern era would be as erroneous as it was to take the concept of sovereign credit ratings back to the pre-modern economies. See e.g the work by Paolo Mauro, Nathan Sussman, and Yishay Yafeh, *Emerging Markets and Financial Globalization : Sovereign Bond Spreads in 1870-1913 and Today* (Oxford; New York: Oxford University Press, 2006).

²³ Epstein, *Freedom and Growth*.

²⁴ *Ibid.*, p.34. and Stephan R Epstein, "Cities, Regions and the Late Medieval Crisis: Sicily and Tuscany Compared," *Past and Present* (1991).

²⁵ Philip T Hoffman, "Early Modern France, 1450-1700," in *Fiscal Crises, Liberty, and Representative Government, 1450-1789*, ed. Philip T Hoffman and Kathryn Norberg (Stanford: Stanford U. Pr., 1994). Thomas Winkelbauer, *Ständefreiheit Und Fürstenmacht : Länder Und Untertanen Des Hauses Habsburg Im Konfessionellen Zeitalter*, 2 vols. (Wien: Ueberreuter, 2003).

was far more important for growth than political regimes before 1789.²⁶ But what forms of jurisdictional fragmentation obtained in European societies? National and regional historiographies have tended to stress both, challenges to centralising authorities and co-operation with the centre, almost everywhere. But historians have said little about how and to what extent either strategy affected the exercise of power in a comparative trans-“national” perspective. Hence, we need serious research into the remarkable differences across Europe in the degree, form and foundations of jurisdictional fragmentation.

The historical sociology and political science answer is generally developed around another important but often ill-defined –ism: patrimonialism. In the classic two by two matrices so beloved to political scientists Ertman complements the economists’ one dimensional space of political regime from “constitutionally constrained” to “absolutist” with a second vector representing the character of their state infrastructure. Some polities, such as Britain, Sweden, Denmark and the German territorial states, developed a technology of governance that was tending towards a bureaucratic state. Others, like Poland, Hungary, France, Spain and much of Italy employed a patrimonial structure. But does this Weberian concept of the “patrimonial” state resolve the problem of the different paths of state building and in particular does it adequately capture the problem of jurisdictional fragmentation?²⁷ Spain is of course often referred to as a quintessentially patrimonial state, i.e. a state that loses domestic authority to elite groups within society in return for their allegiance and fiscal contributions.²⁸ Elites were brought into the new, larger state through the sale of civil, ecclesiastical and military offices, sinecures and participation in the fiscal system as tax farmers. This alienation of functional parts of sovereignty checked the contravening efforts at centralization of the monopoly of power embodied in the Crown’s push against seigniorial rights. Driven by the need to increase income the Crown permanently alienated important offices and rights to privileges and monopolies. In patrimonialism the pursuit of private interest was incompatible with

²⁶ Mark Dincecco, "Fiscal Centralization, Limited Government, and Public Revenues in Europe, 1650-1913," *Journal of Economic History* 69 (2009).

²⁷ Max Weber, *Wirtschaft Und Gesellschaft, Grundriss Der Socialökonomik ; Iii. Abt.* (Tübingen,: J. C. B. Mohr (P. Siebeck), 1922), pp.130-139.

²⁸ Stein and Stein, *Silver*.

“collectively positive outcomes in the political sphere.”²⁹ Private and social rates of return were poorly aligned. Public and private, the office and the officeholder, state and private finances were indistinguishable. According to Ertman, Spain, like much of Latin Europe, became patrimonial rather than bureaucratic because its *Cortes* were “structurally weaker, status-based Estates which ultimately proved unable to resist the steady advance of royal power.”³⁰ The monarchy pushed the “estates” (read the nobility) out of the way and undertook an increasing “irrationalisation” of governance through an alienation of state functions, which in turn limited royal prerogative.

The historical sociology model of the weak patrimonial absolutist state has its political economy counterpart, which has been elaborated most clearly for the French case. Velde and Weir pointed out that the inability of eighteenth century French finance ministers to bring down the cost of borrowing reflected investors’ expectations and inbuilt constraints rather than poor management. The fundamental problem was “a political system that completely separated the privilege of spending from the obligation to pay taxes”.³¹ While having to share revenue raising powers with the elite, the French Crown had full executive decision over expenditure. The lack of a central budget added to the lack of transparency – like their Spanish cousins the French king rarely knew what his disposable resources were or how much he had spent.³² The paradoxical outcome was that where the power to tax was shared almost evenly between elite and king less revenue was raised than where either of these had overall control, as Rosenthal has shown.³³ Though Rosenthal’s model is more sophisticated in that it can account for varying shares of power being given to elite and Crown, its underlying conception is not unlike that of a prisoners’ dilemma. Crown and elite would maximize their returns (the total taxes extracted) if they cooperated. Alas, depending on how much power each has, either one

²⁹ Ertman, *Leviathan*, p.154.

³⁰ *Ibid.*, p.155.

³¹ Francois Velde and David R. Weir, "The Financial Market and Government Debt Policy in France, 1746-1793," *Journal of Economic History* 52, no. 1 (1992): pp.6 and.36.

³² Christopher Storrs, *The Resilience of the Spanish Monarchy, 1665-1700* (Oxford ; New York: Oxford University Press, 2006), p.108.

³³ Jean-Laurent Rosenthal, "The Political Economy of Absolutism Reconsidered," in *Analytic Narratives*, ed. Robert Bates and et al. (Princeton: Princeton University Press, 1998), pp73-74.

or both have an incentive to defect and try to free-ride on taxation raised by the other party. The outcome was a suboptimal lower overall pay-off, i.e. less revenue.

Two different strategies characterized the relation between the French Crown and elite across time: before 1720 the Crown tried to expand its control over taxation at the expense of the elite and at the same time predated on economic activities through currency manipulations, tariff rate changes, the sale of offices and titles and such like. After the 1720s, however, it increasingly tried to align elite interests and Crown policy by selling its debt to the general public rather than corporate bodies, which “brought to the Crown a clientele of lenders who were largely disenfranchised”.³⁴ In addition the Crown began to use those provincial estates (*etats*) such as Provence or Languedoc that had retained tax raising abilities as intermediaries that raised debt for the Crown based on their better reputation as creditors. But reform was incremental at best, because the Crown was not willing, nor did it have to, negotiate its total control over foreign policy with the elite. The increasingly desperate search for revenue thus pushed it to lay prohibitive taxation on the few areas where it faced little opposition and to raise loans of the more expensive kind, such as life annuities. This aggravated the economic consequences of such a relatively weak political regime; though the extraction of resources from the economy was not excessive, marginal rates in some fiscal areas led to huge distortions.³⁵ The argument advanced by O’Brien that absolutist states suffered from poor tax compliance is thus pushed a step further. The French fiscal set-up was subject to an inconsistency between the power to spend and the power to raise revenue, which ultimately forced the Crown into giving up more power to the elites, whom it had to co-opt in a patrimonial way.³⁶ Shared jurisdictions meant that sudden tax increases, like those after 1635, or particularly large tax hikes were extremely difficult to accomplish without threatening the co-operation between Crown and elites, which in turn undermined the long-term viability of the system.

³⁴ Ibid., pp.68 and 82.

³⁵ Philip T. Hoffman and Jean-Laurent Rosenthal, "The Political Economy of Warfare and Taxation in Early Modern Europe: Historical Lessons for Economic Development," in *The Frontiers of the New Institutional Economics*, ed. John N. Drobak and John V.C. Nye (San Diego et al.: Academic Press, 1997).. See also David R. Weir, "Tontines, Public Finances and Revolution in France and England, 1688-1789," *Journal of Economic History* 49, no. 1 (1989).

³⁶ Hoffman, "France."

The analyses of historical sociologists and in particular economic historians of France have thus posed the very helpful question of the role of political and bureaucratic elites in strengthening or undermining the power of the monarchy. Implicitly or explicitly this “elite” is often equated with the aristocracy, or with landed interests against capital holders.³⁷ The argument is underpinned by a notion that the rise of the modern nation-state implied the suppression of aristocratic power either through an authoritative absolutist rule of one, i.e. an absolutist monarchy, or through a parliamentary regime. Neo-classical economists and historical sociologists alike formulate the problem essentially in Marxist terms. But the traditional story of the creation of the modern state depending on the demise of the aristocracy is problematic to say the least.³⁸ Glete has argued convincingly that conflict between the Crown and the aristocracy was always the exception not the rule and a large historiography would support that notion.³⁹ The aristocracy had become entrepreneurs in their own right who placed important investments in the state. As states became more complex organizations, investment opportunities multiplied from military service, to lender, to officeholder, and tax farmer. The relative success of state building in early modern Europe depended crucially on states’ ability to co-opt the elites while defending its own autonomy as historical research on the nature of absolutism has shown. The advantages of co-optation were obvious.

“A state that could co-ordinate its own interests with the authority and patronage that traditional local elites enjoyed among the common people had easier access to local resources. It could raise taxes or conscript soldiers and seamen with greater efficiency and less local resistance. The elite group might trade their local authority for increased influence over the central state, or they might use this authority in the interest of the state in exchange for even more local power guaranteed by the fiscal-military state.”⁴⁰

³⁷ This is e.g. the formulation by Stasavage, *Public Debt*..

³⁸ For France see William Beik, "The Absolutism of Louis XIV as Social Collaboration," *Past and Present* 188, no. August (2005)., for a European overview Hamish M Scott, "'Acts of Time and Power': The Consolidation of Aristocracy in Seventeenth-Century Europe, C.1580-1720," *German Historical Institute London Bulletin* XXX, no. 2 (2008).

³⁹ Glete, *War and the State in Early Modern Europe : Spain, the Dutch Republic and Sweden as Fiscal-Military States, 1500-1660*, pp.3-5.

⁴⁰ *Ibid.*, p.3.

How patrimonial was Spain?

How then were some states able to create a bureaucracy and co-opt the elites without being co-opted in turn? If the suppression of early modern estates was not pushed through by the Crown against the elites but with their co-operation and participation in return for a new kind of contractual relationship that offered elite members a share of the new and larger pie, why did local elites not become accomplices of the state everywhere?⁴¹ Glete's explanation that the Spanish polity collapsed in the mid-seventeenth century because the price that the constituent reigns had to pay for Spain's protective purposes had become too high, is historically unconvincing if we recall the modest contribution made to the Spanish treasury by any territory but Castile discussed in Chapter One.⁴² Ertman's explanation is not much more satisfactory. Spain became patrimonial and "irrational" allegedly because its Estates were based on tri-partite status (nobility, clergy commoners) rather than territorial; because it lacked participatory structures of political decision-making in the regions and towns; and because the Crown derived much income from the sale of office; and because it avoided creating a more sophisticated tax administration by relying on easier to tax land-taxes. Alas, as Ertman admits, these claims are largely extrapolated from the French case.

Unfortunately, they are entirely wrong if transferred to Spain as the reader will know by now. At the heart of the Spanish monarchy the Castilian estates were a representation of towns, which overwhelmingly controlled the rural hinterland. The Castilian Cortes ceased to meet initially because a weak Crown feared the town's might in 1665. Their functional end simply marked the shift of the forum of negotiation between towns and Crown from the Cortes to the *Sala de Millones*, which was an integral part of the Council of the Treasury (*Consejo de Hacienda*); the Cortes-voting towns now were a direct part of the

⁴¹ *Ibid.*, p.7.

⁴² *Ibid.*, pp.136-139. For the extraction of taxation see chapter 1 and Maria Alejandra Irigoin and Regina Grafe, "Bargaining for Absolutism. A Spanish Path to Empire and Nation Building," *Hispanic American Historical Review*, no. 2 (2008).

governmental council structure while at the same time retaining their right to negotiate individually and directly with the Crown.⁴³ The “King in Parliament” was replaced by a “King in Council”.⁴⁴ Once power had reverted back from the town dominated *Cortes* to the towns there was little chance they could develop into a territorial representation.⁴⁵ Towns in turn embodied a long tradition of participatory politics. As for the Castilian tax system: taxation was entirely based on consumption and trade taxes and did indeed require a fairly complex administration in contrast to Ertman’s assumptions.

The sale of offices and sinecures, also an important part of the historical sociology model, was admittedly an important phenomenon. But here too, the French case is a misleading guide.⁴⁶ In the Spanish American colonies the sale of offices was legalized in 1606, almost exactly at the same time as France institutionalized the fiscal returns from the sale of office through the *paulette*, an annual tax on office holders worth around 1/60th of the offices income, which removed restrictions on the inheritance of offices.⁴⁷ In Castile by contrast, there was never a legal basis for the sale of offices, and receipts from the *media anata secular*, a one-off payment for offices, were never of fiscal importance. The sale *por juro de heredad* (as hereditary property) was outlawed at the *Cortes de Toledo* of 1480 and the prohibition was reiterated in the two most important legal collections, the *Recopilaciones* of 1567 and 1805.⁴⁸ Castilians and their kings found ways around this, to be sure. The price for an office was labeled officially a donation (*donativo*) and the transfer, which became common, was disguised as a resignation in favour of someone else (*resignatio in favorem*).

⁴³ Pablo Fernández Albaladejo, "Monarquía, Cortes Y 'Cuestión Constitucional' En Castilla Durante La Edad Moderna," *Revista de las Cortes Generales* 1 (1984).. I.A.A. Thompson, "Castile: Absolutism," in *Fiscal Crises, Liberty and Representative Government, 1450-1789* (Stanford: Stanford University Press, 1994), p.191, .

⁴⁴ José Antonio Maravall, *Teoría Del Estado En España En El Siglo Xvii* (Madrid: Centro de Estudios Constitucionales, 1997), p.281.

⁴⁵ Thompson, "Absolutism."

⁴⁶ For France see William Doyle, *Venality : The Sale of Offices in Eighteenth-Century France* (New York: Clarendon Press, 1996).

⁴⁷ Roland Mousnier, *The Institutions of France under the Absolute Monarchy, 1598-1789*, 2 vols. (Chicago: Chicago University Press, 1974), vol II, pp. 27-77.

⁴⁸ The following draws strongly on Francisco Tomás y Valiente, "Las Ventas De Oficios De Regidores Y La Formación De Oligarquías Urbanas En Castilla (Siglos Xvii Y Xviii)," in *Actas De Las I Jornadas De Metodología Aplicada a Las Ciencias Históricas 1973* (Santiago de Compostela: 1975). and Francisco Tomás y Valiente, *Gobierno E Instituciones En La España Del Antiguo Régimen* (Madrid: Alianza Universidad, 1982; reprint, 1999), pp.152-176.

There were also very different rules that applied to the distinct types of offices and it is important to dig a little deeper into this ill-researched field of Spanish history in order to understand in which way it differed from the better known French case. Tomás y Valiente suggests thinking about three categories: offices of the “quill pen”, of “power” and of “money”. The first described offices of notary publics and scribes, who were generally subject to sale against a fixed fee but also to quality control, i.e. the owner of the office had to demonstrate that the officeholder (not always the same person) had the necessary qualification. In the peninsula, the most important “power offices” were at no point subject to sale. Neither the office of *corregidor* or after 1749 the newly created intendents, the highest royal officer in each district, nor judicial positions were ever on sale in Castile, and military posts were very rarely sold.⁴⁹ The legal heritage ring fenced all judicial and the highest royal positions in the Peninsula. They received a salary and had to fulfil minimum conditions of training. Over time the extent to which training, personal connections, having passed through the *Colegios Mayores* of the main universities and other socio-economic factors determined access to posts in the administration changed.⁵⁰ The bureaucracy was obviously not a meritocratic, professional force, salaries were often inadequate and there is evidence that indirectly payments were made for offices that could not be sold legally.⁵¹ Only in the later eighteenth century we see the emergence of a clearer career path that stressed education beyond the formal degree and experience over socio-economic factors.⁵² Yet, the system was corrupt and an insider game rather than venal in the classic (French) sense. Using Roots’ comparison of nepotism and corruption it was closer to a corrupt system, open to market forces, than a nepotistic, i.e. non-market one.⁵³

⁴⁹ The intendent system was fashioned on French precedents. However, its introduction was haphazard and the officeholders never became as powerful and important as their French counterparts.

⁵⁰ R.L. Kagan, "Universities in Castile 1500-1700," *Past and Present* XLIX (1970). [check for c18th]

⁵¹ Juan A Sánchez Belén, *La Política Fiscal En Castilla Durante El Reinado De Carlos Ii* (Madrid: Siglo Veintiuno Editores, 1996), p.292. Also Storrs, *Resilience*, pp.123-124.

⁵² Johannes-Michael Scholz, "Amt Als Belohnung. Eine Spanische Justizkarriere Am Ende Des Ancien Régime," *Ius Commune. Zeitschrift für Europäische Rechtsgeschichte* 18 (1991).

⁵³ Root argues that corrupt systems such as the English are economically preferable to nepotistic one such as the French Hilton L Root, "The Redistributive Role of Government: Economic Regulation in Old Regime France and England," *Comparative Studies in Society and History* 33 (1991)..

Among “power offices” the only important ones that were subject to sale were the *regimientos* (aldermanship) and other municipal offices, especially in the second half of the seventeenth century.⁵⁴ Given the power of town councils these were a sought after commodity in large towns, whereby the towns not the Crown had in principal the right to suggest the officeholder. But even here the Crown could, and sometimes did, refuse the *resignatio in favorem*, and it also expanded their numbers to increase income, thus lowering their value. Contrary to the insurance that French officeholders had bought by agreeing to pay the *paulette* in return for guarantees of venality and less creation of new offices, Castilian officeholder had at best the somewhat shaky right to the usufruct of an office rather than full alienable property rights.⁵⁵ Spanish officeholders also obtained fewer benefits from their status. Tax exemptions, a major attraction for offices in France, were limited and often meaningless; in a system that relied on indirect consumption taxes rather than direct land or wealth taxes exemptions were unenforceable. By the eighteenth century the municipal market for “power offices” was stagnating. “Money offices”, mostly related to tax and customs farms, were regularly sold but holders generally had to post sureties for their office. Thanks to the need for upfront investments the market for these became the most competitive and market driven by the eighteenth century.

All this underlines that, while sales of offices existed in Castile and the other territories like in most other European states, important nuances in the practice reveal the problematic use of the concept of patrimonialism as a catch-all phrase for bureaucratic failure or even jurisdictional fragmentation in Spain. The sale of offices such as scribes against a fee to a trained lawyer hardly constituted an alienation of fundamental functions of the state. Spanish tax farms were essentially an agreement between local, regional or central authority and an individual investor, what we would call a public-private-partnership (PPP) today. Economists are unlikely to consider that a problematic loss of state autonomy, though sociologists are more sensitive in this area. From a historical economics point of view we might wonder if tax farming was the economically most efficient solution to tax collection. Yet, given the state of

⁵⁴ The sale of town offices started in earnest as part of the negotiations between the Crown and its Genoese financiers who were given blocks of offices to be sold on to the candidates of the towns.

⁵⁵ Mousnier, *The Institutions of France under the Absolute Monarchy, 1598-1789*.

administrative technology even in the eighteenth century it is likely that a system based largely on consumption taxes would have been impossible to administer directly.⁵⁶ The literature often refers to tax farming and the advance payments to the Crown it entailed as dangerous methods of non-market ‘inside finance’, which empowered the lenders. Yet, in Spain they were largely a result of urban autonomy.⁵⁷ Again urban power and its impact upon the prevalence of indirect taxation rather than the alleged patrimonialism of the Crown determined administrative structures. Even in the Americas where the sale of offices was legal and widespread the overall outcome was closer to a PPP than a classic patrimonial pattern as I and Alejandra Irigoin have argued elsewhere.⁵⁸

The one area where patrimonialism held important sway was municipal “power offices”. This led to a well-studied tendency of a creation of powerful urban oligarchies and it arguably reinforced already strong urban power. As Tomás y Valiente pointed out, if a mid-eighteenth century *regimiento* in Salamanca, which came with an annual salary of 88 *reales 8 maravedis*, was sold for 20,000 *reales* the buyer on the one hand must have had money to spare and, on the other, have seen it as an investment in collateral advantages and power rather than a job.⁵⁹ Yet, we ought to be careful not to overestimate the pecuniary rather than social benefits officeholders derived: the same office sold for about 12,000 *reales* in 1690 and had thus realised a meagre rate of annual return on capital of about 0.85 percent in the meantime. Had the officeholder instead invested in a *censo* (a private debt obligation) he would have received 3-4 percent annual interest over the same period, or the equivalent of 70,000 *reales* in 1750.⁶⁰ More to the point, an aldermanship in one of Castile’s most important towns was evidently not yielding the sort of returns in fees and/or kickbacks suggested by the rise in the value of offices Doyle has documented for France.⁶¹ In Castile power was up for sale at a municipal level, that is obvious; but

⁵⁶ Hoffman makes this point for even for France where indirect taxation was much less important Hoffman, "France," p.232.

⁵⁷ On internal or inside finance see Stasavage, *Public Debt*, pp.65-66.

⁵⁸ Grafe and Irigoin, "Stakeholder Empire." challenges the classic interpretation by Mark A Burkholder and D.S. Chandler, *From Impotence to Authority. The Spanish Crown and the American Audiencias, 1687-1808* (Columbia, MO: 1977).

⁵⁹ Tomás y Valiente, "Ventas," pp.

⁶⁰ For interest rates see chapter 4 below.

⁶¹ Sánchez Belén, *Política Fiscal*, p.291. Doyle, *Venality*, pp.225ff.

venality and nepotism were subject to clear boundaries. The Spain of the late-sixteenth to late eighteenth century was never subject to conflicts between venal office-holders and the Crown in the same way as France was to that of the *noblesse de robe* and the monarchy, a fact ignored by much of the comparative literature of European state-building.

Patrimonialism, jurisdictional fragmentation and the fiscal military state revisited

The inevitable conclusion from the above discussion is that jurisdictional fragmentation should not simply be equated with patrimonialism and the creation of powerful elite groups with common interests that this implied. This adds thus to the important shortcomings of the current political economy and historical sociology literature on the genesis of the European nation state when reflected in the light of the Spanish path towards a nation-state that exhibits important shortcomings. Two points stand out in particular. First, while the limitations imposed on the state by jurisdictional fragmentation were crucial, the structural models of the early modern state are curiously wedded to the question of conflict and co-operation between monarchy and estates, in particular the nobility. As we have seen however, most of the power devolved that limited the Spanish monarchy was territorial, consisting of the representations in the historic territories and of the semi-autonomous municipalities, especially in Castile. Notwithstanding late sixteenth and early seventeenth century attempts to alter the relation between *rey* (King) and *reino* (Kingdom) towards one where the latter was represented by the Castilian Cortes, by the 1660s Castile had firmly returned to the model of a “community of communities” and the relation between municipalities and Crown would change little for the century after.⁶² The aristocracy (as an estate not as individuals) was a relatively minor player in the development of political organization in Castile itself. Like those of the officeholders (and office-holding and nobility went often hand in hand) their fiscal privileges were worthless in many areas of economic activity. In Castile both nobility and clerics paid likely more taxes than their peers elsewhere in Europe – possibly the best indicator that

⁶² Thompson, "Absolutism."

as a group neither nobility nor office-holders in general were the main bargaining partner of the Crown. And while the nobility was more powerful in the Aragonese and Italian possessions here the communal territorial claims against the composite monarchy were more important than the vindication of aristocratic privilege against the Crown's encroachment. Weber himself had argued that patrimonial power was incompatible with the development of free markets sustained by consumers' preferences and free labour. Ironically, he allowed for one exception: where patrimonial rulers depended on municipal authorities to raise fiscal income and had thus to negotiate with competing authorities they were likely to institute a more professional bureaucracy and foster market development. Weber was mainly thinking of the Netherlands.⁶³ But as I have argued before, constitutionally comparisons between Spain and the Netherlands might be more enlightening than the traditional tendency of extrapolation from the French case.

Second, there is a basic assumption that the military logic of the competitive European state system meant that all states without exception would maximize their fiscal extraction and that extractive states were stronger. But as we have seen in chapter One this does not fit Spain in the eighteenth century or the structure of the Spanish empire as the relatively modest share of resources that the Peninsula received from the American possessions, also shown in chapter One, confirm. Nor do we see this maximisation of revenue very clearly in peninsular attitudes to venality of office. There is no mistaking that over much of the seventeenth century as France and Spain were locked in ruinous wars, most things were on sale in Castile, town privileges, tax farms, noble titles, the right to entails, offices, urban property and some of this was also true for the other constituent parts of the composite monarchy. But even in these phases boundaries applied as we have seen above. Indeed, there is no theoretical reason why a monopolist, and the early modern state did largely succeed in capturing the monopoly of power, should necessarily raise its price, i.e. maximize taxation. As Hirschman has argued, most political monopolists will probably adjust the quality of their output downward rather

⁶³ Weber, *Wirtschaft Und Gesellschaft*, p.139.

than the price upwards.⁶⁴ This is a possibility that neither historical sociology nor political economy have seriously explored thus far. Instead they have armed themselves with a whole array of apparently uncontested quotes from the Milanese Gian Giacomo Trivulzio, who allegedly told Louis XII of France in 1499 that in wars “three things are necessary: money; more money; and still more money”, to Edmund Burke’s quip that “Revenue is the principal preoccupation of the State. Nay more it is the State” to argue that *all states always* maximized revenue. The Conde Duque de Olivares apparently knew better when he argued in 1637 that war required “men, money, order and obedience”. Revenue was a necessary but not sufficient condition; by the seventeenth century rulers did not *buy* an army any longer, states had to be able to *mobilize* resources.⁶⁵ Alas, in a vector that included men, order and obedience in addition to money those three might only be available if the state was willing to forego some revenue, read money. Olivares lost his position over his attempts to square this particular circle. We will return to this point below. What is missing so far is a more appropriate concept of governance that can capture a variety of organizational and institutional solutions to the problems of rule within the context of the pre-modern European state, which was not on a linear trajectory to more state autonomy everywhere, as it turns out.

2. State-building in Spain: social and cultural critiques

Much of the Spanish historiography of the early modern period has developed around the notion of the TWO SPAINS. In Anglophone scholarship this is probably most closely associated with the name of David Ringrose. As we have seen (chapter One) he argued in *Madrid and the Spanish Economy* that the Castilian internal market had been articulated by an internal network of commercial and manufacturing towns that sustained high rates of urbanization until the turn of the seventeenth century. Apart from the problems arising

⁶⁴ Albert O. Hirschman, *Exit, Voice, and Loyalty; Responses to Decline in Firms, Organizations, and States* (Cambridge, Mass.: Harvard University Press, 1970).

⁶⁵ Trivulzio and Olivares are quoted in Glete, *War and the State in Early Modern Europe : Spain, the Dutch Republic and Sweden as Fiscal-Military States, 1500-1660*, 126-127.. Burke in Patrick Karl O'Brien, "The History, Nature and Economic Significance of an Exceptional Fiscal State for the Growth of the British Economy, 1453-1815," *mimeo* (2009). **[needs permission]**

from a poor transport system discussed above, Ringrose laid the blame firmly on the economic consequences of the idiosyncratic path of Spanish state building, though this is not the expression he used. But Madrid, the new capital, was a creature of the Crown's making as Ringrose reminds us. Crown support for centralization and for an intrusive, artificial commercial network designed to supply Madrid, rather than market based developments, ruined the transport system and drove the commercial and manufacturing towns of inland Castile out of business. Its consequence was the emergence of the TWO SPAINS, which were fundamentally different. One Spain comprised Madrid and the Castilian interior, the historic territories of León, Old and New Castile and Extremadura on the Portuguese borders. The other covered much of the coastal regions, in particular the northern Cantabrian Coast, including the Basque Provinces and Navarre, the Mediterranean Coast with the former reign of Aragon, Murcia and Andalusia.

Yet, Ringrose hardly invented the idea of TWO SPAINS. It became popular in the second half of the nineteenth century amongst Spanish commentators from Ramiro de Maeztu y Whitney (1875-1936) to Marcelino Menéndez Pelayo (1856-1912).⁶⁶ Since the twentieth century it is generally used to describe the conflict between liberals and reactionary forces which opened up after 1808 and persisted throughout the Civil War and dictatorship of the twentieth century. Ringrose simply traced the idea back to what he saw as its regional origins. In this he was in good company. José Ortega y Gasset, Spain's most influential writer of the early twentieth century, argued in *Invertebrate Spain* (1922) that it would be

“an insult to historical intelligence to assume that when a superior national unit had been formed out of smaller nuclei, the latter cease to exist as actively differentiated elements. This erroneous idea would, for example, lead to the idea that when Castile reduces to a national Spanish unit Aragon, Catalonia and the Basque Country, these lose their character as distinct peoples (*pueblos*) and become part of the whole.”⁶⁷

⁶⁶ Santos Juliá, *Historias De Las Dos Españas*, Taurus Historia (Madrid: Taurus, 2004). and José Alvarez Junco, *Mater Dolorosa : La Idea De España En El Siglo Xix*, Historia ([Madrid]: Taurus, 2001), pp.383ff.

⁶⁷ José Ortega y Gasset, *España Invertebrada; Bosquejo De Algunos Pensamientos Históricos*, 3. ed. (Madrid,: Calpe, 1922), pp.32-33.

Not so, Ortega y Gasset exclaimed. While the unification might contain their centrifugal tendencies, it will not break the force of their independence. If the central organ disappeared, the nation would revert to its constituent parts. Disintegration in Spain was thus the corollary of the decadence at the centre, in Castile. According to Ringrose, Ortega y Gasset, and many others the decline had started as early as the 1580s and had never been arrested.⁶⁸ Here were the supposed origins of a division between a conservative, inward-looking interior of Spain and an outward-looking, culturally, socially and economically more advanced coastal Spain.

This narrative mirrors of course national historiographies in many places. The notion of commercially minded, more tolerant port towns and backward hinterlands has been part of histories written from Hamburg to Boston and from Canton/Guangzhou to Bordeaux. It appeals as much to cultural historians as to hard nosed economists, who have argued that Europe's growth in the early modern period was largely "Atlantic" (Spain's poor economic record is – once more – explained away by its institutional exceptionalism).⁶⁹ It is thus not surprising that it was a relatively short step from the Spanish declension narratives of the sixteenth to early eighteenth centuries to the chronologically second half of the TWO SPAINS narrative, the role of the coastal areas in eventually pulling a recalcitrant hinterland into the modern age. In *Europe and the Spanish Miracle* Ringrose took his narrative into the early nineteenth century to argue that the outward orientation of the coastal regions - exemplified through (by Spanish standards) early industrialization in Catalonia, the Basque Country and parts of Andalusia - eventually led Spain out of backwardness. By seeking integration with regions outside the Peninsula, they overcame the nefarious influence of a centralist bureaucracy that only slowly in the later eighteenth century contributed to this drive by, for example, opening up the Americas trades. Again

⁶⁸ There is an endless, self-referential literature on Spanish decline: John H. Elliott, "The Decline of Spain," *Past and Present* 20 (1961), Henry Kamen, "The Decline of Spain - a Historical Myth?," *Past and Present* 81 (1978). It is interesting to note that in the 1920s the possible loss of Catalonia or the Basque Country simply looked like a logical continuation of the loss first of the European territories, then most of the American ones and finally Cuba, Costa Rica and the Philippines. For Ortega y Gasset evidently the latter had been part of what he considered Spain in the same way as Catalonia; they were part of the same whole rather than colonies of the Peninsula or even Castile.

⁶⁹ Daron Acemoglu, Simon Johnson, and James Robinson, "The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth," *American Economic Review* 95, no. 3 (2005).

Ringrose built on a long tradition of late nineteenth and early twentieth century writers. The young, still liberal, Maeztu, warned against separatism of the coastal regions. Having spent part of his youth in Havana, returning to Spain just before the US occupation of Cuba, the dismemberment of Spain was part of his own experience. But he also called for “another” (more modern) Spain that could only be created under the direction of the open- and industriously-minded Basques and Catalans.⁷⁰

Absolutism and the mechanics of the fiscal state

Underpinning these accounts of the TWO SPAINS are explicitly and implicitly notions of a socio-political model of state building in Spain that evolves around traditional notions of centralizing absolutism and its supposed political economy sidekick, mercantilism. These, however, are fiercely contested by the recent historiography. Like most –isms absolutism’s meaning is hard to pin down. Quite a few historians have, like Reinhard, suggested to do without a term that has by now been so deconstructed that it can hardly be reconstructed at all.⁷¹ Henshall is probably right that the term was traditionally associated in the historiography with despotism, autocracy, bureaucracy, and anything *but* England.⁷² This notion also underscored the one-dimensional political economy model that relates the ability to tax to the political regime in question as we have seen in chapter One, and which thus became tautological. France and Spain had to be despotic, autocratic, and bureaucratic because they were absolutist. England enjoyed freedom, political participation and a light administrative touch because it was not absolutist. Quentin Skinner warned almost half a century ago that the Whig ideology underpinning this view of England amounted neither to “genuine history nor to a systematic political

⁷⁰ Ramiro de Maeztu, *Hacia Otra Espana* (Madrid: Ediciones Rialp, S.A., 1899). See the very interesting discussion of the origins of concepts of the nation in Sebastian Balfour and Alejandro Quiroga, *España Reinventada : Nación E Identidad Desde La Transición*, trans. Ana Escartin, 1. ed. (Barcelona: Ediciones Peninsula, 2007), chapter 1-3.

⁷¹ Wolfgang Reinhard, *Geschichte Der Staatsgewalt : Eine Vergleichende Verfassungsgeschichte Europas Von Den Anfängen Bis Zur Gegenwart* (München: Beck, 1999), p.51.

⁷² Nicolas Henshall, *The Myth of Absolutism: Change and Continuity in Early Modern European Monarchy* (London: Longman, 1992), pp.1-3.

theory. It was more like propaganda in historic dress.”⁷³ As we have seen Spain was hardly on its way to orderly despotism or particularly encroaching on its subjects’ rights. Nor was rule autocratic since it involved important elements of consultation. And the Spanish bureaucracy was certainly not independent of corporate bodies, such as towns or guilds.

None of this comes as a surprise to social or cultural historians. Historians of the Spanish Empire have long pointed out that in the Spanish monarchy “even in its European core Absolutism was [merely] a political aspiration”⁷⁴. The contrast with parliamentary systems was also easily overdrawn “parliaments could be just as arbitrary and intrusive as kings”⁷⁵. Indeed, sixteenth and seventeenth century political theorists saw absolutism as the opposite of arbitrary government, a guarantee for life, liberty and private property.⁷⁶ Absolute power was about the drive of the monarchy to overcome competing claims to political power by rural seigneurs and the noble estate as a whole, i.e. the abolition of the historical so-called “freedoms” (read privileges) of estates and corporate bodies. Historical sociology by contrast has largely focused on Absolutism as the rule of a monarch who controls executive and legislative (almost) completely, i.e. as the opposite of the modern freedom of the individual.⁷⁷

Seen in this light Spain failed to make a transition from a “composite monarchy” to a nation state in the early modern period and struggled throughout the nineteenth and twentieth century with the task.⁷⁸ Some would argue it still does. It emerged as a dynastic conglomerate of Castile, Aragon and Navarre, adding Portugal, the Netherlands, Naples, Sicily, Sardinia and Milan at times, never mind the largest pre-eighteenth century Empire in the Americas and the Philippines. By the mid-seventeenth century, neither Castile nor

⁷³ Quentin Skinner, "History and Ideology in the English Revolution," *The Historical Journal* 8, no. 2 (1965): p.178.

⁷⁴ Tulio Halperin Donghi, "Backward Looks and Forward Glimpses from a Quincentennial Vantage Point," *Journal of Latin American Studies* Supplement (1992): 221.

⁷⁵ John H Elliott, "Empire and State in British and Spanish America," in *Le Nouveau Monde. Mondes Nouveaux. L'expérience Américaine*, ed. Serge Gruzinski and Nathan Wachtel (Paris: 1996), 380.

⁷⁶ Henshall, *Myth*, pp.130-132.

⁷⁷ Ertman, *Leviathan*, ??

⁷⁸ John H Elliott, "A Europe of Composite Monarchies," *Past and Present* 137 (1992). Koenigsberger

Aragon was unified as they contained historic territories that maintained their own political representations. In the old kingdom of Aragon the Crown had to negotiate with separate *Corts* in Catalonia, Valencia and Aragon, plus Mallorca; in Castile, the three Basque Provinces were largely independent and equally protected by their historic freedoms, the *Fueros*, as was Navarre. To a lesser extent exceptions applied to the former kingdoms of Granada and Murcia and to Galicia.

Thus negotiation was the predominant mode of political interaction between each of the constituent parts of the monarchy and the Crown in Madrid, its ultimate arbiter.⁷⁹ The “failure” of the Spanish Crown to raise revenue extraction as far as it possibly could either during the Habsburg or the Bourbon period in most of these territories was not a matter of administrative malfunction or rampant patrimonialism, but of the composite monarchy’s very constitution, in the German sense of *Verfasstheit* not *Verfassung* (i.e. the way in which society is constituted rather than the Anglophone written or unwritten constitution). The legacy of a process of dynastic union without political or territorial integration was nowhere more obvious than in the fiscal system. The distinct rules of bargaining in each of the constituent territories survived the dynastic union and created a degree of complexity that set the Hispanic Monarchy apart from its European neighbours. Different constitutional structures in Naples, the Low Countries and Castile produced vastly different outcomes in their fiscal negotiations with Charles V.⁸⁰ In each territory some form of representative assembly existed, but their role and interests were strikingly different. In the Netherlands the large towns and the provinces were both invested with authority to negotiate with the Crown (or its representative in Brussels) making it virtually impossible to extract revenue beyond those used within the territory. Charles V famously complained that in the Low Countries “everyone demands privileges that are contrary to my sovereignty [hauteur], as if I were their companion and not their lord.”⁸¹

⁷⁹ Grafe and Irigoin, "Stakeholder Empire." Halperin Donghi, "Backward Looks," p.222.

⁸⁰ James D. Tracy, *Emperor Charles V, Impresario of War. Campaign Strategy, International Finance, and Domestic Politics* (Cambridge: Cambridge University Press, 2002).

⁸¹ *Ibid.*, p.53.

In Naples the nobility was far more powerful and could be co-opted by the crown against towns and territories.⁸²

There were several well-known attempts to achieve a more uniform tax contribution of the various territories at least. The first systematic attempt was undertaken by the *valido* of Philipp IV, the Conde Duque de Olivares.⁸³ Under the increasing financial and military pressure of the Thirty Years Wars Olivares undertook several attempts to vastly raise the general fiscal contribution of the non-Castilian territories, which was either non-existent or minor.⁸⁴ The Catalan and Portuguese representations in particular, however, refused to vote additional taxes beyond anything used in their own territories. Olivares' final scheme, the Union of Arms, thus proceeded to allocate the costs of raising troops directly to the historic territories, in an attempt to circumvent the thorny issue of raising taxes. The results of his endeavours are well known: both Portugal and Catalonia rose in revolt in the 1640s, Palermo and Naples in 1647.⁸⁵ Portugal was eventually lost at the end of a long and costly struggle. The Masaniello Revolt in Naples was suppressed only after it had run its course. Catalonia seceded for a time, shortly as a republic, then as a territory controlled by France but returned to Spain in 1652 after a less than pleasant experience with domestic strife and French indirect rule that turned out to be considerably more meddlesome and serious than "Spanish" notionally direct rule. The Spanish Crown's reaction to the Catalonian experiment in secession was surprisingly mild and mirrored that in Naples. A few leaders were punished severely, but for the second half of the seventeenth century the Crown largely left Catalonia to its own devices in what has been described the *neo-foral* period.⁸⁶ As Elliott argued paraphrasing the seventeenth century

⁸² Ibid., ??

⁸³ John H Elliott, *The Count-Duke of Olivares* (New Haven and London: 1986), John H. Elliott, *The Revolt of the Catalans: A Study in the Decline of Spain, 1598-1640* (Cambridge: Cambridge University Press, 1963), Rafael Valladares, *Felipe IV Y La Restauración De Portugal* (Malaga: Editorial Algazara, 1994).

⁸⁴ Juan E. Gelabert, *La Bolsa Del Rey. Rey, Reino Y Fisco En Castilla (1598-1648)*, ed. Josep Fontana, *Crítica / Historia Del Mundo Moderno* (Barcelona: Critica, 1997).

⁸⁵ Considerable uncertainty exists around a purported secessionist uprising under the leadership of two of the most powerful Andalusian grandees, the Dukes of Medina Sidonia and Ayamonte, which allegedly failed to master much regional support.

⁸⁶ There was a pattern. Revolts elsewhere from the Basque Provinces (the *Matxinadas* of 1642, 1719 and 1766) to Valencia (the Second *Germania* 1693), to Alto Peru (the *Tupac Amaru* Rebellion 1780) and New Granada (the *Comuneros* 1779) always elicited a similar response: severe violence against the perceived leaders and an attempt at reconciliation with the territory. This could even be maintained for the *motín de*

arbitrista González de Cellorigo “such strength as it [the Spanish Monarchy] possessed derived from its weakness”.⁸⁷

But the problem was not solved and the advice from mercantilist advisors was still to achieve an amount of fiscal integration amongst the historic territories at least. In the late 1680s under the direction of the Conde de Oropesa, *valido* of Carlos II, a new attempt was made to remedy the situation, but now the emphasis had changed substantially. Whereas Olivares’ plans assumed that unifying the tax schedule would increase the total tax take and thus strengthen the royal treasury, Oropesa’s thoughts implied the opposite.

“It seems to me against reason, Christianity, convenience, and politics that the poor Castilians are not free [from over taxation] just as the Aragonese, Catalans, Valencians, Navarrese and Biscayans, no matter how obedient they are, how miserable and most rigorously [fiscally] oppressed, given that they preserved these kingdoms in far away places fighting with their blood and contributing with their properties.”⁸⁸

Oropesa had essentially accepted the impossibility of increasing non-Castilian taxation. In order to achieve a degree of fiscal equality between territories it was therefore necessary to *decrease* Castilian taxation, as indeed happened in the late seventeenth century. Rarely the contradiction between fiscal ambition and Spanish political economy had been formulated more clearly. Political and fiscal unification were advocated by contemporary mercantilist writers everywhere in Europe because they were seen as a means of increasing the fiscal revenues of the Crown by wresting away taxes from towns, historic territories and other corporate bodies. The strong political rights of the historic territories in the Spanish composite state, however, made it impossible to unify **and** increase taxation. A degree of unification could only be achieved at the expense of lower overall taxation, i.e. unification at the lowest common denominator. Paradoxically, mercantilist policies threatened to make the state fiscally weaker rather than stronger in

Esquilache (1766), which was accompanied by uprisings in about 70 cities and as many as 30-40,000 people. It involved the King having to flee skirmishes between troops and townspeople in Madrid that left 40 dead. Eight “leaders” were garrotted in Zaragoza before the King asked to stay all executions.

⁸⁷ John H. Elliott, *Imperial Spain*, repr. 1976 ed. (Harmondsworth et al: Penguin, 1963), p.352.

⁸⁸ Cited in Miguel Artola, *La Hacienda Del Antiguo Régimen* (Madrid: Alianza, 1982), pp.216-217, fn 211., my translation.

Spain. They were thus often a practical impossibility in a time of extreme fiscal distress and that meant in Spain at least for the entire seventeenth century.

The fact that Aragon supported the losing Austrian side in the War of Spanish Succession (1701-14), gave the Crown the opportunity to finally restrict the power of at least some of the historic territories and embark on new attempts of fiscal unification. The famous *Nueva Planta* laws of 1714 ended Aragon's status as independent kingdom. Customs dues between Aragon and Castile were duly abolished, integrating for the first time these two territories at least with regard to their trade. However, fiscally the reform was an almost complete failure. The introduction of a tax that was meant to be equivalent to that of Castile in these territories, the aptly named *equivalente*, resulted in the short term in large tax increases but failed in the medium and long term to achieve an approximation of Aragonese and Castilian tax burden. The tax was in most places rapidly defined as a lump sum, which was eroded by inflation and population growth.⁸⁹ Reform remained nominal rather than substantive as we will see in chapter Four. In addition, the Basque Provinces and Navarre, both of which had supported the winning French side in the war, obtained guarantees that their entirely autonomous fiscal system was not to be touched at all.

Constitutional constraints: legitimising power

A tension between attempts at unification, what we commonly refer to as the early stages of nation state building, and local, regional and corporate resistance against this tendency was a general feature of European history between the sixteenth and early nineteenth centuries. The real question is, however, the one posed by Marx 150 years ago: why did centralization never take root in Spain? It is important to stress that this is a *comparative* question not an absolute one. British and even more so French early modern historiographies have been at pains to rescue the survival of local agency, linguistic

⁸⁹ The town of Valencia was possibly an exception since the tax was converted here into an ad valorem sales tax of eight percent, which consequentially rose with economic activity. José-Miguel Palop Ramos, *Hambre Y Lucha Antifeudal : Las Crisis De Subsistencias En Valencia (Siglo XVIII)*, 1. ed. (Madrid: Siglo Veintiuno Editores, 1977).

diversity, and regional economic trends from an earlier literature that had written national stories into the pre- or proto-national histories as part of a creation of the imagined national community, to use Benedict Anderson's very helpful concept.⁹⁰ But there can be little doubt that England (and Wales) and even France exhibited earlier a stronger degree of economic, social, and cultural integration and cohesion than Spain. What we are trying to explain, then, are variations on a theme rather than a norm and a number of misfits.

In order to understand the extraordinary resistance in Spain to the formation of a more unified and therefore more powerful governance structure it is important to push deeper into an understanding of the legitimization and nature of rule and power in Spain than economic historians usually would. The basis of all *ancien regime* corporatist polities was of course precisely the diffusion of power across corporate bodies ranging from estates to regulated companies, towns, guilds, religious confraternities and others: the location of power was decentralized across corporate entities. The overall tendency between the sixteenth and late eighteenth century in Europe was towards a hierarchical ordering that would eventually place the central government, be it monarchical or parliamentary, firmly at the top as the ultimate source of power that was its to either devolve or centralize. However, this process was certainly not linear and in Spain it remained a game of one step forward two steps back. Strategies of co-optation for example always involved a degree of devolution of power to regional political elites that needed to be co-opted. As Thompson has shown by the second half of the seventeenth century in Spain devolution had won out over the creation of "national" institutions, be they estates or the Crown or even a national representation of the clergy.⁹¹ What empowered resistance to a political and fiscal – and hence economic - unification in Spain was in part the survival of unusually strong contractual elements in Spanish conceptions of rule and governance. Spanish historiography over the past two decades has started to reinterpret the relationship between ruler and ruled in both theory and practice. Spanish kings were clearly not absolutist in the sense that historical economics has tended to use the term – namely as unlimited autocrats. Like most European

⁹⁰ Anderson, *Imagined Communities : Reflections on the Origin and Spread of Nationalism*.. See also Ernest Gellner, *Nationalism* (London: Weidenfeld & Nicolson, 1997).

⁹¹ Thompson, "Absolutism."

monarchs they were subject to natural law and divine order, and they were also seen as being subject to the traditional laws of the land.⁹² Yet, cultural and intellectual historians have noted a number of ways, in which the Spanish monarchy stood out for their limited powers ideologically, and in practice ranging from the lack of pomp and of divine elements in court ritual, to the ideological foundations of the *potestas populi*.

Spanish court life was noted for the absence of pomp and circumstance and clearly did not resemble the model of French ostentation and representation of power, which following Elias seminal work has come to be seen as standard political practice.⁹³ In the absence of representative state functions and military displays court ceremonial was evidently not directed towards a legitimization vis-à-vis the king's subjects but little more than diplomatic exercise. The royal family remained private in contrast to France where royal birth and death and everything in between took place in full view of court society. Instead the public favour was wooed at public processions and bullfights on the Plaza Mayor and in expanding festivities for the masses.⁹⁴ Spanish monarchs also enjoyed few of the divine elements of legitimization commonly ascribed to English or French monarchs.⁹⁵ Coronation rituals, important acts of emphasizing the divine origin of monarchical rule elsewhere did not exist in either early modern Castile or Aragon much less in the Basque provinces or Navarre. Leftovers of a Castilian ritual, which was probably of Moorish origins, were abolished in the fifteenth century. Indeed, to talk about the 'Crown' as a synonym for the monarchy is a bit of a misnomer in the Spanish context, "Castilian kings were neither consecrated nor crowned, and they possessed no regalia – no scepter, no throne, no crown."⁹⁶ The Crown was a defender of the (Catholic) faith but

⁹² On the co-existence of an "office theory" of rule, i.e. one that interpreted the king as merely fulfilling a mandate, with proprietary practices that implied a hereditary, divinely justified possession of power see Herbert H. Rowen, *The King's State. Proprietary Dynasticism in Early Modern France* (New Brunswick, NJ: Rutgers University Press, 1980).

⁹³ Christina Hofmann, *Das Spanische Hofzeremoniell Von 1500-1700, Erlanger Historische Studien, Bd. 8* (Frankfurt am Main; New York: P. Lang, 1985), pp.289-292. and Norbert Elias, *Die Höfische Gesellschaft: Untersuchungen Zur Soziologie Des Königtums Und Der Höfischen Aristokratie, Mit Einer Einleitung: Soziologie Und Geschichtswissenschaft, Soziologische Texte, Bd. 54.* ([Neuwied],: Luchterhand, 1969).

⁹⁴ Hofmann, *Hofzeremoniell*, p.292. [**Alejandra Osorio on representation**]

⁹⁵ Reinhard, *Geschichte Der Staatsgewalt : Eine Vergleichende Verfassungsgeschichte Europas Von Den Anfängen Bis Zur Gegenwart, ??????*

⁹⁶ Paul Kléber Monod, *The Power of Kings : Monarchy and Religion in Europe, 1589-1715* (New Haven: Yale University Press, 1999), pp.42-43.

not the representation of the divine on earth. The Spanish Jesuit Pedro de Rivadeneira (1526-1611) argued that “No king is absolute or independent or proprietary, but is a lieutenant and minister of God.”⁹⁷ Like their royal peers elsewhere Spanish kings engaged in public acts of devotion, for example the washing of the feet of paupers, as a demonstration that they were subject to a higher law. Yet, unlike their European peers they were never thought to have healing powers or other sacred attributes.

If Castilian reluctance towards the divinity of the king was rooted in an Islamic heritage that saw personal divinity as blasphemous – as Monod has argued – is unimportant here. What matters is that this lack of divine legitimisation probably helped to sustain the notion of contractual power not only in ideology but also in the practice of power. It has been repeatedly noted that – just as Jean Bodin was laying the foundation of the doctrine of absolute power of the French kings in his *Six livres de la Republique* (1576), Juan de Mariana’s *De rege et Regis institutione* (1598) defended the right to tyrannicide. The Frenchman argued that power had been transferred to the kings as an irrevocable, hereditary right, which could not be revoked under *any* circumstances, even if he was a despot or tyrant. Mariana by contrast replied like much of Spanish political thought that only a fool would argue that it was not just and according to law to kill a tyrant.⁹⁸ The people had delegated authority to the king but not alienated their *potestas populi*.⁹⁹ Nor was Mariana’s view the exception but supported by most of his contemporaries from Domingo de Soto (1494-1560), Jerónimo Molina Lama y Guzman (1650s??), Francisco Suarez (1548-1617), and Fernando Vázquez de Menchaca (1512-1569) to Domingo Báñez (1528-1604).¹⁰⁰ For many Spanish thinkers of the sixteenth and seventeenth

⁹⁷ Cited in *Ibid.*, p.51.

⁹⁸ Juan de Mariana, *De Rege Et Regis Institutione* (Toledo: 1598), book six.

⁹⁹ Mónica Quijada, "From Spain to New Spain: Revisiting the *Potestas Populi* in Hispanic Political Thought," *Mexican Studies/Estudios Mexicanos* 24, no. 2 (2008): pp.198 and 200.

¹⁰⁰ Skinner argued that Suarez should be seen as a predecessor of Locke and Hobbes and the Salamanca School as one basis of the idea of the modern state rooted in popular expression. But he also insisted that Suarez had conceived of power as being “transferred absolutely” to the king. Quentin Skinner, *The Foundations of Modern Political Thought* (Cambridge; New York: Cambridge University Press, 1978), Vol II, pp.174-184. Quijada has recently shown that the focus on Suarez has distracted from more radical thinkers such as Vázquez de Menchaca, Mariana and Pérez de Mesa and that the Neo-Scholastics diverged from their Thomist origins by refusing to accept that the King was not subject to the regulations of positive law; instead they argued that the individual maintained full control over his own liberty. Quijada, "Potestas Populi," pp.204ff.

centuries good qualities in a king were not a desirable add-on; they were the essence of kingship and a tyrant had stopped being a king and could rightfully be removed.¹⁰¹ Maybe more surprisingly the notion of *potestas populi*, of the legitimacy of rule being established by a transfer but not alienation of power from “citizens” – Spanish political thinker departed from the idea of the town as the location of political life - was as early as the mid-sixteenth century extended to apply to the indigenous *pueblos* of the Americas.¹⁰² It is possible that the absence of religious conflict, which bedevilled French and English monarchical succession in the seventeenth century and dominated controversy about the role of the monarchy, created less need for a more absolute definition of monarchy in Spain.¹⁰³ Be that as it may, Mariana’s work was publicly burned in London and Paris but raised little opposition in Madrid or Barcelona.¹⁰⁴ The Spanish king’s subjects were meanwhile entertaining themselves at public performances of Lope de Vega’s famous play *Fuenteovejuna*, first published in 1619. Monod observed that it was unlikely that it could have taken place in France or England. As the villagers of *Fuenteovejuna* shout “Long live the King” they kill their abusive landlord, fully expecting that the king will accept their taking justice for the abuse of power they suffered into their own hands. And pardoned they are.¹⁰⁵ Nor was this just the stuff of fancy plays. The inhabitants of the small Valencian town Elche took advantage of the general protests that affected more than 70 Spanish towns in the wake of the 1766 Esquilache riots in Madrid, to rid themselves of their seigneur and declare Elche part of the Crown lands (*realengo*). They called in the scribes to testify to the procedural correctness of the proceedings and fully expected to be pardoned. In the event the Councils reversed the action but did overturn the (few) sentences passed locally for relatively mild *destierros* and terms in the

¹⁰¹ Maravall, *Estado*, pp.402-405. and Quijada, "Potestas Populi," p.198.. I.A.A. Thompson, "Castile: Polity, Fiscality, and Fiscal Crisis," in *Fiscal Crises, Liberty, and Representative Government, 1450-1789*, ed. Philip T Hoffman and Kathryn Norberg (Stanford: Stanford University Press, 1994), p.145.

¹⁰² Quijada, "Potestas Populi," pp.204-212. On the idea of the town as an expression of good government see Jesús Roberto Escobar, *The Plaza Mayor and the Shaping of Baroque Madrid* (Cambridge, UK ; New York: Cambridge University Press, 2004), pp.192-216.

¹⁰³ Rowen’s account would seem to support this argument, though he does not explicitly mention it. Rowen, *The King's State*, especially chapters 2 and 3.

¹⁰⁴ Henry Kamen, *Imagining Spain : Historical Myth & National Identity* (New Haven Conn ; London: Yale University Press, 2008), p.41.

¹⁰⁵ Monod, *Power of Kings*, p.131.

army imposed on a very serious act of rebellion orchestrated by around 2000 inhabitants.¹⁰⁶

Meanwhile in Catalonia the late sixteenth century saw the dissemination of the legendary myth of Sobrabe, a mountain region located in today's province of Huesca, which was said to be the origin of the establishment of a Christian polity that would be the nucleus for the Kingdom of Aragon. Linked to this mythical origin of Aragon the so-called Oath of the Aragonese appeared in four independent publications in Italy, France and Spain between 1565 and 1593, but was also mentioned by Jean Bodin and others.¹⁰⁷ All alleged that since earliest times the Kings of Aragon had had to swear this oath *before* their subjects would swear them allegiance. Though important variations existed in the wording the best known version became the one reported by Antonio Pérez, the fugitive secretary of Philip II of 1593.¹⁰⁸

Nos, que valemus tanto como vos
 Os hazemos nuestro Rey y Señor
 Con tal que nos guardeys nuestros fueros, y libertades
 Y syno, No¹⁰⁹

(We, who are worth as much as you
 Make you our King and Lord
 So that you guard our ancient freedoms and liberties
 And if not, Not.)

¹⁰⁶ Palop Ramos, *Hambre*, 152-153.

¹⁰⁷ Ralph Giesey, *If Not, Not: The Oath of the Aragonese and the Legendary Laws of Sobrabe* (Princeton: 1968). In France the alleged oath became part of the religious conflict when it was used by Francis Hotman in his *Francogallia* (1573) as a means to legitimize Huguenot resistance against the Catholic monarchy defended by Bodin. See Rowen, *The King's State*, pp.36-43.

¹⁰⁸ Antonio Pérez was an interested party in celebrating Aragonese political independence. Following political intrigues in Madrid and having ordered the murder of Juan de Escobedo (he alleged with the assent of Philipp II) the king eventually had him and his accomplices put under arrest and a judicial process begun. Pérez escaped to his native Aragon, where he was legally protected, though he had been convicted to death *in absentia* in Madrid. Attempts to have him arrested by the Inquisition caused an uprising in Aragon and Pérez eventually fled to France and England. Gregorio Marañón, *Antonio Pérez (El Hombre, El Drama, La Época)*, [*Grandes Biografías*] (Buenos Aires,: Espasa-Calpe Argentina, 1947).

¹⁰⁹ Giesey, *If Not*, Appendix 1.

The oath was neither constitutional theory nor historical practice. Instead, it was part of a process of invention of the past. The mythical origins of the Kingdom of Aragon were fused with the *Fueros* (traditional liberties) of Navarre and the actual tradition of an oath being taken first by the heir to the throne and then by the king himself at accession. Yet, the very fact is, that the myth was propagated in defense of Aragonese rights vis-à-vis the Crown. A Venetian diplomat cited the oath in reports to the Doge in order to explain why the Aragonese were so impossible to handle for the Crown reflecting the view of uninterested contemporaries that Aragon enjoyed an unusual degree of independence by the standards of the time.¹¹⁰ In Catalonia the notion of a contractual monarchy was deeply embedded in the political culture and practice as has often been pointed out. Municipal office in Barcelona continued to be assigned by a lottery amongst the ruling class, the *insaculaciones*. The Crown's ability to grant status as "honoured citizen", part of the urban patriciate, was relatively limited.¹¹¹ Since Giovanni Botero's *Relatione universali* (1587-8), Catalan history has been contrasted with an allegedly far more absolutist Castile.¹¹² Generations of modern historians trained on Sir John Elliott's magisterial *Imperial Spain* have grown up with this notion and the fact that Spanish history has rather unusually been largely written from the regions to the centre not from the centre to the regions, with strong academic traditions especially in Catalonia, might have further helped it. Also, the Aragonese nobility and bourgeois elites might well have felt that Castile was more "absolutist", especially given the evident political weakness of the Castilian aristocracy.¹¹³ With feudal rights determining social relations to a much larger degree in Catalonia and especially in Valencia, even the most prosperous Castilian *mayorazgos* (entailed estates) were much more limited in their seigniorial rights than their Aragonese cousins. Still, in the absence of divine providence and given the permanent reassertion of strong elements of contractual rule and devolved fiscal control

¹¹⁰ Giovanni Soranzo, "Relazione Di Spagna Di Giovanni Soranzo, 1565," in *Relazioni Degli Ambasciatori Veneti Al Senato*, ed. Eugenio Albéri (Florence: 1861).

¹¹¹ James S. Amelang, *Honored Citizens of Barcelona: Patrician Culture and Class Relations, 1490-1714* (Princeton: Princeton University Press, 1986).

¹¹² On Botero's assessment see Xavier Gil, "Republican Politics in Early Modern Spain: The Castilian and Catalano-Aragonese Traditions," in *Republicanism. A Shared European Heritage*, ed. Martin van Gelderen and Quentin Skinner (Cambridge: Cambridge University Press, 2002), pp.263..

¹¹³ Elliott, *Imperial Spain*.

the difference between Aragonese “constitutionalism” and Castilian “absolutism” has been overdrawn.¹¹⁴ The Spanish Crown depended on a large degree of approval by their subjects in practically all of its territories if compared to its European peers.

From ideology to institution

A concentration of power at the centre was thus limited through the practice of power as much as the ideology. The interplay between multiple locations of power, the underlying conception of power and the actual practice of power is most clearly illustrated in the existence of a veto against any form of central authority, be it that of the Crown or its Councils, contained in the famous phrase “*la ley se obedece pero no se cumple*”.¹¹⁵ Its significance can be shown with a small incident that occurred when the Crown tried to introduce an unpopular new trade registration in Bilbao in 1628 in an attempt to use a uniform customs and registration policy in its international competition especially with the Dutch and English. The representative of Bizcaya replied that

“ In ... the said *fuero* [...] it is said that any royal decree, which would be directly or indirectly against the *fuero* of Vizcaya, should be obeyed but not complied with (*sea obedecida y no cumplida*). I, in the name of the said *señorio* [Vizcaya], with due respect obey the said decree as our King and natural sovereign has sent. But inasmuch as this is in any way against our *fueros* [...] I submit humbly before his royal person [...] and I refuse to execute and comply with the said royal decree in everything prejudicial [...].¹¹⁶

As is obvious from this the *pase foral*, the special privilege contained in the *fueros*, amounted to a real veto, not as Gil has suggested an only temporary suspension of a

¹¹⁴ Thompson, "Absolutism," pp.201-203.

¹¹⁵ John Leddy Phelan, "Authority and Flexibility in the Spanish Imperial Bureaucracy," *Administrative Science Quarterly* 5, no. 1 (1960).

¹¹⁶ Archivo Foral Bizkaia, CB, Libro 65/59 Antonio de Landaverde 1628.

decree.¹¹⁷ Also, assuming that this veto-right only applied in Vizcaya or the Basque Country for that matter would be mistaken. The *pase foral* was simply the institutionalised expression of a constitutional tradition in the Spanish monarchy, which defined the relation between Crown and territories, towns and corporate bodies more generally. Every official, corporation or individual could invoke the famous phrase *la ley se obedece pero no se cumple*. The veto power implied in this was thus functionally very different from a centralized veto power residing in one or even multiple “parliaments” or representations of estates in that it was fully decentralized. It was hence deeply embedded in corporate society, which it helped protecting from Crown encroachment. At the same time, it gave local and regional opposition against changes in economic governance, as in the case of the foreign trade registers mentioned above, a foundation in legal process. Spanish municipalities and corporate bodies consequentially defended a structure of economic governance grounded in the moral economy of a “right” of the population to affordable food with an armory of legal challenges. This might help to account for the relatively low incidence of food riots in Spain even at times, when agricultural crises clearly hit large parts of the peninsula and Spain’s poor market integration aggravated local misery. But every local rejection of the Crown’s attempts to intervene in affairs of taxation, market regulation and provision was another step away from unification.

The notion of *se obedece pero no se cumple* was born out of what historian of Colonial Spanish America MacLachlan calls a ‘philosophical matrix’ that argued that the king could not will anything that would prejudice his subjects.¹¹⁸ Ergo, any royal decree perceived locally as prejudicial could be resisted perfectly legally under the constitutional pretext that the king would not have issued it had he had full information about its consequences. The veto translated the notion of contractual rule contained in the political writings of the sixteenth and seventeenth century into an administrative and legal form that persisted. In Vázquez de Menchaca’s words, the prince’s decree only “has the force of true law, as regards its implementation, if it is aimed at the public good” or in Bartolomé de las Casas’ (1484-1566) “the king’s decisions that are harmful to the people

¹¹⁷ Gil, "Republican Politics," p.268..

¹¹⁸ Colin M. MacLachlan, *Spain's Empire in the New World. The Role of Ideas in Institutional and Social Change* (Berkeley, Los Angeles, London: University of California Press, 1988), chapter 1.

will be null and void".¹¹⁹ In the last consequence, however, the possibility of a veto gave unparalleled powers to the political elites in the historic territories but also to town oligarchies, who could use it against any policy that would restrict their regional decision making powers.

The spatial nature of the exercise of power

Arguably another element that protected Spanish conceptions of contractual rule was that power was traditionally invested in spatial units, towns and historic territories, rather than the corporate representations of a society of estates or Crown and aristocracy.¹²⁰

Ironically, in the former Crown of Aragon, where the position of the aristocracy was stronger, the latter had an incentive to build regional alliances across social boundaries in an exercise of defence of historical freedoms against Madrid. In Castile on the other hand, a relatively weak aristocracy meant that much of the nobility strove for participation in the exercise of political power where that political power was located: in the town council.¹²¹ As we saw in chapter One towns controlled an overwhelming share of the taxation and had powerful jurisdictions over their rural hinterlands. They also successfully resisted most attempts to curb their power. Municipalities were the site of "representation", an anachronistic term I use in the absence of a better alternative. Helen Nader has pointed out that most male householders in Castile outside the large cities (and many within their neighbourhoods within large cities) would at some point in their lives have held some kind of public office because most Castilian towns were small but still required a substantial number of officeholders.¹²² It stands to reason that their participation in governance as mayors, council members or treasurers of the central

¹¹⁹ Fernando Vázquez de Menchaca, *Controversiarum Illustrum Ususque Frequentium* (Venice: Imprenta de Francisco Rampaceto, 1564), Book I, Introduction 121, p.179. and Bartolomé de las Casas, *De Regia Potestate.*, Bilingual Critical Edition by Luciano Pereña, J.M. Pérez Prendes, Vidal Abril and Joaquín Azcárraga 1969 ed. (Madrid: Consejo Superior de Investigaciones Científicas, [1566]). quoted in Quijada, "Potestas Populi," pp.199 and 209.

¹²⁰ Helen Nader, *Liberty in Absolutist Spain. The Habsburg Sale of Towns, 1516-1700* (Baltimore and London: Johns Hopkins University Press, 1990), p.6.

¹²¹ Valladolid, Madrid etc [complete]

¹²² Nader, *Liberty in Absolutist Spain*, pp.36-39.

institution of Castilian political organisation, the municipalities, shaped their notion of their role in society and the constitutional nature of rule. Recent research has also shown that long-standing traditions of open-assemblies of all householders (*vecinos*), voting important decisions about the legal status of their municipality or reacting to local emergencies remained common throughout the old regime order in spite of the “oligarchisation” of municipal government.¹²³

Most Castilian towns had few of the social, economic and cultural attributes of urban life. But they were administratively and politically independent and handled their own fiscal affairs. One of the fascinating features of peninsular life was the famed litigiousness and towns played a crucial role as both plaintiffs and defendants. They negotiated and/or litigated over rights to taxation, use of commons, contributions to public works and numberless other issues. They would take neighbouring towns, individual citizens, corporate bodies, such as guilds or the *Mesta*, or their seigneur to court, and in a remarkable number of cases they took the King in his role as the seigneur of the *realengo* to court. MacKay has shown how Castilian towns and individuals refused and renegotiated the terms of being conscripted into the army in the sixteenth and seventeenth centuries.¹²⁴ Even the most humble and miserable subject of Philip IV (1621-65) “wrote to the king as if they expected to be listened to, and their confidence was often rewarded.”¹²⁵ Historical economists tend to think about widespread litigation as a sign of a poor definition and enforcement of contracts and/or a high level of social conflict. However, it also reveals that Castilians from all social groups felt entitled to be heard before the law. The existence of such institutions as the *defensores de pobres*, ex-officio lawyers for the poor, seems to support a notion of equal access to the law though not equality before the law. The latter would have contradicted the fundamental understanding of a society based on freedoms, i.e. special rights assigned to corporate entities, rather than a nineteenth century concept of the freedom of the individual. At least higher appellate courts were surprisingly willing to defend villages against the aristocracy

¹²³ Palop Ramos, *Hambre*, Thompson, "Absolutism."

¹²⁴ Ruth MacKay, *The Limits of Royal Authority. Resistance and Obedience in Seventeenth Century Castile* (Cambridge: Cambridge University Press, 1999).

¹²⁵ Ruth MacKay, *"Lazy, Improvident People". Myth and Reality in the Writing of Spanish History* (Ithaca and London: Cornell University Press, 2006), p.2..

or poor peasants against urban oligarchs on the basis of their freedoms.¹²⁶ “Castilian’s famed litigiousness might be seen as a sign of their confidence in their capacity for self-administration and their essential faith that the monarch or lord was not their enemy.”¹²⁷ The king was an “ultimate arbiter” of interests in the peninsula and the “stakeholder empire” he ruled in the Americas, not an absolutist ruler in the traditional definition.¹²⁸

How stable were such conceptions of governance over the sixteenth and the eighteenth centuries? The answer is complicated and will occupy our attention for much of the rest of this book. The traditional historiography has assumed that the ascent of the Bourbon monarchy after 1700 changed the rules of the game substantially, in part no doubt because few historians have worked across the dynastic divide. Kamen argued for example that rising levels of litigation were a sign of increasing absolutism in the late Habsburg years and insinuated that this trend continued under the Bourbons. However, Windler has recently shown that in the late eighteenth century the tide of litigation turned decisively in favour of towns and against the seigneurs in lower Andalusia, arguably the region where large aristocratic estates had been a territorial power if anywhere.¹²⁹ The 1760s administrative reforms of municipalities took away some of the control over municipal taxation *de iure*, but apparently changed little in the way of administration of funds *de facto*.¹³⁰ Crown-town relations took more clearly the form of patron – client networks in the later eighteenth century transforming an earlier model of the towns as an autonomous body. But client networks too preserved the basic notion of a contractual relationship. Indeed, there is overwhelming evidence that the practice of power continued to evolve within boundaries of contractual ideology in all of the peninsular territories until the early nineteenth century. It is telling that, while historians of the reign of the last Habsburg, Carlos II (1665-1700) have increasingly seen his reign as foreshadowing

¹²⁶ Richard Kagan, *Law Suits and Litigants in Castile, 1500-1700* (Chapel Hill: University of North Carolina Press, 1981), pp.102-104.

¹²⁷ Nader, *Liberty in Absolutist Spain*, p.9.

¹²⁸ For the notion of the ultimate arbiter see Halperin Donghi, "Backward Looks," p.222. and Irigoien and Grafe, "Bargaining for Absolutism." For the concept of stakeholder empire, see Grafe and Irigoien, "Stakeholder Empire."

¹²⁹ Christian Windler, *Lokale Eliten, Seigneurialer Adel Und Reformabsolutismus in Spanien (1760-1808) : Das Beispiel Niederandalusien* (Stuttgart: F. Steiner, 1992), ¿??

¹³⁰ *Ibid.*, ¿????

Bourbon governance, historians of the Bourbon period (1700-1808) have long argued that early talk of decisive reform by French advisors gave quickly way to incremental changes of limited substance.

Legitimizing governance in times of crises

The clearest sign of this is broad continuity were events unfolding after 1808, when Napoleon's troops invaded Spain and the French Emperor placed his brother Joseph as a puppet king on the Spanish throne. As so often, crisis revealed underlying structures that are hard to trace in the day to day exercise of governance. Bereft of a legitimate ruler the Spanish king's subjects reverted to the source of power and legitimacy they knew.¹³¹ Towns in Spain and the Americas held open *Cabildos*, assemblies of all adult males. *Juntas* were formed in towns either side of the Spanish Atlantic comprising broad representations of society: corporations, citizens, members of the urban institutions, representatives of the peasants in the rural hinterland and so forth. *Cortes* were called in Cadiz to bring together the *juntas* of the towns. In the Americas, where the process has been studied much more intensely as part of a literature on the origins of the Spanish American national states, these assemblies included the urban and the rural, whites, *mestizos*, indigenous and blacks, in short the entire *pueblo* (municipal population).¹³²

Paradoxically, the recent Spanish American historiography has been much clearer in its understanding of the roots of Spanish American political organisation in the Independence period in peninsular conceptions of the *pueblo* and the *vecino* (citizen) than that of eighteenth and nineteenth century Spain. Even in the absence of the king, the traditional guarantees of a veto were upheld.¹³³ When the *Juntas Generales de Sevilla*

¹³¹ Mónica Quijada, "El Pueblo Como Actor Histórico. Algunas Reflexiones Sobre El Municipalismo Y Soberanía En Los Procesos Políticos Hispánicos," in *El Lenguaje De Los "Ismos": Vocablos Vertebradores De La Modernidad*, ed. Marta Casáu Arzú (Guatemala: SIC Editores, 2009), in print check pages.

¹³² Jordana Dym, *From Sovereign Villages to National States : City, State, and Federation in Central America, 1759-1839* (Albuquerque: University of New Mexico Press, 2006), ??????Dym cited in Quijada, "Pueblo." [check page]

¹³³ For the concept of the *vecino*, see Tamar Herzog, *Defining Nations : Immigrants and Citizens in Early Modern Spain and Spanish America* (New Haven: Yale University Press, 2003).

that governed “free” Spain ordered Cuba to close its port to foreigners the Cuban authorities obeyed and thus accepted the *Juntas*’ legitimacy as the provisional ultimate arbiter. Yet, they “suspended the compliance with the decision” since the local situation did not allow its application. In an early sign of the troubles that Spanish and Latin American governments would face in the nineteenth century, the Cubans limited the power of the *Juntas* as they had limited the power of the Crown before; they obeyed but refused to implement regulation they objected to.¹³⁴ Now more than ever the location of power was the town, the exercise of power lay with municipal, corporate entities and their exercise was even in the midst of war robust and self-confidently grounded in contractual ideology of power. “Spain’s” Declaration of War against the Napoleonic government was famously issued on behalf of all Spaniards by the judge of Móstoles, at the time a three hundred household town that today forms part of Madrid’s exurbs.¹³⁵

A new model nation-state building in Spain, Europe and beyond?

If we conceive of the creation of stronger, more autonomous national states and nationalities as a diachronic process, it can hardly surprise us that a synchronic snapshot at any point in time reveals significant differences between these would-be nation states. But it is important to remember that this is not a linear modernization story towards the nation-state that simply started earlier or later in different polities. Global history reminds us that the European style nation state was not the only possible outcome to the struggle over a re-assignment of rights and power between various corporate entities and players in early modern society. The successful resistance to a more unified autonomous nation state in Spain in turn shows that the historical sociology model of the fiscal military state and its deterministic predictions is problematic to say the least. The assumption of a more or less linear process from a decentralised feudal organisation to one where monarchical

¹³⁴ Ramon de la Sagra, *Historia Económica, Política Y Estadística De La Isla De Cuba O Sea De Sus Progresos En La Población, La Agricultura, El Comercio Y Las Rentas* (Habana: Imprenta de las Viudas de Arazoza y Soler, impresoras del gobierno y capitania general, de la Real Hacienda y de la Real Sociedad Patriótica por S.M., 1831), pp.144, 366-168.. See also Irigoin and Grafe, "Bargaining for Absolutism," p.200.

¹³⁵ Nader, *Liberty in Absolutist Spain*, p.11.

power (or parliament) asserted a clear hierarchical precedent over the aristocracy on the one hand, and corporate bodies, such as towns or guilds, (and eventually the Church) on the other, is unhelpful. Castile (and to a lesser extent Aragon) was never feudal, the aristocracy was not the main competitor of the Crown and the corporate bodies were never tamed. His failure to appreciate these features was part of the reason why Spain remained so incomprehensible to Marx.

From a Spanish perspective the persistently non-hierarchical nature of corporate early modern society is what stands out. This was a stakeholder society, where individuals were invested in the preservation of the political status quo through their socio-economic investment in corporate bodies, first and foremost at the municipal level. But the concept of patrimonialism, that poses a conflict between a (noble) officeholder “class” empowered by a central monarchy is of little help to understand the preferences and interests of Spanish stakeholders. To be certain there was conflict between the Crown and the aristocracy, and between towns and their seigneur or their often noble oligarchies. Marxist historians of the 1970s argued that Spain had become particularly absolutist early on because the Crown had beaten the aristocracy into submission by the sixteenth century, especially in Castile. Compared to a much more powerful noble estate in France or England the *grandes de España* were undoubtedly little more than a select group of royal servants, often placated with none-political positions at the court.¹³⁶ However, the conflict over a reassignment of political and economic power in Spain was never predominantly a conflict between the aristocracy or even a more widely defined elite and the Crown. Power was to a very high degree territorially defined, which converted the Spanish composite monarchy into a political conglomerate that was at its urban bases closer to its nemesis, the northern Netherlands, than its newfound ally of the eighteenth century, France. But unlike in the Netherlands, the corporate bodies of the historic territories, the estates, suffered varying fates. In the Crown of Aragon they survived as a strong force integrating a society with stronger feudal roots across estamental boundaries to the end of the Habsburg period – though they were not (in Valencia and Catalonia) or

¹³⁶ Windler, *Lokale Eliten, Seigneurialer Adel Und Reformabsolutismus in Spanien (1760-1808) : Das Beispiel Niederandalusien*, p.???

rarely (in the province Aragon) called in the second half of the seventeenth century. In the Basque Provinces, where the *Juntas* were differentiated along a rural – urban divide (all Basques were considered legally noble, thus traditional estates were meaningless), and in Navarre, where they consisted of three estate chambers, representations survived to the end of the ancien regime.¹³⁷ In Castile, power was devolved back to the towns and there it remained to the end of the old regime order and beyond.¹³⁸ Nor did Spain ever developed anything akin to the admittedly complex but relatively clearly layered vertical and hierarchical differentiation of competencies that existed between Dutch municipalities, provincial estates and Estates General. In Spain more often than not towns, historic territories or merchant guilds continued to negotiate the exercise of power from a position of hierarchical equality far into the eighteenth and probably nineteenth centuries.

More generally the Spanish example invites a revisiting of our existing models of the creation of the European nation-state departing from a clearer understanding of pre-modern corporate society on three levels. One thinks about the corporate vehicles of political and social participation and cultural expression; monarchy, towns, guilds, estates, urban councils, religious confraternities without preconceptions about their hierarchical ordering, which could be complex and unstable over time as we have seen. The second looks at historical actors, aristocracy, petty nobility, emerging bourgeoisie, urban populations and the peasantry. The third focuses on what might broadly be described as the *Verfasstheit* (constitution) of society which depended on social relations, political thought, religious conceptions of society and rule and the political economy underpinning the viability of rule. None of this is new *per se*; but the historiography about European nation-state building has, surprisingly, so far failed to integrate these. The model of the fiscal military state tried to impose a more or less deterministic path of an establishment of a hierarchical order that located power in a stand-off between a noble

¹³⁷ Joseba Agirreazkuenaga, "The Abolition of the Representative Assemblies in the Basque Provinces During the Rise of the Liberal Revolution (1789-1876)," *Parliaments, States and Representation* 14, no. 2 (1994). The Navarrese representations continued to function until 1841.

¹³⁸ Fernández Albaladejo, "Monarquía, Cortes Y 'Cuestión Constitucional' En Castilla Durante La Edad Moderna." and I.A.A. Thompson, "Absolutism in Castile," in *Absolutism in Seventeenth-Century Europe*, ed. J. Miller (Basingstoke: Macmillan, 1990).

estate/elite and an increasingly assertive Crown restricting itself to the level of corporate vehicles. This normative model of state building was found wanting in the case of Spain just as much as the political economy model of the predatory (absolutist) state. Unless we want to return to the simple but dissatisfactory device of saving the model through allegations of Spanish exceptionalism – we have to conclude that it failed in important ways. Spain was not another France. The interaction between corporate vehicles endowed with freedoms and liberties in the former where shaped by power located in towns and territories, which administered consumption taxes that left little room for noble exemptions; which tolerated little intromission of new intermediate administrative authorities such as the intendents; and which despite their fiscal penury managed to actually lower the burden of taxation between the seventeenth and eighteenth centuries. The fiscal mechanics were neither an outcome of an abstract political “regime” nor were they simply an unavoidable result of the pressures of war.

Social and cultural historians have explained much better how power was exercised on the ground, by rescuing the practice of power and returning agency to a much wider variety of actors who competed and collaborated and exercised power in ways that seem hardly predictable. Every town council in Spain was involved in what we tend to call the “fiscal system”. And the boldness with which the mayors of Castilian towns, or representative of the Juntas de Bizkaia or the merchant guilds of Madrid asserted their rights bears witness to this. But as cultural historians zoomed in on the historical actors they forgot that in a corporate society institutions mattered in often unforeseen ways. There is no reason to assume that French mayors were not beaming with civic pride in just the same way and French writers were adamant that French subjects enjoyed supreme liberty. Alas, as Hoffman has pointed out they had fewer institutions that could back them up in their daily interactions with the exercise of power. The veto to the exercise of power in the Spanish composite monarchy mattered because it helped transforming the ideology of contractual power into an institution that could be invoked. It transformed an act of resistance and evasion of superior power into a legal challenge of power. It thus lowered substantially the opportunity cost of objection to the

implementation of royal policy and arguably slowed down the emergence of a clear hierarchy of corporate entities.

Jurisdictional fragmentation was the essence of corporate society and ubiquitous in early modern Europe. But it did not take the same shape everywhere. The outcome of a contest between estates as opposed to across often territorially defined corporations was likely to be different. Where conflict developed more along the lines of an elite/aristocracy-Crown conflict, as it might have in France, the only viable option of protest against an encroaching Crown was, again in Hirschman's terms, *voice*. By the later seventeenth and throughout the eighteenth centuries an actual secession of say, Provence, was unlikely. Hence, strategies of co-optation, enlargement of the nobility and a little court based power-play were likely to render reasonable results for the Crown. Territorial conflicts, by contrast, always included an *exit* option. Spanish history illustrates that vividly. The historically surprising fact is that the Spanish composite monarchy survived in its core-territories and its huge American lands for so long without either centralisation or dismemberment. Where power was to a larger extent located in territorial units and the exit option existed, the Crown was time and again forced to negotiate on almost equal terms. But here too more than one outcome was possible. Austria-Hungary shared many of Spain's features of enduring territorial jurisdictional fragmentation. But a stronger increasingly pan-Austro-Hungarian nobility was likely the binding element in a "monarchical union of corporative states (*Ständestaaten*)", turning one group of players in the corporate structure into the key ally of the Crown.¹³⁹ In Spain, by contrast, the Crown remained the only binding element. With a reasonably national but weak high aristocracy, a large but entirely locally bound nobility, no trans-territorial estates or other corporate institutions of any kind, the Spanish Crown became the ultimate arbiter of a very complex network of regional and local corporate entities with shifting overlapping hierarchies. This institutional structure was underpinned by an ideological notion of "representation" in urban institutions that established relatively narrow boundaries for negotiation. The path towards the nation-state in European monarchies was not everywhere primarily a prisoner's dilemma that pitched Crown against elites. In Spain it

¹³⁹ Winkelbauer, *Ständefreiheit*, p.197.

was instead a complex coordination game that required constant re-alignment. Like all coordination games it resulted in multiple equilibria rather than a clear outcome. Unification of power was one possible outcome but decentralisation was just as possible and most likely cheaper in political and revenue terms. We need to relax the excessively restrictive ex-ante assumption of maximisation of fiscal resources leading necessarily to a hierarchical ordering of revenue control (or revolution) if we want to understand the longevity of political entities in Europe (and elsewhere) that survived largely by minimising violent opposition at the expense of lower revenues. In Spain that often implied a protracted delegation of power to all kinds of corporate bodies. Thus it is to understanding the various phases of more and less unification in Spanish markets and polity that we turn in the remaining chapters.

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