

Bulletin for Spanish and Portuguese Historical Studies

Journal of the Association for Spanish and Portuguese Historical Studies

Volume 47

Issue 1

Article 2

2022

Liberal Protectionism in Nineteenth Century Spain: An Alternative Route to Economic Modernization

Nick Sharman

nicholasasharman@aol.com

Follow this and additional works at: <https://asphs.net/journal/>

Recommended Citation

Sharman, Nick (2022) "Liberal Protectionism in Nineteenth Century Spain: An Alternative Route to Economic Modernization," *Bulletin for Spanish and Portuguese Historical Studies*: Vol. 47 : Iss. 1 , Article 2.

Available at:

<https://asphs.net/article/liberal-protectionism-in-nineteenth-century-spain-an-alternative-route-to-economic-modernization>

This **article** is brought to you for free and open access by the Association for Spanish and Portuguese Historical Studies. It has been accepted for inclusion in the Bulletin for Spanish and Portuguese Historical Studies by an authorized editor of the Association for Spanish and Portuguese Historical Studies. For more information, please contact bulletineditor@asphs.net.

Liberal Protectionism in Nineteenth Century Spain: An Alternative Route to Economic Modernization

Nick Sharman

Introduction: The nineteenth century dispute between the protectionist and free trade movements in Spain divided the country, often bitterly, for nearly a century. Catalan, and later Vizcaya, industrialists fiercely opposed the progressive dismantling of trade protection by a succession of free trade supporting governments. At the time and later, many observers interpreted the conflict as a case of powerful, self-interested manufacturers defending their sectoral and regional interests against more advanced foreign products and technologies, especially from Britain. The result, they suggested, was to undermine the economic modernization of the country as political and commercial elites sought to emulate the performance of the rapidly industrializing economies of northern Europe. Recent scholarship has painted a more complex picture of the wide range of factors behind Spain's long and difficult road to modernization. Nonetheless, most accounts of the period have overlooked the positive modernization program of the liberal protectionists. Like the free traders, the progressive protectionist movement wanted to see Spain participate in the new dynamic market-driven world, but as a modern industrial competitor rather than as a complementary supplier. It too wanted to see a fundamentally reformed and modernized economy driven by a unified and effective state. Rather than relying on individual initiative and unregulated market forces as the drivers of economic development however, the liberal protectionists argued for active, coherent state intervention. Only with the support of such a collectivist response could Spain resist British and French domination of the country's trade and investment flows. At a time when there is renewed interest in the shortcomings of a system of unregulated movement of trade and investment, this paper suggests more attention should be given to the theoretical and political foundations of Spain's liberal protectionists. The movement was one of the first challenges to the utopian claims of classical economics that wealth creation for all would follow adoption of free trade and one of the first to set out the elements of an alternative approach reflecting the specific needs of the country.

The role played by the protectionist movement in Spain's political and economic development during the nineteenth century has been a significant theme in the historiography of the period. This interest was an important theme of the

quantitative-based economic studies that emerged in the 1960s and 1970s from the group of economists led Vicens Vives.¹ These studies focused on the interplay of social and economic factors in their analysis of Spain's slow process of industrial modernization. Two leading members of the group, Jordi Nadal and Gabriel Tortella, used this approach in their path-breaking works on the country's economic history. Both dealt with the effects of protectionism on different sectors of the economy, drawing essentially negative conclusions about its impact on the competitiveness of industry and agriculture.² In contrast, Nicolas Sánchez-Albornoz, also working in this tradition, suggested that protection had successfully enabled the textile industry to develop. Its growth had ultimately been frustrated by the lack of market opportunities that followed the failure of agriculture in Spain to develop beyond its low-productivity, near-subsistence level, which he termed "indirect agriculture."³

In the following two decades, driven by concerns over Spain's relative economic backwardness as it sought to become a member of the European Economic Community, a variety of studies looked for the roots of economic backwardness in Spain's post-Enlightenment history. For some historians, the protectionists had been little more than an obstacle to Spain's adoption of a fully open market economy. This was a widely-held viewpoint, set out for example by Raymond Carr in his 1966 history of the country, where he argued protectionism had delayed modernization by denying the country full access to modern technology and investment.⁴ Maluquer de Motes, on the other hand, although critical of the wider impact of agricultural protectionism, pointed out that protectionist tariffs had successfully defended the interests of Barcelona industrialists and had given Spain the foundation for industrialization. He put its subsequent failure down to the lack of demand from an unreformed agricultural sector and to government inaction: "only a resolute intervention by the State would have been able to generate an accelerated process of industrialization."⁵ A decade later, a French team of re-

¹ Jaime Vicens Vives, *Manual de historia económica de España* (Barcelona: Editorial Teide, 1959).

² Col·lecció Homenajes, *Doctor Jordi Nadal: La Industrialización y el Desarrollo de España* (Barcelona: University of Barcelona, 1999), 1:242; Jordi Nadal, *El Fracaso de la Revolución Industrial en España, 1814-1913* (Barcelona: Ariel, 1975), 244; Gabriel Tortella, *Banking, Railroads and Industry in Spain, 1829-1874* (New York: Arno Press, 1977); and Gabriel Tortella, *The Development of Modern Spain* (London: Harvard University Press, 2000), 82.

³ Nicolas Sánchez-Albornoz, *España hace un siglo: una economía dual* (Barcelona: Ediciones Península, 1968).

⁴ Raymond Carr, *Spain 1808-1939* (Oxford: Oxford University Press, 1966), 280.

⁵ Jordi Maluquer de Motes, *El socialismo en España 1833-1868* (Barcelona: Critica, 1977), 82.

searchers, headed by Bartolomé Bennassar, identified three key themes, agriculture, the pattern of capital investment and cultural issues, as the basis for their investigation into Spain's economic backwardness.⁶ Their starting point was that explanations were located in the workings of the economy, rather than in the institutional survival of the *ancien regime* or the innate features of Spanish character and society, as many in Spain itself had suggested.⁷ Like several other contemporary researchers, notably Sánchez-Albornoz and Maluquer de Motes, Bennassar and his team pointed to the Spanish liberals' "ingenuous belief that economic freedom in itself would provide the seed of economic growth."⁸ This naïve approach had enabled foreign exploitation of the irreplaceable mineral resources and of the unique opportunity created by the development of the rail network. They suggested the impact of Spain's protective trade barriers on company investment and on the economy as a whole had been greatly exaggerated and that the problem lay in lack of demand, rather than in the level of tariffs.

Subsequent research has widened the scope of inquiry and raised radical questions about the assumptions that have underpinned the debate over protectionism and free trade. David Blackbourn's work, pointing to the wide variety of paths taken by European nations to industrial modernization, suggested the idea of a singular path to industrialization, popularized by Rostow with his "stages of development" model, was mistaken.⁹ This point was underlined by David Ringrose in his iconoclastic review of the Spanish "miracle."¹⁰ As he pointed out, "the problem of decline, backwardness and failure that long characterized Spanish history, whether defined as economic, political or social in nature, is inherently a comparative one." The problem was that Spain "was an abstraction, a conceptual collectivity and even a collective myth. From an economic perspective, it was a collection of distinct, autonomous and overlapping networks of regionally oriented activity, many of which extended beyond the political confines of the Spanish 'nation.'" Only in the early twentieth century, for example, did "economic and cultural homogeneity match economic development and political authority,"

⁶ Bartolomé Bennassar y otros, *Orígens del atraso económico español* (Barcelona: Ariel, 1985).

⁷ For example, in a view typical of his "generation of 14," Araquistáin, writer and leading politician in the Second Republic, argued that "the original sin of Spain, the cause of our backwardness, is the moral decadence of the typical Spaniard. What is rotten in Spain, what spreads the corruption, is the Spanish character." Luis Araquistáin, *España en el Crisol* (Barcelona, 1920), 234.

⁸ Bennassar, *Orígens*, 92.

⁹ David Blackbourn, *Long Nineteenth Century: A History of Germany, 1780-1918* (Oxford: Oxford University Press, 1998).

¹⁰ David Ringrose, *Spain, Europe and the "Spanish Miracle" 1700-1900* (Cambridge: Cambridge University Press, 1996).

creating a sound basis for national comparisons.¹¹ However, much of the contemporary debate (as well as subsequent research) had been built on the twin concepts of a well-defined nation and of progress, with the underlying assumption that there is a logical, normative and even inevitable development path. Ringrose proposed an alternative model of Spain's development, seeing its economy as a set of four urban-based networks, together with their market and administrative hierarchies. In this view, Spain's development from the seventeenth century, especially on the periphery, had in fact been closely linked to the general expansion of the European economies. This regional economic perspective also led Ringrose to look at the Catalan protection of its textile industry in a fresh way. As he pointed out, the conventional view was that protection meant the industry concentrated on domestic markets and that its high-cost production closed the Catalans out of foreign markets except Spain's own colonies. Instead, Ringrose argued that the industry's growing share of the expanding domestic market indicated its successful development while an apparent decline in Barcelona's export markets masked the industry's expanding role in the wider Mediterranean regional system.¹²

In subsequent decades, historians have also given greater attention to the crucial role of Spain's Caribbean empire in the country's nineteenth-century economic development, including in Catalonia's industrial expansion. Fradera's work suggested sugar plantation slavery was able to develop in Cuba as a result of freer trade policies of the last decades of the eighteenth-century. The fabulous wealth this generated in the first half of the nineteenth century meant the colony became "the financial and economic engine of the monarchy," which enabled it to resource the Carlist civil war and save the Spanish treasury.¹³ He concluded that Spain's empire did not suffer a full decline but was able to adjust to the trends of the times. This emphasis on imperial continuity echoes Ringrose's suggestion that Spain's economic transformation in the twentieth century was an extension and culmination of over two centuries of persistent growth beginning around 1700 and that the milestones of Spanish history (1808, 1835, 1874) should be seen in the context of this trend and its continuity.¹⁴ In contrast, Ringrose took a different view of the role of empire in Spain's development, arguing that it was "surprisingly tangential to the long run evolution of the Peninsula economy."¹⁵ However, this conclusion cannot be applied to Catalonia's experience of empire: profits from

¹¹ Ringrose, *Spain*, 9-10.

¹² *Ibid.*, 212.

¹³ A. McCoy, J. Fradera and S. Jacobson, eds., *Endless Empire: Spain's Retreat, Europe's Eclipse, America's Decline* (Madison, University of Wisconsin Press, 2012), 66.

¹⁴ Ringrose, *Spain*, 53.

¹⁵ *Ibid.*, 84.

Cuban trade and repatriated investment made very significant contributions to the textile industry's recovery from collapse after the Napoleonic Wars. Throughout the rest of the century, Caribbean colonial markets and trade made a major contribution to Catalonia's commercial dynamism. Consequently, as late as the 1870s, many of the liberal protectionists remained vociferous supporters of slavery and the triangular trade that had so enriched the region.¹⁶ Implicit in these historical accounts that emphasize continuity, is a view of protectionism that sees it, not as an obstacle to development, but as a pragmatic and generally successful reaction to the economic and political pressures on Spain and its Empire.

This brief overview of the literature demonstrates the width of views about the impact of liberal protectionism on Spain's economic development in the post-Enlightenment period. Whatever their conclusions however, investigators have rarely gone on to examine the movement's underlying theories and policy programs in depth. Often, they have elided the two main strands of protectionism: the Catalan liberal industrialists' reformism on one hand, and on the other, the agrarian landowners' conservative protectionism, largely centered on Castile and Andalusia. For example, Ángel Smith in his review of Catalan nationalism, argues that protectionism was characterized by a "rather inward-looking autarkic perspective which had not only economic but also cultural ramifications."¹⁷ This was certainly true of much (though by no means all) of the agrarian movement but was not typical of the Catalan and, later, Vizcaya industrial liberals. While these two wings of the protectionist movement overlapped, they mainly operated in parallel, had widely different long-term objectives, cultural attitudes and policies, and only allied more formally from the 1880s. Elsewhere, Smith usefully refers to the liberal protectionists' broader reform agenda, notably to its campaign for sector-based industrial development, but does not go into further detail. A few writers (though they are the exception) do refer to some of the protectionists' specific proposals but do not examine the wider program of which they were part.¹⁸

However, one author, Ernest Lluch, did deal in detail with liberal protectionist thinking and its evolution from the Enlightenment period to the twentieth century.¹⁹ His comprehensive treatment was particularly notable for

¹⁶ Juan Güell, *Rebelión cubana* (Barcelona: Pranava Books, 2020 [1871]).

¹⁷ Ángel Smith, *The Origins of Catalan Nationalism 1770-1898* (London: Palgrave Macmillan, 2014), 60.

¹⁸ Nadal for example refers to their demand for active government support the Spanish engineering sector to enable it to supply the infrastructure for the railway building boom of the 1850s and 1860s.

¹⁹ Ernest Lluch, *El Pensament Econòmic a Catalunya, 1760-1840* (Barcelona: Ediciones 62, 1973). His contribution to Fuentes Quintana's review of Spanish economists also dealt with this point.

highlighting the radicalism of the liberal protectionists in contesting the free trade orthodoxy of classical economics. Their underlying proposition was that industrialization and economic development involved a set of stages and these meant that less developed countries were at different points in the journey towards free trade markets. As a result, every country needed to adopt its own unique set of policies appropriate to its circumstances at each stage. This approach was a challenge to the universalist assumptions of classical economists, namely that the application of open, self-regulating markets would automatically lead to a self-sustaining process of wealth-creation. Over recent years, similar concerns have again arisen over the negative effects on the world economy of the universal application of economically liberal policies and led to calls for protection, especially for vulnerable economies. Many of these concerns arise from countries anxious to maintain their domestic industries in face of radical restructuring of the world economy. The arguments made two centuries ago when Spain was one of the first countries compelled to respond to the force of the newly industrialized nations of northern Europe, have once again become relevant to contemporary debate.²⁰

Spain, as elsewhere in Europe, emerged from feudalism with protectionist measures that were deeply embedded in regional and national border administration and reinforced the division of the country into a variety of local, largely self-sufficient, markets. In the eighteenth century, with the quickening of international trade and the development of national centers of production and administration, these regional barriers came under increasing pressure from manufacturers and commercial suppliers seeking national markets for their products. Barriers to international trade in domestically produced goods, however, remained strongly entrenched, their viability underpinned by Spain's access to the resources and markets of its colonies. By the 1820s, Spain prohibited the import of some 657 products and imposed crippling tariff rates on some 1506 other commodities.²¹ However, the mercantilist ideas that lay behind traditional protectionism came

Enrique Fuentes Quintana, dir., *Economía y Economistas Españoles* (Barcelona: Galaxia Gutenberg, 1999-2004), 4:97.

²⁰ One of the main ways these forces were exerted was Britain's nineteenth century campaign for free trade and an opening to foreign investment. The effect of this campaign on a vulnerable political economy like Spain's was particularly damaging. Gildea for example concluded that free trade meant "Spain remained a semi-colonial economy plundered for its raw materials and confined to a state of backwardness," Robert Gildea *Barricades and Borders* (Oxford: Oxford University Press, 2003), 151. Trebilcock put it even more vividly: "Spain tumbled down the slope of insolvency and into the pocket of western capital," Clive Trebilcock, *The Industrialization of the Continental Powers 1780-1914* (London: Longman, 1981), 363.

²¹ Manuel Pugés, *Cómo triunfó el proteccionismo en España* (Barcelona, 1931), 60.

under increasing challenge. In the last half of the eighteenth century, the new industrial and commercial bourgeoisie, especially those on the country's periphery, lobbied for change. For their part, the Spanish American colonists were pressing the imperial authorities for the relaxation of restrictions on third country trade and to make the slave trade legal. Meanwhile, theoretical challenges were emerging from the ferment of reformist debates in the last quarter of the previous century, summarized in Quintana's work on the development of economic thinking in Spain as "the brilliant period of the Enlightenment."²² However, as Israel's review of the policy responses by the absolute monarchy shows, there were no radical Enlightenment liberals. Even the pragmatic improvements introduced by Campomanes, the most ambitious of the Enlightenment reformers, made no significant challenge to the social order and were therefore unable to resolve the "deep-seated socio-economic problems weighing on Spain and her empire."²³

By the beginning of the nineteenth century, the theories of classical economics championed, among others, by Adam Smith and Jean-Baptiste Say, began to have a significant impact. Their suggestion that competitive self-regulating markets and a restricted role for the state were the routes to economic growth, were given credibility by Britain's extraordinary industrial expansion. In the following decade, Ricardo applied these ideas to the field of international trade to show that exchange need not be a zero-sum game in which one side was bound to be exploited, as mercantilists believed: fairly conducted trade could mutually advantage both parties by adding to the productive capacity of the system as a whole.

These ideas were particularly attractive to elements of Spain's emerging liberal bourgeoisie, concerned over the country's economic backwardness. For them, Britain's economic model exemplified the path to modernity, and they were anxious to apply its lessons to Spain. The Asturian politician and intellectual, Álvaro Flórez Estrada, was a leading figure in this movement: as a progressive liberal member of the Cádiz Cortes, he participated in the drawing up of the 1812 Constitution and was exiled twice to Britain in 1814 and 1823 by Ferdinand VII's absolutist regime. There, he became closely involved in the intense political and economic debate of the time, centered on Holland House, befriending, among others, James Mill, David Ricardo and Jeremy Bentham. Flórez Estrada

²² Fuentes Quintana, *Economía*, ix, 15.

²³ Jonathan Israel, *Democratic Enlightenment* (Oxford: Oxford University Press, 2011), 379.

enthusiastically embraced their commitment to individual initiative and unfettered competitive markets, which he saw as closely aligned with his own commitment to political liberty. He followed Smith and Ricardo in identifying free trade as the foundation of economic success by enabling Spain to share the benefits of the new technology:

It is in society's interest that individuals turn to the industrial companies that can provide them with products more efficiently, and the more advantages there are, the more is added to wealth. This proves that it is indispensable for industrial progress that nations trade their products freely without hindrance.²⁴

This would be reinforced by adopting policies favorable to foreign investment:

Foreign capital can make a powerful contribution to the need for new capital investment, to expand production, to perfect machinery and consumer products and to cheapen product costs. A twenty-five percent reduction in product costs means an increase in consumer income by twenty-five percent, thus allowing the consumer to accumulate capital and buy national products.²⁵

Like Ricardo, he believed that the natural conditions of a country, its climate, local resources and expertise gave it a particular combination of economic advantages. In Spain's case, this led him to support the exploitation of the country's agricultural and mineral resources and their exchange for the more efficiently produced industrial products from England, an approach that Britain pressed on Spain throughout the nineteenth century. Given these economic premises, Flórez Estrada strongly opposed protectionism both within and between nations.

Ignorance about the advantages [of free trade] has led governments to adopt the prohibitive system, believing this measure will lead to

²⁴ Álvaro Flórez Estrada, *Curso de Económica Política* (Madrid, 1835), 203.

²⁵ Flórez Estrada, *Curso*, 210. Smith and Say both believed that capital exported had less impact on productivity than capital employed internally. Flórez Estrada on the other hand, argued that capital exported would be balanced by corresponding capital import and that imported capital was likely to be employed more quickly and flexibly than domestic capital, Luis Martínez Cachero, *Álvaro Flórez Estrada: Su Vida, Su Obra Política y Sus Ideas Económicas* (Oviedo: Instituto de Estudios Asturianos, 1961), 169. His arguments, like those of Smith and Say, depended for their plausibility on an assumption that markets were perfectly competitive and self-adjusting.

growth of national industry but they are deceiving themselves on a grand scale and their mistake has resulted in enormous sacrifices by peoples [...] in an open market the consumer has the same advantages as the producer [...] enabling them to acquire products at their natural value.²⁶

Moreover, he argued, free trade had wider political advantages by creating positive relationships between nations within a common commercial “empire.” In a free trade area:

All countries in the world would consider themselves as provinces of a single empire. In this empire, each nation becomes a provider of certain types of products and, through mutual relationships which then develop, distributes work between themselves, reflecting best of the character and knowledge of each climate and the productive features of the terrain.²⁷

This view justified the use of force to bring people and nations within the scope of this civilized “empire,” an argument he applied to support the then recent French invasion of Algeria as well as Spain’s conquest of the “new” world. This combination of political and economic idealism helps to explain why free trade won the support of a wide range of progressive liberals in Spain, while at the same time, the policy was the foundation of Britain’s informal economic imperialism. The appeal of free trade to liberal politicians was reinforced by Flórez Estrada’s suggestion that the outcome of Spanish protectionism was the creation of a producer monopoly against the interests of consumers: “A government prohibiting certain foreign products indirectly establishes a monopoly in favour of those producing the prohibited item, thus prejudicing the consumer.”²⁸ This point had a strong appeal to the growing middle class for whom consumer goods, especially from abroad, were becoming affordable.²⁹

The close relationship between Flórez Estrada’s thinking and Britain’s emerging economic ideology was based on the view that the universally applicable economic principles of market-based competition were closely linked to individual

²⁶ Flórez Estrada, *Curso*, 208.

²⁷ *Ibid.*

²⁸ *Ibid.*, 214.

²⁹ Montañes’ work analyses in detail the interests of the different bourgeois factions in shaping tariff policy during the nineteenth century. E. Montañes, *Grupos de presión y reformas arancelarias en el régimen liberal, 1820-1870* (Cádiz: Universidad de Cádiz, 2009), 17-21.

freedoms. Flórez Estrada, for example, strongly supported the proposition of British liberals that social benefit automatically follows from individuals able to exercise fully their freedoms as citizens and consumers. For him, free trade, foreign investment and a limited role for the state were policies that would result in an expansion of the wealth and welfare of nations individually and collectively. For members of the new Spanish bourgeoisie, especially those in Madrid, whose wealth was drawn from the land, finance and commerce, these ideas had an obvious attraction.

The Catalan manufacturers, on the other hand, were fiercely opposed to these economic policy assumptions, especially the universal applicability of competitive markets as the motor of economic development. Their priority was the protection of their “infant” textile industry, still recovering from the devastation of the Napoleon’s occupation of Spain and the savage independence war that followed.³⁰ Their wider objective was the creation of a progressive, industrialized nation, supported by a modernized agricultural sector. Their eventual aim was for the country to compete without trade barriers, having achieved an economic level playing field with the advanced European centers. Much of the theory underpinning their case was set out in Eudald Jaumeandreu’s *Curso Elemental de Economía Política*, published in 1836 and written as a response to Flórez Estrada’s arguments³¹. From the beginning, Jaumeandreu accepted the general principles of the still-emerging classical economic thinking, placing himself firmly in the liberal camp of economists who wanted to see Spain develop as a modern, industrial nation. However, he was equally convinced of the need to adapt the universalist propositions of classical economics to the particular conditions of his own country and region. This would, he believed, enrich economic science since ‘relatively underdeveloped areas’ such as Spain “could make interesting contributions to economic thought” through adapting original economic policy “to situations different from the ones in which it had been born” as Lluch put it.³² Jaumeandreu applied this approach to the central maxim of Say’s Treatise, namely that supply creates its own demand: he suggested this did not apply in Spain’s case since the

³⁰ Jaumeandreu set out this case in an early tract in support of the Catalan textile industry to counter the growing influence of the free trade liberals, Eudald Jaumeandreu, *Rudimentos de economía política* (Barcelona, 1816).

³¹ Eudald Jaumeandreu, *Curso Elemental de Economía Política* (Barcelona, 1836).

³² Lluch’s interpretation of Jaumeandreu’s thinking is summarized in an obituary article by Luís Argemí, “Ernest Lluch (1937-2000),” *European Journal of the History of Economic Thought* 8, no. 2 (2001): 125.

demand for manufactured products was likely to be directed to foreign suppliers, in light of its underdeveloped economy. This justified protectionist measures which would enable domestic demand to provide markets for Spain's growing textile industry. Crucially however, and in common with most Catalan liberal protectionists, who accepted the underlying direction of classical economics, Jaumeandreu saw protection as a temporary measure. Once Spanish firms had developed to a level where they could compete with Northern European industry on equal terms, free trade would then be the right policy for a revived Spain. Then, as Ricardo had suggested, free trade would maximize national wealth since the relative costs of production between countries could determine on equal terms, the pattern of international trade and production.

For Jaumeandreu, protection was the centerpiece of a modernizing, nationwide economic project. Moreover, the best form of protection was prohibition. Tariff policy alone could not guarantee that domestic manufacturers were able to compete in the domestic market since the "perfect steam-powered machinery of the British will always rival any tariff surcharge." He was equally clear that parallel domestic reform was essential to create a domestic market capable of supporting the development of industry throughout Spain: "the spirit of provincialism cannot direct our policy. If Catalunya claims the domestic market for its products, this will lead to inter-provincial rivalry and deepening inequality between regions and classes."³³

Although modernizing protectionists like Jaumeandreu accepted much of British classical economic thinking, they drew radically different conclusions about the effects of competition and the role of the state for a developing country like Spain. For them, only collective action by the state to protect and develop its industries, could match the advantages that free trade gave to industries in the advanced economies, especially when, like Britain, it commanded the sea. Society therefore had an essential responsibility to safeguard community welfare in the new commercial world, an approach that both looked back to the strong bonds of mediaeval society and forward to the need for the social control of unbridled liberal capitalism. Their ideas highlight the different, sometimes opposing, interpretations of liberalism involved in the two sides of the free trade debate. Freedman usefully distinguishes between the main families of liberal thinking by pointing to the different emphasis they place on the meaning of freedom. For the British classical

³³ Eudald Jaumeandreu, *Memoria sobre la necesidad del sistema prohibitivo en España* (Barcelona, 1834), quoted in Lluch, *El Pensament*, 292.

economists, the priority was to protect individuals and their property rights from interference by the state.³⁴ This idealistic coupling of free economic exchange and liberalism was the basis of liberal imperialism, a movement embodied in Richard Cobden's view of free trade as the agent of a civilizing mission to spread these values across the world. The Catalan industrialists shared many of these values, in particular the emphasis on individual economic freedom as the foundation of a nation's development. The differences, however, were significant and reflected the very different issues facing liberal modernizers in the two countries. In Spain, the vulnerability of the newly developing industries and the individual enterprises within them, led to an emphasis on the need for a protective and supportive environment, supported by the state. Only this would give the scope for the under-capitalized "infant" industries to survive and flourish. In Britain, by contrast, the dynamic and well-established commercial and industrial interests had already achieved access to capital, markets and social support that meant state support was much less crucial to their expansion.

Following Jaumeandreu's death in 1840, leadership of the protectionist cause was taken up by his disciple and pupil, the Catalan industrialist Juan Güell. Güell's earlier tour of the English manufacturing districts had made him acutely aware of the vast superiority of British technology and organization. This had confirmed his conviction that protection from unrestrained competition was essential if the vulnerable Spanish industrial sector was to survive and develop. He saw his task as making the case for protection, especially at national level, together with a parallel policy of state-led, national industrial development. To win support for this cause and to confront the British sponsored campaign for free trade, he worked for over three decades to construct political alliances across all sectors and regions of the country.

For Güell, the nation was a foundation principle. A strong and independent nation depended on building an independent and productive economy with access to the widest possible marketplace, a vital condition for business survival in an increasingly competitive environment. While Britain's industry now had vast world markets available to it, Spain depended on its internal market for economic growth and this, Güell argued, had to be defended and developed. From this viewpoint, industry and agriculture were interdependent:

³⁴ Michael Freeden, *Liberalism: A Very Short Introduction* (Oxford: Oxford University Press, 2015), 66.

Industry grows to the extent that the consumer demands its products; with the increased income to industry, more capital is naturally drawn into the sector. The land in Spain can support double the number of people at double the level of wealth and consequently, as population and wealth increases, its production can grow, driven by its growing income.³⁵

Industry should not therefore do anything to damage agriculture, since it was the basis of economic consumption, and nor should agricultural interests seek to undermine the demand of industry for its products. These inclusive arguments underpinned the alliance that Güell and his fellow protectionists were attempting to build with the vastly larger and more powerful sector of landowners and agriculturalists. Politically, the aim was to assemble a powerful political force from across the country, based on the identification of common interests. This was an essential task in light of the relative regional and political isolation of the industrial sector, even if it meant going against the immediate interests of the manufacturers for whom cheaper food meant lower wage costs. The appeal to national solidarity also helped undermine British attempts to woo the agricultural sector, especially the wheat and wine producers, with promises of easier access to its increasingly affluent consumer market.

For this reason, Güell put great emphasis on the term *production*, which, for him, embraced all economic activity. “Production is the daughter of labor. Those who direct or indirectly contribute to production are consumers, [...] to raise the level of production is to build up the producer, the consumer, commerce and the Treasury; it is in a word to promote national prosperity.”³⁶ This conflation of production and consumption was partly designed to refute the politically potent claim of free traders to be representing the ‘consumer’ against the interests of “monopolist” industrialists. As Güell constantly re-iterated, all members of society, apart from the idle rich and the incapacitated, were both producers and consumers and therefore shared common interests. Recasting the nation’s pre-eminent objective as production however also served a wider purpose – it confronted Spain’s past reliance on imported specie as its main source of wealth and posed an alternative to the dependent, subaltern role for the country, proposed by British economists and politicians.³⁷

³⁵ Juan Güell y Ferrer, *Escritos* (Barcelona, 1880), 471.

³⁶ Güell, *Escritos*, 947.

³⁷ *Ibid.*, xxxvii.

This commitment to production lay behind the central demand of the protectionist movement for shelter from foreign competition to allow domestic industry to develop. However, the liberal protectionists also argued that the construction of a modern industrialized nation required state-led economic intervention measures to create the necessary skills, institutions and physical investment necessary to support economic development. Güell's proposals were far-reaching: at their core was a comprehensive investment program for infrastructure, aimed above all, at improving Spain's inadequate transport system with investment in its roads, railways and ports. He was therefore deeply opposed to the passive approach of Spanish governments towards railway investment, based on granting generous concessions to foreign, mainly French, companies. In his view this approach had resulted in a patchy network that reflected the foreign investment interests rather than the needs of domestic producers, a view widely shared at the time and subsequently³⁸. Worse, it meant that the benefits of the extraordinary spike in investment involved in laying down a wholly new transport network went almost wholly to foreign suppliers. For Güell, this represented an extremely serious failure of leadership – the state should have coordinated the railway building contracts with the nascent metal industry to give domestic companies the opportunity to build up their capacity and capability. He pointed to the misuse of the benefits of the sale of entailed land which could have been used to develop the mines and rail industry. This in turn could have:

[...] developed workshops and foundries for the machinery and locomotives, constructed warships and armaments; these and other productive resources would have supplied work to thousands of operatives, contributed to taxes and to the development of agriculture, industry and the arts, in turn providing the life to the railways which are today stunted and weak, near to death.³⁹

³⁸ As Nadal pointed out the radial routes from Madrid did not connect centres of production but were “an instrument of extraction and international traffic, not, as it should principally have been, an instrument of production and circulation.” The network was above all aimed at minerals based on the extraordinary attraction of Spain's minerals in Europe. From the beginning, railway investment in Spain was “an instrument of colonisation and exploitation much more than a means of genuine development,” Nadal, *El Fracaso*, 48-50. Trebilcock agreed: “most Spanish railroads ran out of Spain, their purpose not internal communication but foreign extraction,” Trebilcock, *Industrialization*, 350.

³⁹ Güell, *Escritos*, 769.

Güell's advocacy of state intervention in this key sector, a form of industrial planning to spur multiplier effects throughout the economy, were an indication the width of the liberal protectionists' ambitions for the role of the state. Succeeding generations were to build on these ideas and they provided the basis for investment programs under the very different twentieth century regimes.

In his policy proposals, Güell, like Jaumeandreu before him, was rejecting one of the main assumptions of the British classical school, namely that the simple application of common economic principles, especially competitive self-regulating markets, open borders and untrammelled individualism, was the path to wealth creation for all. Instead, economic development demanded plans and proposals that recognized the unique challenges of individual nations and localities. As Güell himself wrote, "the radical school of economics which calls itself scientific, rests on absolutist principles, independent of time, distances, conditions etc. and promises marvelous results." Instead of this "speculative science," he argued for a more pragmatic basis for economic theory, one which took account of the history and actual situation of Spain, "an experimental science based on general principles, modified by adjustments to the economic circumstances and conditions of each place."⁴⁰ Güell's rejection of the universalism of the British liberal thinking, led him to see classical economics as an ideology designed to serve Britain's global trade ambitions. He pointed to Adam Smith's apparent lack of British patriotism, his "cosmopolitanism," in espousing free market competition between countries. There was in fact no contradiction: Britain's unique ability to dominate international trade and industrial markets meant that Smith's thinking was in fact deeply patriotic. To be a patriotic Spaniard demanded a different approach in light of the country's underdeveloped state: Spain simply did not possess many of the essential elements to match Britain's overwhelming advantages. From this conclusion followed the need to tailor "general principles" of liberal economics to the actual circumstances of Spain's economy.

The paramount objective of the liberal protectionists was to consolidate and modernize the nation through the development of coherent national markets, institutions and policies.⁴¹ This led Güell and other protectionists to give their un-

⁴⁰ Ibid., 962.

⁴¹ Although markets in the remaining Spanish colonies in the Philippines and Caribbean were assumed to be one dimension of this "national" market (Güell in particular remained fiercely committed to defence of the colonies), in practice their loss at the end of the century had only a short-term effect on the textile industry's development. Many of the later liberal protectionists like Alzola and Alba were anti-imperialists and strongly opposed the military campaign to retain the

stinting support to the liberal monarchy and to assert their patriotic loyalty. However, Güell's goal of building of a national political alliance for industrial development faced deep divisions of interest within Spain itself, many of them typical of countries developing from a near-feudal agricultural system and possessing only weak central institutions. These divisions reflected geographic and sectional interests, as well as inadequate institutional methods for resolving conflicts. As a result, much of Güell's career was taken up with battles to weld dissident protectionist factions into effective political campaigns. There were particularly serious divisions over the role of agriculture: an important section of Catalan industrialists wanted the Government to allow the import of cheap foreign grain to restrain the growth of wage costs.⁴² Similarly, the attractions of the increasing demand for foodstuffs and wine by Britain's explosively growing population led many agriculturalists to support a mutual lowering of tariff barriers that a trade treaty with Britain promised. These conflicts led much of Güell's polemical writing to concentrate on the mutual dependence of domestic industry and agriculture. Even within Barcelona, there were other divisions, notably between its factory owners and the free trade interests of the city's international commercial traders.

Güell also faced serious divisions over policy and tactics within his own organization, the Instituto Industrial de Catalunya. These revolved around the efforts to organize a national campaign for protection by mobilizing industries outside the textile sector and across the country. The first attempts in the early 1840s to build a national alliance for industry based on the textile industry had failed, hamstrung by the withdrawal of official recognition and the undeveloped state of the sector outside Catalonia. Later attempts by Güell's Institute to broaden its industrial coverage created tensions with Barcelona textile firms wanting to concentrate on their more immediate issues. Another issue was Güell's closeness to the *moderado* parties. Indeed, Güell's role in 1857 and 1858, as a deputy for the Union Liberals, dismayed many in the business community who were determined to remain outside party politics. These concerns led to the creation of the politically independent Fomento Nacional de Producción in 1869 to fight the introduction of

colonies following the rising in Cuba in 1895. They remained convinced that Spain's domestic markets were an adequate launching platform for economic "take-off" and opposed Spain's attempts to colonise Morocco in the first decades of the twentieth century.

⁴² Güell argued that "we want cheaper bread, but we prefer expensive to cheap, foreign bread because above all we want to see a secure daily wage," the benefit of which is then "returned to Catalunya in increased demand for its industrial products," Güell, *Escritos*, xxxv.

free trade legislation by the new revolutionary government. However, the Fomento itself had to confront a further source of internal tension, this time between the center and local branches over tactics in tackling the new free trade-supporting revolutionary government. The weaker industrial areas, unwilling to take a militant anti-government stand, threatened to leave the Fomento.⁴³

Güell's death in 1872 coincided with the high point of Spain's commitment to free trade: over the next quarter of a century, as the world increasingly turned to trade protectionism, the movement in Spain was able to achieve many of the aims Güell had fought for so long. The most immediate target of the generation of liberal protectionists who took over from Güell, was the 1869 free trade law introduced by the revolutionary government's Finance Minister, Laureano Figuerola. Part of this legislation committed Spain to a progressive reduction and eventual elimination of tariffs, which became famous as the Base Quinta. The leader and spokesman for Güell's successor generation was his colleague and friend, Pere Bosch y Labrús. Although sympathizing with the democratic aspirations of the 1868 revolution, Bosch was utterly opposed to its free trade policies. He led the creation of the Fomento de la Producción Nacional and became its president on Güell's retirement in 1870. The Fomento quickly developed local branches in Madrid, Valencia, Zaragoza, Málaga and Valladolid under the banner of the Protectionist League. Over the following decade Bosch consolidated the organization and led a series of great demonstrations in Barcelona with the aim of uniting all sections of the community against Figuerola's free trade legislation. Following the restoration of the monarchy, he became a deputy in 1876 and used his parliamentary platform to bring the protectionist agenda to a wider public, focusing on resistance to free trade commercial treaties, and support for an industry-based economy.⁴⁴ Like Güell and other liberal protectionists, he argued that trade protection by itself was insufficient and that wider political and policy change was essential, especially to the excessively centralized political system and the tax system's bias against agriculture and industry.

By the late 1870s, Spain like other European countries, was feeling the full impact of the fall in international wheat prices caused by the explosion of cheap grain supplies from the US prairies and Russian steppes, now accessible to European markets via the new steamship and railway networks. Their effect on the Spanish agricultural sector, and the politically powerful Castilian *cerealistas* in

⁴³ Guillermo Graell, *Historia del Fomento del Trabajo Nacional* (Barcelona, 1911), 311.

⁴⁴ Pere Bosch y Labrús, *Discursos y escritos* (Barcelona, 1929).

particular, was profound. To resist the collapse in wheat prices and retain its domestic market, Spain's agricultural sector turned to protectionism. The Conservative Party, led by Antonio Cánovas, first responded by suspending the Base Quinta and then, over the next fifteen years, by introducing increasingly protectionist policies. As he himself argued, "the credo of the Conservative Party is the protection of the nation's production" which he linked to the regaining of Spain's sovereignty over its mineral resources.⁴⁵ There was ferocious rear-guard action by the Liberal Party's free traders, supported by Britain, which was still fixed on a trade treaty with Spain. Back in power, Cánovas initiated a series of new tariff barriers in 1891, which culminated in the landmark tariff law of 1906. These laws turned Spain from one of Europe's most open to one of its most protectionist nations. In this process, the liberal protectionists played a central role by unifying the disparate industry-based regions and organizations behind protectionism. In 1889, Bosch y Labrús helped to bring a number of the different organizations together, to create a powerful alliance in the Fomento del Trabajo Nacional, which focused on tariff reform and policies to develop national industry. During the 1890s, the protectionist movement broke out of its Catalan heartland and built alliances with the newly dynamic industrial sector that was developing in and around Bilbao. Jaumeandreu and Güell's strategy of uniting agricultural and industrial interests in common interest across the country appeared to have paid off. In practice however, the recruitment of the highly conservative agricultural sector turned out to be deeply problematic for the liberal protectionists: the new tariff laws were strongly oriented to the protection of existing interests rather than support for innovation and new enterprise. Their reformist ambitions were blunted, and only minor and sporadic measures were introduced to support domestic industry over the next decade. For many industrialists in Catalonia and Vizcaya, this failure to provide strong national support for economic development led to acute frustration, in turn channeling their support for the regional nationalist movements.⁴⁶ By the early twentieth century, as Mar-Molinero and Smith point out, the commercial elite had 'became the bank-rollers of the major Catalanist party, the Lliga Regionalista' and nationalism had 'became the vehicle of groups who felt they had been marginalized from the structures of central government'.⁴⁷ A similar development in the Basque Country saw the Partido Nacionalista Vasco (PNV) win broad

⁴⁵ Pugés, *Cómo triunfó*, 246.

⁴⁶ Borja de Riquer, *Regionalistes i Nacionalistes, 1898 -1931*, (Barcelona: Dopesa, 1979), 71.

⁴⁷ Clare Mar-Molinero and Ángel Smith, eds., *Nationalism and the Nation in the Iberian Peninsula* (Oxford: Oxford University Press, 1996), 13.

support from industry and commerce in Vizcaya and outgrow its nativist ideological origins, following the death of its founder, Sabino Arana, in 1903.

The conflict between the two versions of protectionism, conservative agriculturalists on the one hand, and modernizing industrialists on the other, dominated debate among the final generation of liberal protectionists in the period up to the end of the First World War. Two liberal figures, Pablo de Alzola, the Vizcaya industrialist and politician, and Santiago Alba, the Castilian politician, played central roles in the debate. Both men were pre-occupied with modernizing the country and managing the competitive (and sometimes existential) threats posed by the industrial empires of northern Europe, Britain in particular. Moreover, at a crucial moment, in the immediate aftermath of in the 1898 war with the United States, they were colleagues in the early development of the “regenerationist” movement. Spain’s defeat had created a broadly based consensus that mobilization of state resources would be essential to building a modern economy capable of competing in a rapidly industrializing continent. This gave the political space for the two men to work together on an integrated program for national economic development, spanning industrial and agricultural reform and sponsored by a nationwide movement of city-based Chambers of Commerce. Although the initiative had only limited success in the short term, their work made a significant contribution to moving the economic debate from a concentration on tariffs and foreign investment and onto the role and extent of state-led intervention in the economy.

Despite facing free traders’ accusations of regional egotism, Alzola was as fiercely patriotic as the two previous generations of protectionists. He denounced Spanish economic policy based on the “hegemony of Castile and Andalusia” and rooted in the “pernicious doctrines of free trade.” Instead, he argued for a protectionism designed to create new industries able to compete internationally.⁴⁸ For him, protectionism and the assertion of sovereignty over national resources were necessary to shelter the country from powerful, more advanced nations while it invested in the infrastructure, people and organization required for industrialization.⁴⁹ In this task, the role of the public sector was crucial, and it is here

⁴⁸ José Barrenechea, *Pablo de Alzola, Selección de Textos* (San Sebastián: Servicio Central de Publicaciones del Gobierno Vasco, 2002), cviii.

⁴⁹ Alzola played a leading role in uniting Catalonia and Vizcaya protectionists. He made a barnstorming speech at a joint meeting in 1893 which made the case for a national movement. Pablo Alzola, *Meeting-Protectora contra los tratados de comercio celebrado en Bilbao, el día 9 de diciembre de 1893* (Bilbao, 1894).

that Alzola made his greatest impact on Spain's economic debate. Alzola's conviction that an active, state-led public sector was essential for the country's economic development was founded on his view of the nation as "an indispensable organism mediating between the individual and the humanity in general."⁵⁰ He roundly rejected the dominant view of the Restoration elite that the state's role should be confined to defense and market regulation. Alzola believed this reliance on private initiative and unregulated competition was unsustainable in an increasingly complex industrialized world, especially for weaker, agriculturally based economies like Spain's. Alzola's distinctive contribution was to apply the communitarian precepts of social responsibility to an industrializing society and to do so with detailed and practical proposals. During his career he tackled the relationship between community, state and private initiative in fields as diverse as economic policy, urban planning, infrastructure construction, industrial re-organization, education and relief for the poor.

As for the previous generations, protectionism and nationalism were the foundation for economic development, but as means not ends in themselves. Protectionism was not an all-encompassing ideology but a useful policy in specific circumstances which should reflect "the national variations of circumstances which means there are particular interests in a country that are not shared by foreigners."⁵¹ Like Jaumeandreu and Güell before him, Alzola was resolutely non-ideological on the issue: "I do not believe in absolute ideas; I believe protectionism or free trade is a contingent issue that depends exclusively on the circumstances of the nation. I would be a free trader in England and in Spain, a protectionist." He therefore firmly refuted arguments that linked liberal political rights to free trade beliefs, suggesting "politicians had become free trade supporters because they pathetically confused political liberty, for which they struggled with determination, with freedom of commerce."⁵² Similarly, he rejected the glorification of nation, seeing it as means to achieving social solidarity and wealth, rather than an end in itself.

There were equally deep political divisions within the landowning and agricultural sector. Most of the protectionist agricultural landowners, the large wheat-growing *cerealistas* in particular, focused on defending existing markets and interests. However, there was an important "modernist" element of the movement

⁵⁰ Pablo Alzola, *Progreso industrial de Vizcaya* (Bilbao, 1902), 40.

⁵¹ Pablo Alzola, *Colección de discursos y artículos sueltos sobre tratados de comercio y aranceles* (Bilbao, 1896), 21.

⁵² Pablo Alzola, *La política económica mundial y nuestra reforma arancelaria* (Bilbao, 1906), 218.

which recognized the need for fundamental reform and investment in Spain's agricultural sector. In the 1890s, Santiago Alba, a young local politician from the Castile heartland of Valladolid, emerged as one of its most important leaders. Alba was the protégé of Germán Gamazo, the regional "boss" of Castile and Minister in Sagasta's Government. While most of the large landowners were content with protectionist measures that simply safeguarded an unreformed status quo, both men saw agricultural reform as an important part of their case for protectionism. For Gamazo, it was the key to development to the creation of a national capital market based on encouragement of saving, the promotion of associations of capital, the spreading of market values among the public and the repatriation of foreign capital.⁵³

Alba extended the political reach of the agrarian reformists by recruiting Joaquin Costa's radical rural movement, and, more ambitiously, by building alliances with modernizers among the Catalan and Vizcaya industrialists, including Alzola. Following the failure to win broad political support for their national economic reform plan in the immediate aftermath of the 1898 "disaster," Alba joined the Liberal Party. There he argued that if the Party was to survive in an era of mass politics, it would need to attract republican and socialist sympathizers and to develop radical interventionist social and economic policies to support these new social forces. Despite modest moves towards infrastructure investment over the next decade, however, both the Restoration parties remained rooted in their non-interventionist, small state ideologies.

The political and economic crises brought on by the First World War were to show the pitiful inadequacy of this approach: Spain's economic backwardness was brutally revealed as the costs and benefits of war fell in a wildly unbalanced way between the country's different social groups and regions. These imbalances were made worse by the profound inadequacies of Spain's financial, taxation and infrastructure systems and by the low level of its industrial development. By 1916, these shortcomings had created both economic and political crises, reflected in the increasing, often violent, protests in streets and workplaces. The exhausted and increasingly fragmented Restoration regime showed itself incapable of absorbing the new social forces created by rapid urbanization and industrialization. In desperation, a weakened Liberal Party turned to Alba. In April 1916, he was appointed Finance Minister, an acknowledgment, even among traditional economic

⁵³ Esther Calzada del Amo, *Germán Gamazo* (Madrid: Marcial Pons Historia, 2011), 218-20.

liberals, that previous market-led regenerationist policies had failed and that an era of crisis now required a more powerful and active state.

Two months later, Alba, supported by widespread public acceptance of the need for greater state intervention, responded with a comprehensive and radical reform plan. The centerpiece of Alba's "extraordinary" budget was a special tax on the 'super profits' that had been earned from the exceptional wartime demand for Spanish products, notably its textiles, minerals and agricultural goods. Alba proposed that proceeds from this tax would help fund a broadly-based ten-year program of public investment. Rehearsing the regenerationist arguments he had made over the previous eighteen years, Alba showed an appetite for state-led intervention that underlined his party's break with its economically liberal, free trade past. In his words, the reconstruction program involved putting into practice "a nationalist policy of economic autarchy [...] which would create, stimulate and intensify, with the intervention of the State as the only way this could be done [...] the great task of making Spain self-sufficient."⁵⁴ He spelt out the inadequacies of the country's capacity to supply even the basic needs of a modern economy ("fertilizer, hemp, jute, of wheat, of coal") and argued to meet these needs it was the job of Government

[...] to create, to stimulate, to intensify efforts through state intervention because in no other way can we carry out in time the great work of putting Spain in a position of self-sufficiency. We will have to carry out this work in all areas of the country and in all the state's activities.⁵⁵

Alba's argument for an economic policy that defended the country from predatory foreign powers and investors, was a clear indication of the turn away from the traditional reliance on simple forms of trade protectionism. The commitment to a comprehensive state-led policy of national self-sufficiency also showed the developing resistance to the exploitative role foreign investors, led by Britain and France, had played in the economy. Politicians at the heart of gov-

⁵⁴ Quoted in Mercedes Cabrera, Francisco Comín and José Luis García Delgado, *Santiago Alba: un programa de reforma económico en las España del primer tercio de siglo XX* (Madrid: Instituto de Estudios Fiscales, 1989), 267.

⁵⁵ Santiago Alba, *Un Programa Económico y Financiero* (Madrid, 1916), xxviii.

ernment were now rejecting the non-interventionist and open economy policies that had characterized the free trade period.

The most controversial proposal in the “extraordinary budget” was the measure to tax the ‘super profits’ of wartime industry. In making the case for this profits tax, Alba was attacking another nineteenth-century liberal shibboleth, the balanced budget. He pointed out that ‘a love of the fetish of a balanced budget’ in the past had starved investment funds for infrastructure and resulted in fragmented and delayed (and therefore more expensive) projects. Anticipating Keynes, he argued that “a manager of the finances of a country is not simply the manager of a limited company” but must be able to make investments in capital using credit.⁵⁶ As Alba himself put it in a speech to the Cortes in September 1916, tax policy is “an expression of a policy of intervention and regulation, that uses taxes not only as a means to meet the needs of the Treasury but as an expression of social policy, economic and financial direction.”⁵⁷ The extraordinary budget amounted to 2,134m pesetas, half of which was for the Ministry of Public Works (mostly for roads, railways and ports) with another ten percent for education. Though large, it amounted to only a little over one percent of the Gross National Product and would not have “crowded out” private investment as was alleged at the time. Alba’s third set of proposals revolved around support for the private sector to expand production and was introduced with a call for an activist state which “has to be a driving force, the most active, diligent, even if you like, the most audacious driving force behind the expansion of national wealth.”⁵⁸

Alba’s radical program prefigured many of the themes of later twentieth century interventions by the state. Its proposals for an integrated sector-based plan for the economy built on work that Alzola and others had done to identify nationally essential economic sectors. He pointed to key areas of activity, where “we should not be dependents on the outside world,” highlighting the merchant marine, coal mining, iron and steel products, minerals, machine tools, fertilizers, agricultural machinery and chemicals. In words which Juan Güell could have used eighty years before, Alba’s aim was to provide an impulse to “the flowering of great industry in the country” by smoothing its development path.⁵⁹ Alba’s policies won broad support and much praise at the time: indeed, their long-term impact was to be

⁵⁶ Cabrera, Comín and García Delgado, *Santiago Alba*, 327.

⁵⁷ Julio Zarroloqui and Ángel Marsá, *Santiago Alba: el hombre, el símbolo* (Barcelona, 1930), 94.

⁵⁸ Alba, quoted in Cabrera, Comín and García Delgado, *Santiago Alba*, 341.

⁵⁹ *Ibid.*, 358.

reflected in the approaches to industrial policy of the regimes of Primo de Rivera, the Second Republic and Franco over the following decades. More immediately however, this final attempt on the part of the Restoration parties to deal with the country's chronic economic crises failed. A bitter parliamentary battle erupted in the autumn of 1916, uniting opposition from industrialists, concerned about the 'supertax' proposals, and traditional landowning interests, unhappy at the proposals for an active role for the state. Together with an opportunist campaign by the Catalan regional leader, Francisco Cambó, to undermine the Liberal Government, the result was to kill off Alba's budget plan, despite the broad base for the principles of his reforms.

The intense debate over Alba's budget in 1916 uncovered an underlying consensus about the scale of Spain's underdevelopment crisis and the broad policy direction that succeeding regimes would take. In future, the state would play an ever-greater role in the economic management of the nation while protecting itself as best as it could from the unconstrained operations of economically dominant powers. Alzola and Alba played active, as well as emblematic, roles in the development of more independent economic policies shaped around Spain's problems of underdevelopment. Their work was one strand of the growing political nationalist movement that saw protectionism as an essential component of regeneration, necessary both as a pragmatic policy response to Spain's economic vulnerability and a foundation for wider, collective economic measures, mediated by the state, to build a modern nation. Both Alzola and Alba were acutely aware of the country's internal political and institutional weaknesses and the national effort required to meet the intense pressures of international competition. However, their strand of politically liberal nationalism became a victim of the chaotic break-up of the Restoration monarchy. By the 1920s, the liberal approach to economic nationalism they represented had been hijacked by the political right, first by Primo de Rivera's authoritarian interventionism and then, a decade later, by the sterile economic autarky of the Franco dictatorship.

As we saw in the introduction, several historians in both Britain and Spain have seen the protectionist movement as a significant contributor to the country's extended process of modernization. Its supporters have been vilified as reactionary, illiberal, anti-social elitists interested in dividing the country for their own financial and political benefit. Although the protectionists were a diverse group with a range of interests and objectives, the writing and campaigning of their political and ideological leaders refute such simplistic views. As fiercely patriotic liberals, theirs

was a modernizing vision for the Spanish nation, founded on rapid industrialization and active leadership by the state. Both in its ideology and in its political program, particularly with its emphasis on social responsibility and action, the liberal protectionist movement constituted an authentic national reaction to the sustained British and French drive for economic dominance in Spain. In its political thinking and alliance-making, the Spanish protectionists were a harbinger of the type of resistance that emerged during the twentieth century, against economic domination by the industrial and commercial empires of Europe and North America.

Note: Translations of original Spanish texts are by the author.