

Leandro Prados de la Escosura

## A Millennial View of Spain's Development. Essays in Economic History

CHAM, SPRINGER, 2024, 375 PP. EBOOK ISBN: 978-3-031-60792-9.

A *Millennial View of Spain's Development* is a path breaking tour of the Spanish economy over more than seven centuries of its history. Describing an economy over such a long period is a bold and intimidating task with many risks, including approximation and vagueness. None of these risks occur. Leandro Prados de La Escosura guides the reader safely through the dangers of this vast sea from the end of the Reconquista to present-day Spain. The navigation has three coordinates. The prospect of unexplored lands in economic history, a clear architecture that delineates the main stages of the journey, and a methodological rigor that gives no false illusion that the journey will be easy. The result is a 375-page book of closely argued text, buttressed by an extensive bibliography and appendices containing sources, technical details, and a treasure trove of data.

The book follows a four-step research agenda that brings to completion thirty years of work on the topic. It first establishes the contours of the pre-industrial Spanish economy with a new series of GDP per capita from 1277 to 1850 (Chap. 2-3). In Chapter

4, it investigates its determinants breaking down GDP growth from 1850 onwards into three factors e.g., population, labor supply, and labor productivity, with the latter explaining alone four-fifths of GDP growth between 1850 and 2020. In Chapter 5, the book explores the distributive consequences of economic development, illuminating a long-term inverted U-shape trajectory of growing inequality from 1850 to around 1916 and a declining trend thereafter. Lastly, the second part of the book looks at Spain in the global economy, focusing on three episodes: the loss of the American Empire (Chap. 6), Spain's trade relationships with Britain between the early eighteenth century and the eve of World War I (Chap. 7) as well as Spain's financial position in the age of the first globalization (Chap. 8).

Hockey stick is the first word of this book. It is not by chance. This term is commonly used to figure out economic growth in the very long run, e.g., a long phase of persistent stagnation in GDP per capita in the pre-industrial period followed by sustained and almost linear growth since the Industrial

Revolution. Drawing upon a huge amount of data, the book provides the first hockey stick-like picture of the Spanish economy, but it also demonstrates that this image does not fit well with Spain's preindustrial economy, where long phases of growth and shrinking alternated.

Overall, the long-term trajectory of the Spanish economy is a success story. No one can doubt it if one looks at the 20-fold increase in output per capita from 1277 to today. Yet, on closer inspection, there were nuances in this performance. In relative terms, according to the OECD ranking, Spain's current income per capita is below that of most Western European countries. The origins and determinants of this relative backwardness are at the heart of this book.

The narrative has two parts, with 1850, as the threshold year. Before 1850, there were three critical junctures: the Black Death of 1348, the crisis of 1570, and the Napoleonic Wars (1793-1815). The Black Death and the ensuing demographic shock terminated the long phase of economic expansion that likely started around the year 1000. 1570 is the second watershed in pre-industrial Spanish history. This year marked the pre-industrial peak in income per capita, but also the beginning of a period of growing fiscal pressure and conflict between cities and the king, which led to a long process of de-urbanization and falling income per capita. The Napoleonic Wars, despite their obvious short-term negative consequences, triggered a process of more efficient allocation of resources and sustained economic growth.

After 1850 a new phase unfolds. This is the age of maturity, so to speak, of the Spanish economy and the first time of sustained economic growth. Between c. 1850-1950,

Spain embarked upon a trajectory of moderate GDP growth (about 1.5 percent per year), mostly driven by labor productivity. Yet, little of this growth trickled down to the bottom. Except for the war period, this positive growth cycle was not enough to close the gap with the leading Western European countries. In 1850, Spain's real GDP per capita was about 70 percent of the US and German ones but fell to about 50 percent at the end of the 1950s. During its Golden Age, the Spanish economy (the 1950s-1970s) attained sustained economic growth (more than 6 percent per year) and converged to the top until the early 2000s, even if after the 1970s this occurred at lower rates. Thus, Spain's economy relative to the main Western countries, evolved as a U-shaped curve, falling behind before 1950 and catching up thereafter. In this process, increases in labor productivity, capital accumulation, and exposure to international competition have been a stimulus to the economy. Material well-being increased and inequality decreased due to diminishing within-group disparities.

One of the most significant indications emerging from the book is that Spain, in several regards, was different from most European countries. In the pre-industrial period, this feature came from Spain being a frontier economy with one of the lowest population densities, highest urbanization rates, and greatest land available per worker in Europe. This explains why, compared to places like England, Italy, and France, where income per capita increased by about 25-40 percent after the Black Death, Spain's output per capita fell sharply after 1348 and regained pre-crisis levels only in the early sixteenth century. Relatedly, while the Black Death

avored the polarization of Spanish incomes, in the rest of Europe it reduced economic disparities. Spain's economic performance was also atypical in its relationship with population growth. In fact, output per capita and population co-moved, while elsewhere in Europe these variables were negatively correlated, consistent with the predictions of the Malthusian model.

The book draws inspiration from previous work of the author, but it also updates and refines it. Technical details, measurement problems, and certain inherent limitations of the sources are essential to the narrative. This choice adds some complexity at times, but it also highlights lines for future investigation, provides methodological rigor, and helps understand how much different approaches can be consistent/inconsistent with each other. For instance, Chapter 2 shows that two different methodologies (the classic indirect demand side approach and tithe-based approach) for estimating agricultural output - which by far and large accounts for the larger share of total GDP in pre-industrial Spain - can complement each other providing a coherent and long-term picture of Spanish GDP.

Overall, this century-long travel across the Spanish economy is a landmark for all those interested in the evolution of the Spanish economy and beyond. For non-specialists, the book's introduction, a condensed source of information, which sketches out the main arguments and signal directions for future research in 24 pages, would suffice. The introductory sections of the chapters also indicate the depth of scholarship now being devoted to these issues and summarize the main findings. For students and scholars, the importance of this book can be summa-

rized in one number: 179, as the series reported in the various appendices of the book that will constitute the statistical backbone for many future investigations.

In the introduction, Leandro Prados de La Escosura describes the genesis of this book and identifies some reference points in his journey, including, among others, Patrick O'Brien, Angus Maddison, Nick Crafts, Branko Milanovic and Jeff Williamson. This book, in turn, will undoubtedly be the reference point for generations of future scholars.

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