Spain: The reign, wane, pain & reclaim

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Discovered New World and ruled much of Europe, but waned after wasting riches on war and royalty. Suffered pain of Franco’s dictatorship but now reclaiming its peace and prosperity

- Spain is an intriguing country. I’ll attempt to provide an overview of this once globally dominant empire in 4 major eras of Spain’s reign, its wane from loss of empire, its pain from civil war, dictatorship, isolation and international criticism and now as it progress to reclaim a respected place in the community of democratic nations and gaining its footing and moving forward after centuries of upheaval and lagging
- The earliest and largest global empire by 1900 had been lost.
- Crushed by loss of empire, descended into civil war and dictatorships
- Finally, in 1976 began democratization and modernization but plunged into the Euro crisis.
- Now is regaining its footing and moving forward after centuries of upheaval and lagging behind European leaders
- **Topic: Spain: The reign, wane, pain and reclaim**: Discovered the New World and reigned as it exploited its riches. But waned and was pained by dictatorship after it frittered its riches away on war and excess but is now reclaiming its place with peace and democracy.
History of Spain

I. Reign of Spain (1469-1621)  
   Discovery & Conquest

II. Wane of Spain (1621-1898)  
   Loss of Independence & Colonies

III. Pain of Spain (1936-74) – War & Dictatorship

IV. Reclaim of Spain (1975-today) – End of Dictatorship & Democracy
Story of Spain

1. 47 mil. people, 16th economy
2. Waves of invaders
3. United by marriage
4. Discovery of New World
5. Catholicism
6. Wealth – Wool & Silver
7. Cruelty – Inquisition & conquests
8. Power - Hapsburgs
9. Franco’s dictatorship
10. Artistic genius of Barcelona

Story of Spain

- Besieged by waves of invaders
- United by marriage
- Catholic conflicts with Islam, Protestants, and Jews
- Split world with Portugal
- Bankrolled Columbus whose discoveries bankrolled and eventually bankrupted Spain
- Dark past of Inquisitions, colonizers, conquistadores, dictatorships, concert with Fascists and Nazis
- Ruled much of Western Europe
- Franco’s dictatorship – W. Europe’s longest and last
- Home to artistic genius and Barcelona brilliance
Reign of Spain (1469-1621)

- 1469: Isabella & Ferdinand marry, unify Spain
- 1492: Reconquista – Muslims & Jews expelled
- 1492: Columbus discovers America
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- 1494: Treaty of Tordesillas splits world with Portugal
- 1516: Charles V, Holy Roman Emperor, becomes King
- 1520: Cortes conquers Aztecs in Mexico
- 1532: Pizarro conquers Incas and establishes Lima
- 1600: Top European power
- 1607: First nation to declare bankruptcy
- 1621: Spain begins decline by end of Philip III reign
Most important wedding in history? Established Spain as first global empire

- After conquests became King of Naples & Navarre
- Completed Reconquista
- Financed Columbus
- Led Spain to 1st global power
- Dominated Europe & much of world for century +

Wedding of Ferdinand of Aragon and Isabella of Castile, c. 1469

Most important wedding in history? Established Spain as first global empire

- Ferdinand II (1452–1516), King of Aragon marriage in 1469 to Isabella (1451-1504), the future queen of Castile, became the basis for the political unification of Spain under their grandson, Charles V.
- In 1504, after a war with France, Ferdinand became King of Naples as Ferdinand III, reuniting Naples with Sicily and in 1512 became King of Navarre by conquest.
- Isabella and Ferdinand are known for:
  - Completing the Reconquista, ordering conversion or exile of their Muslim and Jewish subjects
  - Supporting and financing Christopher Columbus's 1492 voyage that led to the opening of the New World
  - This led the establishment of Spain as the first global power which dominated Europe and much of the world for more than a century.
Impact of 1492 Columbus discovery: Added a fourth part of the world

1. Shifted balance of power from China to W. Europe
2. Revolutionized religion: to Christian
3. Reversed evolution: divergence to convergence - Columbian exchange
4. Demographic: death of natives rise of foreigners

• For millennia Europeans believed that the world consisted of three parts: Europe, Africa, and Asia.

• In 1507 two obscure scholars concluded that Amerigo Vespucci had reached the fourth part of the world and named it in … [A]nd in his honor: America.


• The discovery of America reversed 3 great historical trends
  • World balance of power: shifted from China to Western Europe
  • Revolutionized religion: Making New World largely Christian
  • Evolution reversed from divergence to convergence: Shifted species back and forth, wiped out millions of Americans and changed demographic profile of world

Spanish Habsburgs dominated Europe in 16th and 17th centuries

- Habsburg rulers Charles I & Philip II peaked in power
- Americas, plus areas of Low Countries, France, Germany, Italy
- Spanish Golden Age of Cervantes, El Greco, Velázquez ...

- Habsburg Spain (1516–1700), Habsburg rulers Charles I and Philip II peaked in power.
- In addition to Americas and East Indies, controlled Low Countries, territories now in France and Germany, Portuguese Empire from 1580 to 1640, and various other territories
- Known as the "Age of Expansion".
- Under the Habsburgs, Spain dominated Europe politically and militarily for much 16th and 17th centuries
- Habsburg years ushered in the Spanish Golden Age - of cultural efflorescence.
- Prominent Pedro Calderón de la Barca, Miguel de Cervantes, El Greco, Domingo de Soto, Francisco Suárez, Diego Velázquez, and Francisco de Vitoria.
Wool Industry – Lifeblood of Spain for centuries

- Merino sheep - fine wool monopoly 12-16th c.
- Wool to Flanders & England major income
- Flocks owned by nobility or church
- Elaborate laws for resolving disputes between herders & farmers

“Transhumance” - seasonal migration over vast network of paths still in use

Wool Industry – Lifeblood of Spain for centuries

- Spanish developed merino sheep and built up a fine wool monopoly between 12th and 16th centuries
- Wool commerce to Flanders and England was a major source of income
- Most flocks owned by nobility or church and migrated grazing southern plains in winter and northern highlands in summer
- Monarchs established sheep passes for moving the flocks on their annual migrations which required elaborate network of laws and customs and resolving disputes between the herders, farmers and the rest of the community
- Sheep industry developed a kingdom wide organization-the Mesta-to advocate for the flock owners and promote proper management and preventing overgrazing

Spanish Colonization of Americas

- **Why?** Trade, riches & spread of Catholicism
- **Consequences?**
  - 2 mil. Spaniards settled
  - Millions of indigenous deaths
  - Spain’s Golden Age 16th & 17th c.
  - Silver & gold from America financed European wars
  - Rich & revenging Cadiz, Spanish Armada defeated by British 1588

- Americas in Spanish Empire, except Brazil, Canada and other small countries in Latin America
- Why? For trade and spread of Catholicism after Columbus in 1492
- During the colonial period (1492–1832), nearly 2 million Spaniards settled in the Americas
- A further 3.5 million immigrated during the post-colonial era (1850–1950)
- Spain enjoyed a cultural golden age in 16th and 17th centuries when silver and gold from America financed European and North African wars – including laying waste to Netherlands and disastrous attempt to invade England.
Spanish - first global empire

- At the peak of 1740, one of the largest empires in world history 12% of area and 13% people
- Included most of Americas except Brazil, Canada and some other small countries in Latin America
- Why? Originally was for trade with Asia and spread of Catholicism, not for colonization
- During the colonial period (1492–1832), 2 million Spaniards settled in Americas and 3.5 million more immigrated during post-colonial era (1850–1950)
- Spain enjoyed a cultural golden age in 16th and 17th centuries when silver and gold from America financed European and North African wars – including laying waste to Netherlands and disastrous attempt to invade England.
- Empires have been rightly criticized for their exploitation, brutality and spread of diseases, but also responsible for spread of technology, law, and representative government, and idea of liberty

http://en.wikipedia.org/wiki/Spanish_Empire
Harsh Silver Extraction: $530 bil. enriched world but 8 mil. died in mines

- But 2/3 of gold sunk or stolen
- Boomed then busted due to wars & royal extravagance
- Little silver stayed in Spain – traded to China

Silver went around the world and made the world go around

Silver from LA impacted entire world

- 300 years of $530 bil. Silver exports
  - 60% to Europe
  - 20% to Asia
  - 20% remained in Americas
- Spain boiled and then busted thanks to warring and extravagance
- Little silver wealth stayed in Spain
- Silver produced a new global monetary system
- Silver gave Europe wealth to trade with China and aided European development
- Tragically, 8 million natives died in Spanish mines
Wane of Spain began during Philip III of Spain (r.1598-1621)

- Idle & irresponsible
- Costly crusades & administering Netherlands
- Costs defending Americas from English & Dutch
- Bankrupt in 1607
- By 1621, empire more of liability than asset

Philip III of Spain (1578-1621, r 1598-1621)

- King of Spain, Portugal, Naples, Sicily, and Sardinia; Duke of Milan,…
- Reputation as 'miserable monarch,'
- Decline of Spain can be dated to the economic difficulties that set in during the early years of his reign
- Spain had imported much gold and silver from Americas, yet was all too frequently in or close to bankruptcy
- Massive amounts were spent on crusading against both Islam and Protestantism and administering the Netherlands
- Phillip was too idle and irresponsible, spent on frivolous entertainments while the government was managed by a favorite, the Duke of Lerma – who was also incompetent and kept himself in power by dispensing money to nobles and lined his own pockets
- Crown’s supply of money from as was drying up while money had to be spent on defending Spanish America from English and Dutch
- Government forced in effect into bankruptcy, in 1607.
- Government lurched on until in 1618 when Lerma was ejected
- By Philip III death in 1621, some wondered whether American empire was more of a liability than an asset.
War of Spanish Succession (1701-14)

- Issue: Would Sun King’s France take Spain's possessions and dominate?
- Treaty of Utrecht (1713) ended in balance of power and stability:
  - Spain lost Italy, Netherlands & **Gibraltar**
  - Opened America to British
  - Confirmed supremacy of British

**War of Spanish Succession (1701-14)**

- Triggered by death of childless Charles II of Spain in November 1700
- Disputes over separation of the Spanish and French crowns and commercial rights led to war in 1701 between France and Spain
- Ended with the 1713 Treaty of Utrecht
- King of Spain, Philip V renounced succession to French throne, retained the bulk of Spanish possessions outside Europe, but its territories in Italy and the Netherlands were divided between Austria, Britain and Savoy.
- France acknowledged the Protestant succession in Britain
- Treaty of Utrecht confirmed Britain as leading European power
- Dutch lost their position as pre-eminent economic power in Asia and marked their decline as a first-rank power
- Accelerated break-up of Holy Roman Empire into larger and more powerful German principality
- Spain lost Italy & Netherlands & door opened for Great Britain in Americas
**Crises of Peninsular War (1807-14) ultimately led to loss of colonies**

- Napoleon double-crossed Spain
- Ended at Waterloo
- Overlapped Spanish War of Independence
- Bloodiest in Spain's history (1 mil. dead)
- War burden led to 1820s independence of Spain's American colonies

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**Crises of Peninsular War (1807-14) ultimately led to loss of colonies**

- The Charge of the Mamelukes by Goya depicts a rebellion against French occupation of Spain that sparked the Peninsular War.
- Peninsular War (1807–1814): between Napoleon's empire and Spain (assisted by UK, Ireland and Portugal) for control of Iberian Peninsula during the Napoleonic Wars.
- War began when French and Spanish invaded Portugal in 1807 and escalated when France turned on Spain and lasted until defeat of Napoleon in 1814 at Waterloo
- Overlaps with Spanish War of Independence in which French destroyed the Spanish administration - bloodiest event in Spain's modern history
- Burden of war and cumulative crises, invasion, revolution led to independence of most of Spain's American colonies
Spanish Civil War (1936-39) ~2 mil deaths

- Republicans:
  - Loyal to left-leaning 2nd Republic allied with Anarchists & Communists
  - Aided by Soviets & Mexico
  - UK, France & US recognized but didn’t aid

- Nationalists:
  - Franco-led alliance of Monarchists & Catholics
  - Aided by Fascist Italy & Nazi Germany

Upshot: 40-year dictatorship Franco 1936-74

Spanish Civil War (1936-39)
- Republicans supported by: Soviet Union, Mexico, & France
- Nationalists supported by Fascist Italy and Nazi Germany
- 500,000 - 2,000,000 dead as result
- Republicans loyal to left-leaning 2nd Spanish Republic, in alliance with the Anarchists and Communists, fought against the Nationalists, an alliance of Monarchists and Catholics, led by General Franco
- Multifaceted: class struggle, war of religion, struggle between dictatorship and democracy, between revolution and counterrevolution, between fascism and anarchism
- Nationalist received support from Nazi Germany and Fascist Italy, while the Republican side received support from the Soviet Union and Mexico.
- UK, France, and US, continued to recognize the Republican government, but followed an official policy of non-intervention.
- War notable for the passion and political division it inspired and the many atrocities and purges
- Result: Rule of dictator Francisco Franco 41 years 1936-75
During Cold War, US embraced Franco and signed defense deal

- US barred Spain from Marshall Plan aid after WW II and he felt abandoned and adopted a policy of self-sufficiency
- During the Cold War, staunch anti-Communist Franco was more appealing to West
- US President Eisenhower signed a bilateral treaty which provided funds needed to build this rebuild the Spanish economy
- But Franco spent most of the money on outmoded US military equipment rather than economic development
- By the late 1950s, Spain joined a growing list of international organizations—the World Bank, IMF, and UN—page 358
- In 1950s, Spain’s economy still lag far behind its European neighbors
- Spain’s exclusion from European Common Market in 1957 dampened any hopes for immediate improvement—page 359
- Source: *A Concise History of Spain*, p 357
Spain’s Politics

Why long dictatorship?
- Tradition of military intervention in politics
- Power of conservative church, military and landed elites vs. weak middle and working classes
- Franco - “replacement” monarch not revolutionary

Why eventually became democracy?
- Easing of social cleavages, politicized military, reactionary church, and landed elites
- Franco died
- International pressure (EU took 15 yrs.)

Spain’s 2 century struggle for democracy
- Spain’s struggle for democracy over the past 2 centuries has had many ups and downs
- Improvement in democracy 1800-80 when under the First Republic
- Democracy declined during disastrous Rif War in Morocco and Riviera’s dictatorship and then rising again during the brief Second Republic
- Nearly 4 decades of dictatorship of General Franco.
- In 1969, Franco named Prince Juan Carlos to succeed him, and after Franco’s death in 1974, the king prepared to transform Spanish political life
  - The King chose Adolfo Suarez to form a new government to abolish the old regime and prepare for a transition to democracy
  - 1977 elections were the first free elections in Spain in 41 years and Suarez’s party won
  - Western democracies welcomed Spain back into the fold and a new Constitution was written
Juan Carlos I (r. 1975 until his abdication in 2014)

- Is grandson of Alfonso XIII, the last king of Spain before the abolition of the monarchy in 1931 and the subsequent declaration of the Second Spanish Republic.
- General Franco in 1947 status as a monarchy was affirmed and a law was passed allowing Franco to choose his successor.
- Juan Carlos's father, was seen by Franco to be too liberal and was chosen by Franco's successor as head of state.
- In 1969, Franco named Prince Juan Carlos of Bourbon to succeed him, finally fulfilling his 1947 promise to restore the monarchy-page 366.
- The opposition viewed Juan Carlos as a puppet of Franco and the regime facing crisis after crisis with at least half of the population opposed to the regime.
- Expected to continue Franco's legacy, Juan Carlos, however, dismantled the Francoist regime and begin the Spanish transition to democracy. He was considered the most popular leader and hailed for his role in Spain's transition to democracy. In 2014, Juan Carlos, citing personal reasons, abdicated in favour of his son, who acceded to the throne as Felipe VI.
- Philip VI or Felipe VI (r. 2014 to date) assumed the Spanish throne upon the abdication of his father, King Juan Carlos I.
- As monarch, he is head of state and commander-in-chief of the Spanish Armed Forces, and promotes relations with Spanish America.
Spain tops post WW II GDP/capita gains

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<td>Spain</td>
<td>849%</td>
<td>5.6%</td>
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<td>1.8%</td>
<td>-1.5%</td>
<td>2.6%</td>
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<td>Portugal</td>
<td>761%</td>
<td>5.2%</td>
<td>2.7%</td>
<td>1.6%</td>
<td>-1.0%</td>
<td>2.2%</td>
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<tr>
<td>Germany</td>
<td>596%</td>
<td>4.8%</td>
<td>1.8%</td>
<td>1.1%</td>
<td>2.2%</td>
<td>1.2%</td>
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<tr>
<td>Italy</td>
<td>534%</td>
<td>4.9%</td>
<td>2.5%</td>
<td>0.7%</td>
<td>-1.1%</td>
<td>0.7%</td>
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<tr>
<td>France</td>
<td>471%</td>
<td>3.9%</td>
<td>2.0%</td>
<td>1.1%</td>
<td>0.7%</td>
<td>1.0%</td>
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<tr>
<td>US</td>
<td>422%</td>
<td>2.4%</td>
<td>2.3%</td>
<td>1.8%</td>
<td>1.5%</td>
<td>1.7%</td>
</tr>
<tr>
<td>UK</td>
<td>374%</td>
<td>2.3%</td>
<td>2.4%</td>
<td>1.6%</td>
<td>1.0%</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Source: The Conference Board Total Economy Database™ (Adjusted version), April 2019
Spain: Summary & Conclusions

- Impacted world – perhaps as much as any other
- From pinnacle of world empire plummeted to a pariah
- Dark past of Inquisitions, colonizers, conquistadores, dictatorships, concert with Fascists and Nazis
- Today, fully Western & 16th largest economy

Spain has impacted the world – from the boundaries of nations, languages spoken, flows of commerce, distribution of human, plant and animal populations arguably as much as any other country.

Its global status reached the pinnacle as the world’s earliest and largest world empire and plummeted to the pariah denied entry to UN and EU.

It has evolved from it’s dark past of Inquisitions, colonizers, conquistadores, dictatorships and concert with Fascists and Nazis to a country that respects human rights, believes in the separation of powers, increasingly feminist and tolerant of immigration.

Today, Spain is a full member of Western international organizations and the 12th ranking economy.

Has make a robust recovery from the Euro crisis and its economy is projected to outgrow its Western Europe peers.

This picture of the impressive Guggenheim Museum Bilbao in Basque Country is a fitting close to this review of such a complex and contradictory country.

Thank you
Spain’s economic miracle, crisis & recovery

- Spain applied for European Common Market in 1962 but not admitted for 20 years.
- Tourist numbers soared, in 2017, some 82 mil. visitors who spent $100 bil.; world’s second most visited country, behind France.
- Directly and indirectly, tourism accounts for almost 15% of Spain's GDP.
- Although industrialization began there still were the lack of jobs and so the Franco regime encouraged worker emigration to Western Europe.
- Between 1959 in 1972 industrial production in Spain rose 7.9% a year a phenomenal record surpassed only by Japan.
- Economy continues its robust recovery due to reforms, employment growth and economic policies.
- However, crisis not yet overcome – still high public and external debt, high income inequality and regional disparities.
Spain’s struggle for democracy – almost made it a century earlier

Why so late to democracy? Hindered weak state, deep social cleavages, politicized military, reactionary church, and conservative landed elites

Spain’s 2 century struggle for democracy

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Charles V: ‘Monarch of the world’ (r.1519-56)

- Holy Roman Emperor
- Possessions spanned the globe
- Captured French king, imprisoned Pope, sent Cortés and Pizarro to defeat Aztecs and Incas
- Met Martin Luther, initiated reform of Roman Catholicism, spoke many languages
- Without him, united Europe could not survive
- Suffered breakdown and retired to disappointing heir, Philip II
- Deeply devout, but not a saint: cruel and vain

Charles V - ‘monarch of the world’

- Holy Roman Emperor, ruled Germany, Italy, Spain, Austria, Burgundy and Netherlands
- Possessions spanned the globe;
- Captured French king, imprisoned Pope, sent Cortés and Pizarro to defeat Aztecs and Incas
- Took 40 voyages, met Martin Luther, initiated reform Roman Catholicism
- Success based charisma, devolution of power, military might and the creation of an institutional structure that balanced power - without him, his united Europe could not survive.
- Was an energetic and capable administrator who signed more than 100,000 documents and was on top of the minute details of his empire.
- Spoke many languages so that he could address his troops in their own tongues
- Suffered a physical and psychological breakdown and retired to disappointing heir, Philip II
- Though deeply devout, was not a saint – was cruel - confined his mother to a windowless room, banished his sister’s lover, and wreaked retribution, didn’t comfort his wife after miscarriages and death of sons, and had illegitimate children with teenage servants and was vain commissioning 1,000 heroic images of himself.

Source: Book review of Emperor: A New Life of Charles V by Geoffrey Parker, FT, July 27, 2019
Harsh Spanish extraction

"After ... looting, and gold and silver lust, the Spanish ... force[ed] indigenous peoples living standards down to a subsistence level and thus extracted all the income in excess of this for Spaniards ... by expropriating their land, forcing them to work, offering low wages ..., imposing high taxes, and charging high prices for goods that were not even voluntarily bought. Though these institutions generated a lot of wealth for the Spanish crown and made the conquistadors and their descendants very rich, they also turned Latin America into the most unequal continent in the world and sapped much of its economic potential."

Reign of Spain (1469-1621)

Discovery & Conquest

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- 1478: Spanish Inquisitions begins
- 1492: Reconquista – Muslims & Jews expelled
- 1492: Columbus discovers America
- 1494: Treaty of Tordesillas splits world with Portugal
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- 1532: Pizarro conquers Incas and establishes Lima
- 1600: Empire at height, Spain top European power

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Wane of Spain (1621-1898)

- 1621: Began under Philip III
- 1701-15: War of Spanish Succession
- 1807: Napoleon occupies Spain, a French satellite since 1795, but Nationalist & British oust French
- 1820s: Loss of Spanish Colonies in Americas
- 1873-4: 1st Republic – political instability & violence
- 1898: Spanish-American War, gives up Cuba, Philippines, Puerto Rico, & Guam to US

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<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1921-30s</td>
<td>Disastrous Rif War &amp; dictatorship of Primo de Rivera</td>
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<tr>
<td>1931-9</td>
<td>2nd Republic - democratic government after Alfonso XIII until loss Spanish Civil War</td>
</tr>
<tr>
<td>1936</td>
<td>Civil War: Republicans vs. Nationalists led by Franco with Nazi Germany &amp; Fascist Italy support</td>
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<tr>
<td>1939</td>
<td>Nationalists win, Franco becomes dictator</td>
</tr>
<tr>
<td>1946</td>
<td>Franco Spain ostracized by UN &amp; forbidden Marshall Plan Aid</td>
</tr>
<tr>
<td>1955</td>
<td>After delays admitted to UN, later to EC</td>
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<td>1959-73</td>
<td>&quot;Spanish miracle&quot; of economic growth</td>
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</table>

**Pain of Spain (1936-74)**

- 1921-30s: Disastrous Rif War and inept dictatorship of Primo de Rivera – in Morocco and one of the worst defeats in Spanish history. Rivera considered and inept dictator whose actions discredited the king, ruined the monarchy, and heightening tensions that led to Spanish Civil War.
- 1931-9: 2nd Republic - democratic government after Alfonso XIII until loss Spanish Civil War
- 1936: Civil War of Republicans vs. Nationalists led by Franco with Nazi Germany & Fascist Italy support
- 1939: Nationalists win civil war, Franco becomes dictator
- 1946: Franco Spain ostracized by UN and not given Marshall Plan aid
- 1955: After delays admitted to UN, later to EC
- 1959-73: "Spanish miracle" of economic growth
**Reclaim of Spain (1975-today)**

- **1975**: Franco dies & transition to democracy begins
- **1982**: Joins NATO
- **1986**: Joins EU (after 2-decade delay)
- **2010**: Euro Crisis – recession, unemployment 20%
- **2013**: Economy grows, ending recession
- **2017**: Imposes rule in Catalonia after separation vote
- **2018**: Basque separatist ETA ceases insurgency
- **2019**: Socialists gain, but far-right wins first seats since Franco

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**Reclaim of Spain (1975-?)**

- 1975: Franco dies and transition to democracy begins
- 1982: Joins NATO
- 1986: Joins EU
- 2010: Euro Crisis - Recession with unemployment 20%
- 2013: Economy grows, ending recession
- 2017: Imposes rule in Catalonia after separation vote
- 2018: Basque separatist ETA ceases insurgency
- 2019: Election boosts Socialists, but short of majority as far-right wins first seats since Franco

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Appendix of Supplemental Data
Spain richest in Europe until 1800’s

Spain had highest income of the major western European countries until the
Industrial Revolution boosted UK income to the top in the 1700s
Spain’s income was boosted by trade with its empire as was Portugal’s in
1500 and 1600’s
But all the western majors began to decline relative to UK after 1700s
Rise of British Empire and the devastation of WW II further shrunk the
shares
By 2016, Western Europe narrowed the income gap with UK, and Germany
has shot ahead of UK by 20%
These data underscore key big points:
• 1. Nations rise and fall: Once Spain’s GDP/capita reigned in Europe
  but now it’s Germany
• WW II war was hell for Western Europe – not only in loss of lives but
  also loss of wealth
• 2. Wealth of European countries has dramatically increased over the
  past 500 years – UK’s has rise almost 39-fold!

Europe's Real GDP/capita for 500 years

<table>
<thead>
<tr>
<th>Year</th>
<th>England/UK 2011 US$</th>
<th>Portugal</th>
<th>Spain</th>
<th>France</th>
<th>Italy</th>
<th>Germany</th>
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<tr>
<td>1500</td>
<td>1,100</td>
<td>na</td>
<td>157%</td>
<td>118%</td>
<td>131%</td>
<td>97%</td>
</tr>
<tr>
<td>1650</td>
<td>1,000</td>
<td>145%</td>
<td>150%</td>
<td>136%</td>
<td>140%</td>
<td>95%</td>
</tr>
<tr>
<td>1700</td>
<td>1,600</td>
<td>75%</td>
<td>109%</td>
<td>85%</td>
<td>90%</td>
<td>57%</td>
</tr>
<tr>
<td>1800</td>
<td>2,200</td>
<td>60%</td>
<td>88%</td>
<td>na</td>
<td>60%</td>
<td>43%</td>
</tr>
<tr>
<td>1900</td>
<td>5,600</td>
<td>31%</td>
<td>69%</td>
<td>75%</td>
<td>38%</td>
<td>82%</td>
</tr>
<tr>
<td>1945</td>
<td>9,600</td>
<td>25%</td>
<td>44%</td>
<td>35%</td>
<td>19%</td>
<td>67%</td>
</tr>
<tr>
<td>2016</td>
<td>39,200</td>
<td>71%</td>
<td>81%</td>
<td>99%</td>
<td>89%</td>
<td>120%</td>
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</tbody>
</table>

Source: Maddison Project Database, version 2018.
For millennia Europeans believed that the world consisted of three parts: Europe, Africa, and Asia.

In 1507 two obscure scholars concluded that Amerigo Vespucci had reached the fourth part of the world and named it in … [A]nd in his honor: America. Source: Toby Lester, *The Fourth Part of the World*, Free Press, 2009, flyleaf

The discovery of America reversed 3 great historical trends
- World balance of power: shifted from China to Western Europe
- Revolutionized religion: Making New World largely Christian
- Evolution reversed from divergence to convergence: Shifted species back and forth, wiped out millions of Americans and changed demographic profile of world

Harsh Spanish extraction

"After ... looting, and gold and silver lust, the Spanish ...force[ed] indigenous peoples living standards down to a subsistence level and thus extracted all the income in excess of this for Spaniards ... by expropriating their land, forcing them to work, offering low wages ..., imposing high taxes, and charging high prices for goods that were not even voluntarily bought. Though these institutions generated a lot of wealth for the Spanish crown and made the conquistadors and their descendants very rich, they also turned Latin America into the most unequal continent in the world and sapped much of its economic potential."

Appendix of Supplemental Data

Debt as % GDP in EU - 2018

Debts of Greece, Italy, Portugal & Spain are biggest concern

The 2008–2014 Spanish financial crisis

- Began in 2008 during the world financial crisis of 2007–08
- In 2012, unable to bail out its financial sector needed €100 billion rescue
- Main cause was housing bubble and the accompanying unsustainably high GDP growth rate.
- Government fostered allowing the banks to hide losses and thereby finance the Spanish real estate bubble
- Crisis was devastating - strong economic downturn, increase in unemployment, and bankruptcies
- In just two years (2014-2015) Spain had recovered 85% of the GDP lost during the 2009-2013 recession and was dubbed "the showcase for structural reform efforts"
- In 2019, is fastest growing major country in Eurozone at 2.2% vs. 1.2% for Eurozone
- Main drivers of recovery is international trade
Tourism is 12-25% of GDP many countries in the Mediterranean and has grown in importance in many –except Egypt due to its political turmoil.

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<tr>
<td>Croatia</td>
<td>24.9</td>
<td>24.7</td>
<td>24</td>
<td>23.4</td>
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<td>22.1</td>
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<td>21.7</td>
<td>20.3</td>
<td>24.5</td>
<td>14.7</td>
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<td>Greece</td>
<td>20.6</td>
<td>20</td>
<td>19.1</td>
<td>19.2</td>
<td>18.2</td>
<td>17.4</td>
<td>15.7</td>
<td>16</td>
<td>15.6</td>
<td>16.5</td>
<td>16</td>
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<tr>
<td>Portugal</td>
<td>19.1</td>
<td>17.9</td>
<td>17.7</td>
<td>17.1</td>
<td>17.2</td>
<td>16.0</td>
<td>15.4</td>
<td>14.7</td>
<td>13.8</td>
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</tr>
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<td>14.6</td>
<td>14.5</td>
<td>14.2</td>
<td>14</td>
<td>14.1</td>
<td>13.8</td>
<td>13.8</td>
<td>13.5</td>
<td>13.3</td>
<td>15.0</td>
<td>14.7</td>
</tr>
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<td>13.0</td>
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<td>12.1</td>
<td>11.7</td>
<td>11.1</td>
<td>10.5</td>
<td>9.9</td>
<td>11.1</td>
<td>13.3</td>
</tr>
<tr>
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<td>11.9</td>
<td>10.9</td>
<td>7.4</td>
<td>8.7</td>
<td>9.1</td>
<td>9.2</td>
<td>11.9</td>
<td>12.8</td>
<td>16.7</td>
<td>19.1</td>
<td>14.1</td>
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<td>11.0</td>
<td>10.5</td>
<td>10.1</td>
<td>9.9</td>
<td>10.4</td>
<td>10.5</td>
<td>10.0</td>
<td>9.5</td>
<td>11.3</td>
<td>14.4</td>
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<tr>
<td>France</td>
<td>9.5</td>
<td>9.4</td>
<td>9.3</td>
<td>9.5</td>
<td>9.5</td>
<td>9.6</td>
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</tr>
<tr>
<td>Germany</td>
<td>8.6</td>
<td>8.7</td>
<td>8.6</td>
<td>8.6</td>
<td>8.5</td>
<td>8.3</td>
<td>8.3</td>
<td>8.3</td>
<td>8.6</td>
<td>10.1</td>
<td>11.1</td>
</tr>
<tr>
<td>US</td>
<td>7.8</td>
<td>7.9</td>
<td>7.7</td>
<td>7.7</td>
<td>7.7</td>
<td>7.7</td>
<td>7.8</td>
<td>7.7</td>
<td>7.4</td>
<td>8.1</td>
<td>8.9</td>
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</table>

Spain’s GDP grew the fastest and so did its population after WW II

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>1,884</td>
<td>1430%</td>
<td>47.2</td>
<td>168%</td>
<td>39,881</td>
<td>849%</td>
</tr>
<tr>
<td>Portugal</td>
<td>331</td>
<td>917%</td>
<td>10.2</td>
<td>120%</td>
<td>32,504</td>
<td>761%</td>
</tr>
<tr>
<td>Germany</td>
<td>4,334</td>
<td>738%</td>
<td>86.4</td>
<td>124%</td>
<td>51,254</td>
<td>596%</td>
</tr>
<tr>
<td>Italy</td>
<td>2,369</td>
<td>686%</td>
<td>60.5</td>
<td>129%</td>
<td>39,143</td>
<td>534%</td>
</tr>
<tr>
<td>France</td>
<td>2,970</td>
<td>748%</td>
<td>67.5</td>
<td>159%</td>
<td>43,998</td>
<td>471%</td>
</tr>
<tr>
<td>UK</td>
<td>3,025</td>
<td>503%</td>
<td>67.3</td>
<td>134%</td>
<td>44,960</td>
<td>374%</td>
</tr>
<tr>
<td>Total &amp; Median</td>
<td>15,428</td>
<td>873%</td>
<td>344</td>
<td>154%</td>
<td>44,806</td>
<td>534%</td>
</tr>
</tbody>
</table>

Source: The Conference Board Total Economy Database™ (Adjusted version), April 2019
Spain’s GDP growth was propelled by rapid increase in labor productivity (output per hour worked) during the post war boom. Note that hours per worker declined almost one-fourth.

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>1430%</td>
<td>6.6%</td>
<td>3.2%</td>
<td>2.8%</td>
<td>-1.4%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Population</td>
<td>168%</td>
<td>0.9%</td>
<td>0.7%</td>
<td>0.9%</td>
<td>0.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Per Capita GDP</td>
<td>849%</td>
<td>5.6%</td>
<td>2.5%</td>
<td>1.8%</td>
<td>-1.5%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Hours Worked/Worker</td>
<td>-23%</td>
<td>-0.4%</td>
<td>-0.8%</td>
<td>-0.1%</td>
<td>-0.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Output per Hour Worked</td>
<td>1068%</td>
<td>6.3%</td>
<td>4.0%</td>
<td>1.0%</td>
<td>1.8%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Source: The Conference Board Total Economy Database™ (Adjusted version), April 2019
The Spanish Golden Age (1556-1659)

- Period of flourishing in arts & literature
- During rise of Spanish Habsburg dynasty and Spanish Empire
- Habsburgs were great patrons of art – especially El Escorial, great royal monastery built by King Philip II
- Diego Velázquez – one of most influential painters of European history
- El Greco - a uniquely Spanish style of painting
- Cervantes - author of *Don Quixote*
Emerging new democracies in Portugal and Spain completed the post-war triumph of democracy in Western Europe.

Authoritarianism in Portugal and Spain, had been built over decades and deep roots.

Their fates were entwined with personalities and ideologies of their long-standing rulers, Salazar in Portugal and Franco in Spain.

Their physical decline then death ushered in the disintegration of the regimes.

Portugal's problems were closely linked to the liberation struggles in a colonial empire.

Portugal's empire collapse led to prolonged turbulence than in the other two countries.

Only Spain restored the monarchy, which itself – somewhat unpredictably – became the most vital stabilizing factor in the consolidation of democracy.
**Bad Queen: Isabella II (r.1833-68)**

- Queen at age 3
- Reign maintained by army
- Bad marriage – children not fathered by homosexual husband
- Surrounded by priests when not dallying with lovers
- Didn’t understand her duties
- Exiled to France after 1868 defeat in Glorious Revolution

"Large, bulky, no dignity or graces, cold and expressionless, unchasten, unrefined, impulsive, and vacillating"

**Isabella II (1830-1904, r.1833-68)**

- Eldest daughter of King Ferdinand VII proclaimed queen at age 3 at his death
- Her reign was maintained only through the support of the army
- At age 16 married her double-first cousin Francisco de Asís de Borbón (1822–1902),
- Unhappy marriage - few if any of her children were fathered by her husband, a homosexual.
- Caustically described as "large in stature, …bulky… no dignity, graces of majesty altogether wanting, countenance cold and expressionless, unchasten, unrefined, and impulsive"
- 1868 defeat of her forces in revolt known as Glorious Revolution led to her exile to France
- She “demonstrated a fervent, sentimental, and even superstitious religiosity, surrounded by priests when not dallying with lovers….She displayed extravagant personal expenditures …and never seemed to understand the difference between her personal whims and wishes and her duties as constitutional monarch...” *Concise History of Spain*, p 288
Diversity and disputes

- Despite 1469 marriage of Isabella & Ferdinand starting the unification of Spain, centuries-old regional conflicts persist especially in Basque and Catalonia regions.
- ETA, formerly an armed leftist Basque separatist organization. between 1968 and 2010 killed over 800 and injured thousands more.
- But in 2018 ETA announced it had given up all its weapons and "completely dissolved all its structures and ended its political initiative".
- Catalan, the province that Barcelona is the capital, has long been a rebel and left-leaning region and is one of richest most progressive provinces.
- Even today, in Catalonia, Catalan, which is 85% similar words (lexical) with Spanish, is the first language on 1/3 of population, while ½ Spanish is first language.
- In 2017, Catalan Parliament declared independence from Spain, but Spanish Supreme Court imprisoned 7 former ministers of Catalan government on charges of rebellion and misuse of public funds, while several others fled to other European countries.
Miguel de Cervantes (1547-1616)

- Cervantes - greatest writer in the Spanish language and world's pre-eminent novelists. His novel Don Quixote is, after the Bible, the most-translated book.
- Don Quixote is considered both the first modern novel and the best work of fiction ever written. Cervantes' influence on the Spanish language has been so great it is often called "the language of Cervantes" and he "The Prince of Wits".
- Don Quixote presents the life and death of an impoverished nobleman whose excessive readings of romances of chivalry, led him to lose his mind. He imagines himself a hero who carries his enthusiasm and self-deception to unintentional and comic ends.
- Don Quixote is noble-minded, an enthusiastic admirer of everything good and great, yet plagued by madness.
Cervantes Sayings & Quotes

- Forewarned, forearmed; to be prepared is half the victory.
- 'Tis the only comfort of the miserable to have partners in their woes.
- Faint heart never won fair lady.
- In order to attain the impossible, one must attempt the absurd.
- Those who'll play with cats must expect to be scratched.
- Proverb: short sentence based on long experience.
- The proof of the pudding is the eating.