

AN ECONOMIC HISTORY OF
THE IBERIAN PENINSULA,
700–2000

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Living Standards, Inequality and Consumption, 1500–1800

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15.1 Introduction

The objectives of this chapter are to provide an overview of living standards (measured mainly by prices and wages), levels of inequality and the evolution of consumption patterns in different regions of Iberia. Thus, it adopts a comparative approach to addressing the composition of demand and analyses how that demand was conditioned by these socioeconomic variables.

Some elements of the evolution of living standards in the Iberian Peninsula between 1500 and 1800 are relatively easy to describe: prices and nominal wages moved in long cycles with a peak at the beginning of the seventeenth century, and real wages were stagnant and lost ground compared with countries in Northern Europe. Other elements move along more blurred lines and require a more cautious approach: it seems that consumption patterns gained in sophistication (even for some families in the lower social strata) together with what looks like a reduction in leisure time; the trend in economic inequality (if there is any) is very difficult to identify within a combination of strong cyclical movements and a very large regional and even local variation.

The analysis of standards of living in the Iberian Peninsula in the early modern age should be understood on a stage defined by two main historical features. The first is the institutional complexity of the Habsburg period; until the arrival of the Bourbons in the eighteenth century, Spain did not exist as a political entity but rather it was under a composite and polycentric monarchy – which also included the kingdom of Portugal under the Crown of the Spanish Habsburgs between 1580 and 1640 – whose plurality was well known (see Chapter 12). This implied a very large regional and local variability in labour and land distribution traditions and regulations, high variations in the

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relationship between the local powers and the Crown and, particularly, different fiscal and, sometimes, monetary institutions.

The second feature is that, after periods of certain economic growth, the seventeenth and eighteenth centuries marked the beginning of stagnation (for Spain first and then for Portugal) in terms of average 'national' GDP per capita (see Chapter 10). On the one hand, slow economic growth may have been contributing to modest and intermittent improvements in standards of living. On the other hand, the causality may also have run in the opposite direction: the low real wages and relatively high inequality in some regions limited aggregate demand and stymied earlier and more sustainable growth. It seems that the only modest expansion of market participation through a more sophisticated consumption pattern and an increased consumption of durable goods (and colonial products) were not enough to compensate for the other, more pessimistic, side of living standards.

15.2 Living Standards

In this section we offer a first look at living standards measured mainly by prices and wages. Regarding prices, their trends are similar in both countries of the Iberian Peninsula (see Figure 15.1(a) and (d)), although information for Spain during the early modern age is much more fragmented (Andrés-Ucendo & Lanza-García, 2014; González-Mariscal, 2015) than that for Portugal. There was a clear positive trend in price levels until the central decades of the seventeenth century, reaching a peak in the decades after 1600. From the mid-seventeenth century there had been a fall in prices that coincided with a crisis in colonial trade and, following the War of the Spanish Succession and especially after the 1750s, prices throughout the Iberian Peninsula began to rise again. The oscillations (bullish peaks) were greater in Portugal, as can be inferred from the evolution of prices in Lisbon and in Porto, and this may well be related to the degree of commercial opening, to difficulties in its colonial empire, and in some cases to political conflict.

As with prices, the wages of skilled and unskilled workers (in grams of silver) followed a strongly similar trend throughout the Iberian Peninsula with long-term cycles very similar to the ones observed for price levels. Figure 15.1(b) and (e) show unskilled nominal wages while Figure 15.1(c) and (f) show the evolution of skilled wages. Within this general pattern, there were some remarkable regional differences: between 1550 and 1800, wages of unskilled workers were higher in Andalusia and New Castile than in Catalonia and only wages of Old Castile were lower than their Catalan counterparts. Yet, wages in New Castile and Catalonia tended to converge from the mid-eighteenth century onward. Moreover, wages of skilled workers were higher in the territories of the former Crown of Castile (data for New Castile and Andalucía) than in the Crown of Aragon – specifically, for the