

[Published in Andrew Dowling ed., *The Routledge Handbook of Spanish History*, Routledge, London 2024, pp. 147-157]

## **British and French influence and the development of a national market in Spain, 1650-1808**

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After Jaime Vicens Vives published his seminal articles on the emergence of the Catalan, and to some extent the Spanish, bourgeoisie in the 19<sup>th</sup> century in 1954 and 1958, it became a commonplace that the creation of a national market in Spain (or indeed anywhere else) was a necessary prerequisite for industrial revolution and the coalescence of a modern nation state like those of Great Britain or France. This idea has since evolved, however, and it is now widely recognized that these processes were already in train in the 18<sup>th</sup> century, shaped by a series of factors. I will begin by describing three of these drivers briefly before going on to the fourth, which I reserve for the main thrust of my analysis, though I will leave aside the powerful presence of the Catholic Church, which exerted its own influence over these developments throughout.

The formation of the national market in Spain resulted from the progressive development of economic regions, which eventually knit together to produce a single economic space. These regions revolved around certain cities which acted as high-price centres, drawing in raw materials from the hinterland, driving division of labour and, in the right circumstances, gradually expanding their influence. The concept of economic regions has been applied to numerous countries since the 1960s. Some, though not all, of these historic regions have been identified based on price convergence (that is the tendency of local prices to evolve closely in a very similar way) in the surrounding areas and other social factors. We know, for example, that the economic region centred on Madrid grew rapidly in the 18<sup>th</sup> century, and that the cities of Valencia and above all Barcelona were at the core of their own regions, which also expanded at this time to include parts of Aragon and Navarre. Ringrose distinguishes a further such region centred on Bilbao in northern Spain, and it could plausibly be argued that Navarre was another linked to the French city of Bayonne. No more have been clearly defined to date, however. Furthermore, the historic economic regions do not match the devolved *comunidades autónomas* of contemporary Spain. Scholars who insist, in the current context of Spanish historiography, on a narrowly localist approach based solely on endogenous regional factors mistrust the whole concept. This is particularly the case with many Catalan and Basque nationalist historians in Early Modern History.

A second factor was the Spanish state itself. While it is generally agreed that the powerful Habsburg monarchy was already crumbling at the edges by 1580, it is less commonly observed that the War of the Spanish Succession and the

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enlightened reforms enshrined in the *Nueva Planta* decrees enacted by the new Bourbon State played an active part in generating the conditions needed to overcome economic backwardness, protect Spain's trade with the Americas and develop manufacturing. These measures ranged from the creation of a dual, silver-based monetary system to the design of new agricultural policies, extensive public works, the formation of an internal customs union and the emergence of a unified political and fiscal identity for the country under the aegis of enlightened politicians like José Campillo and the Marquis de la Ensenada, who acted as *de facto* prime ministers, holding most new posts of Secretary of State simultaneously (so called *secretarías del Despacho*).

Spanish manufactures proved unable to supply demand in the Indies in the 16<sup>th</sup> century and were gradually substituted by goods imported from other European countries. These imports were paid for in silver coins or bars, or in gold (Portugal), making Spain into a kind of way station for precious metals, which were in high demand in Europe, and creating a trade surplus with the Indies and trade deficits principally with France, Great Britain and the Low Countries. This caused inflation throughout the lands of the Habsburg monarchy, driving up both manufacturing costs, to the eventual ruin of Spanish manufacturing, and wages, which exerted a strong pull on migrant labour from France, as we shall see below. These developments left Spain at the mercy of Dutch, British and French manufactures, and it was not until the State introduced a new manufacturing policy in the 18<sup>th</sup> century that it was able to break free of their yoke.

I have elsewhere examined the spread of social and trade networks, which played a key role in the growth of commerce while competing fiercely for the favour of the State and the backing of politicians in order to strengthen their position in the race for profits. I shall refer below to the long-standing networks of wealthy French merchants, but also poor artisans and day labourers, scattered throughout Spain, but only briefly to the mostly new networks formed by migrants and travelling pedlars from Catalonia, Valencia, La Rioja, the Basque provinces, Castile and Galicia, who became increasingly active over the course of the 18<sup>th</sup> century. Enlightenment Madrid was the crucible of all these social and trade networks.

Foreign influences were a fourth factor, though it has been largely ignored, especially by nationalist historians, whose narrow focus on the regional makes it difficult for them to admit that endogenous factors alone can rarely explain the emergence of a polity. There is a broad and varied literature on the industrial revolution in Britain and France, and the competition between the two countries is no secret, but few historians have paused to consider the impact of this contest not only on the principals but on other countries, where it also made waves. Their rivalry certainly had far-reaching consequences in Spain, though these have not often been given their due. Despite its technological superiority, Great Britain had a fairly small population of around seven million in 1750 compared to 22 million in France. Hence, if the French could only sell their own manufactures while keeping the British out of Spain, which was home to between seven and 10 million people in the 18<sup>th</sup> century, they would attain a decisive commercial and political ascendancy based on a market of around 30 million consumers. This was the

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reason for the constant struggle between the two for dominance not only in the Americas but also in the Iberian Peninsula, to the detriment of Spain.

The passion that history arouses in Europe is bound up with the creation of historiographical myths, which themselves eventually become truths. This process is evident in certain controversial historical interpretations of the war crimes, genocides and deportations perpetrated in World War II, the mere discussion of which can be a criminal offence in countries like Poland, and which as myths have played their own part in other more recent events like the dismemberment of Yugoslavia. The Hispanophobic smears of the Black Legend led the British to see Spain as the embodiment of oppression and intransigence in the 17<sup>th</sup> century, a view that was reciprocated in the Spanish idea of Great Britain as heresy's champion. The British and French were likewise scathing in their views of each other.

As maritime trade developed, however, economic factors gradually took over from religious differences as the main drivers of events. The formation of economic regions, State policy and the doings of social and trade networks cannot alone explain the development of a national market in Spain without reference to the fierce competition between Great Britain and France. The political and economic transformations wrought in England, including the Reformation, the dissolution of the monasteries, the decline of feudalism, rising agricultural productivity, the emergence of proto-industrial production, and the parliamentary revolution (1642-1688) occurred in the context of a commercial revolution that expanded and transformed trade flows via the commercial powerhouse of London between 1600 and 1640. This earned the British enormous gains over their competitors in the Dutch Republic, Spanish Flanders and metropolitan Spain and Portugal, both countries where inflows of cash and precious metals created pockets of intense consumer demand that attracted high value-added British goods which could be sold for the silver and gold needed for trade with the Orient.

Unlike in France, this process took place almost without intervention from the government. The Reformation and Counterreformation unleashed religious conflict and civil war in France in the second half of the 16<sup>th</sup> century, eventually resulting by the mid 17<sup>th</sup> century in the consolidation of an absolutist State, which led the country's economic and political development thereafter. France's initial political and religious rivalry with Great Britain was soon joined by economic competition. In the 17<sup>th</sup> century, the British already viewed France as an adversary, whose trade benefitted Louis XIV and provided cash for his army, while the French were convinced that Great Britain sought to dominate world trade to the ruin of all other nations. Early British national identity was stoked above all by war with France, a country in the hands of the Catholic Church and a despotic monarchy. Imbued with a strong sense of their own superiority, meanwhile, neither the British nor the French had much regard for the military power of Spain, a country they saw as badly governed, papist and glutted with idle nobles and priests. Great Britain's technological advantage and defence of free trade, in its own interest at least, was offset by espionage on the part of the French. In addition to Gallic merchants trading at its ports, Spain's high wages attracted numerous immigrants

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from its neighbour, who also brought with them French manufactures, which they peddled around the country.

At this time, French and British trade privileges in Spain rested on two treaties made in 1659 and 1667. French successes against Spain in the Thirty Years' War in the first half of the 17<sup>th</sup> century led to the Treaty of the Pyrenees, signed in 1659. Meanwhile, the British, who had already concluded agreements with Portugal in 1604 and 1642 and had supported Portuguese independence, eventually negotiated a highly advantageous treaty with Spain in 1667 after taking Jamaica in 1654.

A good half of the 1659 Treaty of the Pyrenees made by Spain and France is given over to assuring advantageous terms of trade and a privileged legal status for the French, as well as the suppression of maritime (although not overland) smuggling. No mention is made of migrant labour, however.

Meanwhile, the Anglo-Spanish Treaty of Madrid (1667) provided for free trade on terms that clearly favoured the British, while according them most favoured nation status with the French and hugely facilitating contraband at Spanish ports, since goods bound for its colonies did not have to be declared, which legalized the entire re-export trade. It also granted the British the right to appoint their own extraterritorial network of judges conservator and to demand payment in silver or bills of exchange.

It is far from easy concisely to summarize the trade policies of Great Britain and France towards Spain, although there is no shortage of reliable sources describing the benefits they sought and the difficulties faced by their merchants in the country in the 17<sup>th</sup> century. The British were especially irked by the chaotic devaluations imposed by the government of King Charles II and the French by certain customs duties. The British conducted their trade at Spanish ports (Tenerife, Orotava, Bilbao, La Corunna, Cadiz and Seville) via correspondents and external networks of retailers using bills of exchange at fixed prices, the value of which was seriously impaired by the monarchy's devaluations in 1686, a policy that might cause domestic inflation but had little impact otherwise, except on the users of trade bills and money changers. This made devaluation into a defensive trade instrument, since it affected foreign trade, in which the British were creditors and the monarchy's Spanish subjects were the debtors. The British envoy extraordinary, Lansdowne, complained bitterly of

“[...] the grave losses that the [English] merchants will incur, since they will receive only the new rate for goods sold on credit before publication of this further devaluation of the silver and gold currency, having fixed their prices and payment thereof based on a fair estimation of the value of the currency at the time the bargain was struck [...]” (23-XI-1686, TNA 94/72, ff. 120-121)

Meanwhile, France did not have had merchants at the ports but also benefitted from the presence of perhaps 60,000 to 100,000 French nationals in Spain, who imported woollens, silks and, increasingly, fashion items into the country and exported fleeces, oil and silver bars and coins back to their homeland. There is evidence from the 1690s that the Basque provinces of Guipuzcoa and Vizcaya disputed certain appointments under the 1659 treaty because, it was argued, they affected local privileges. Contrary to popular belief, the main problem

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the French faced was not local customs duties in Catalonia but in the Kingdom of Aragon, which were likewise based on local laws, since the territory was full of French immigrants but the Aragonese *Diputación* had banned these people from trading in the kingdom. Spain's composite monarchy did not maintain any common tariff policy at this time, and the customs were controlled by the parliaments of Spain's constituent domains rather than the king. In order to defend their manufactures, the Aragonese had set very high tariff barriers for all French products, which hindered the traffic in goods throughout north-eastern Spain. The problems created by the institutions of Navarre, Guipuzcoa and Aragon did not go unnoticed by the British, who were more than keen to stymie French trade with the Spanish interior:

... it was so difficult on their side to shut up the frontier towards France on all parts that their own people were only brought with great difficulty to break off commerce with France in the provinces of Navarre and Guipuzcoa, but those of Aragon had absolutely refused either to banish the French from among them or to forbear corresponding and having [trade] with them, pretending *fueros* [sic] and privileges, which it was not convenient at this time for the Government to break they being an obstinate sort of people.

(William Aglionby, 19-III-1692, TNA 94/75).

It was for this reason that the French were so keen to abolish the local law and institutions of the Spanish monarchy, which would indeed occur not much later in Aragon, Valencia, Catalonia, Mallorca and Sardinia (although not in Álava, Guipuzcoa, Vizcaya, Navarre or the Corregimiento de la Cuatro Villas de la Mar in what is today the region of Cantabria).

The War of the Spanish Succession (1700-1715) was an international, dynastic and civil conflict, which resulted, among other outcomes, in major changes in the positions of France and England (Great Britain after the union with Scotland in 1707) in the markets of Spain and its overseas possessions. Meanwhile, the interests of both countries in the trade with Spain had only increased still further. England's envoy extraordinary remained convinced that the French plan was utterly to ruin his country's "decadent" trade with Spain, insisting (in French) on

"... the predominant influence of France, which is increasingly aimed at the complete ruin of the little trade that England still maintains in Spain, in addition to the blind subservience of the Court, which seems determined at any cost to sacrifice for the gratification of France all that is most sacred to the good faith of the most solemn and inviolable treaties, ..."

In the case of France, the Bourbon victory in the War of Succession and the explicit dynastic alliance with Spain's new king, Phillip IV, meant that no revision of the 1659 treaty was needed. The French literally wrecked the organization of trade with the Indies in the first years, while using the dense migrant and merchant networks they had succeeded in forming in mainland Spain in the preceding decades by leveraging their primary comparative advantage, namely their Catholicism, and the pull factor represented by high wages, to offset the British lead in the creation of triangular maritime networks. Moreover, they were now able

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to install a powerful merchant and financial elite in Madrid, which would play an important role throughout the 18<sup>th</sup> century.

Meanwhile, the British had initially backed the dynastic rights of the Elector of Bavaria (1698) in the conflict but later switched their support to Archduke Charles of Austria. When he dropped his claim to be crowned Emperor in 1711, however, they confined themselves merely to defending their economic and trading interests via two treaties. The first of these, made at Utrecht on 13 July 1713, handed over the territories of Menorca and Gibraltar to the British, confirmed an agreement made shortly before (26 March 1713) for the establishment of a slave factory in America with a renewable term of 30 years, and granted them the right to send one trade ship per year directly from Great Britain to the Panamanian port of Portobelo, so called *navío de permiso*. This broke the Spanish monopoly over trade with the Americas and immediately became the linchpin of a thriving trade in smuggled goods.

The second Treaty of Utrecht, made by Spain and Great Britain on 9 December 1713 and ratified on 21 January 1714, confirmed the 1667 treaty and added further privileges for the British, among them the right to their own curator, so called *juez conservador*. The most important, however, was the stipulation that vessels in port could only be inspected once and that cargos would be subject to the lowest duties applicable, while merchants could choose whether to pay in cash or to hand over the goods at their appraised value, which they would receive in cash, while paying taxes in kind, thereby legalizing practically any kind of abuse imaginable. Furthermore, the British could choose the interpretation of these rules that best suited them.

Meanwhile, the treaty of 21 January 1714 stipulated, in a key clause, that both parties would set a unified customs tariff within three months based on the lowest applicable rate, which would also apply on the frontiers of Aragon, Valencia and Catalonia. A non-unified tariff of 10% of value had already been established in 1709, but the unified tariff was not finally approved until 1782. The demand for Spanish tariff unification is important, although all too often passed over, as it offers an insight into the limited support actually provided by the British to the Catalans in their struggle against Phillip V. Catalan nationalist historiography insists that the British were concerned to defend the principality's local laws and customs in 1714-1715, which they supposedly associated with the freedoms of their own parliamentary regime. However, this view ducks the fact that the British government was already well aware that it had lost the land war in 1712 and was interested only in holding onto its gains, dropping its support for a hypothetical Catalan republic and confining itself to professions of support for the holdouts' position after they were abandoned by the Archduke Charles upon his coronation as Holy Roman Emperor.

The British in fact seem to have known little about local Catalan laws and institutions. A couple of pamphlets on "The Case of the Catalans" were published in London in 1714, apparently by members of the opposition to the government, but they have practically nothing to say about constitutional privileges and contain little more than anti-government propaganda dealing with British successes.

The customs unification sought by the British makes this abundantly clear. The tariffs raised in Aragon, Valencia and Catalonia constituted revenues of the *Cortes* of each of the two kingdoms and the principality, and they were managed in each case by the *Diputación* not the monarchy. Far from maintaining local privileges, then, customs unification implied their abolition, which would have been anathema to the Catalan diehards. The peace talks provide further testimony. According to the negotiators, the continuation of local laws and institutions (referred to as “constitutions” in 1715) in Catalonia after their abolition in Aragon and Valencia (1707) might be taken by the latter as a serious grievance and could result in the instigation by the Catalans of political instability between Spain and France.

In terms of trade, the British position had been even more favourable initially while they supported the Austrian claim. In a secret treaty made on 10 July 1707, Archduke Charles had granted far-reaching commercial privileges in America and mainland Spain, which excluded the French and de facto placed the Spanish market in British hands. However, Phillip V's victory eventually strengthened the French position. In 1715, Britain's envoy extraordinary, Paul Methuen, again complained that the French, like the British, were ill-used by the Spanish and that they only put up with it because they believed it might further their plan to ruin British trade with the West Indies

[...] the new impositions on trade are not particular to us alone, the French and Dutch merchants having had at least an equal share of them. [The French] are used rather worse than ours or the Dutch. And I see no other reason why the French king should suffer his subjects to be treated as they are in Spain, unless it be that he hereby hopes to render the commerce of other nations in this country impracticable, and consequently to destroy the ancient channel of trade from Spain to the West Indies in order to engross it wholly to himself and carry it on directly from France to America (10-V-1715, TNA 94/83, p. 8)

The end of the war saw a general contraction in domestic trade, while the gains made by the British in the Treaty of Utrecht turned out to be something of a let-down. Furthermore, a little-known though important decree issued on 16 April 1701 granted residency rights only to Catholic Britons who had lived for more than ten years in the country, while Protestants were excluded. Any Britons living in the interior of Spain thus had to be Catholics, which in effect meant they must be Irish. This prevented the British port merchants from fostering the growth of inland trade networks, forcing them to sell their wares through Castilian, Portuguese, Basque and other intermediaries and depriving them of profits from the retail trade.

Since they were all Catholics, the French were able to maintain three connected circuits in Spain throughout the 18<sup>th</sup> century, one based around Cadiz and other ports, another formed by itinerant labourers, pedlars and hucksters, and the last comprising the great merchants of Madrid and Cadiz, who also handled redistribution and finance.

Another important decree of 8 March 1716 determined that the French should be considered resident in Spain if they had been naturalized or were born in the country, were Catholic, owned real property, held local residency rights, had been living in Spain for ten years, were married to Spanish women, professed a

trade or owned any kind of workshop. The decree made all such persons subject to taxation. The rest were considered transients and were therefore exempt from taxes and enjoyed the benefit of access to the military courts (which offered certain advantages over the civil jurisdiction) and their own judges conservator. This tax exemption was a momentous change, especially in the lands of the former Crown of Aragon (Aragon, Valencia, Catalonia and Mallorca), where some local laws and taxes (customs and royal duties) had been abolished and replaced by income taxes (so called *contribucion* in Aragon, *equivalente* in Valencia, *catastro* in Catalonia, *talla* in Majorca), which took the form of fixed charges and were therefore an inefficient means of taxing commercial activities.

The decree made the vast majority of *poor* French people in Spain into *vecinos* or settled residents, numbering somewhere between 60,000 and 100,000, and perhaps more including their families. At the same time, it opened up the possibility that some might seek to avoid registration as *vecinos*, preferring to remain transients in order to dodge taxes or for other reasons.

Paradoxically, the decree of 1716 led the French diplomats in Spain, otherwise active in the defence of their merchants, to turn their backs entirely on the migrant networks. According to a memorandum written in Paris in 1738

[...] it is only worth protecting those who, having stayed a while in Spain, are able to return to France with such store of goods as they may have accumulated there. However, those who settle down, serve, buy property and, in short, behave as if they had abandoned their homeland and seek only to become permanent residents of Spain, do not, in my belief, deserve the protection of France, for their wealth and fortune can no longer benefit the State and they are, in the main, renegades from their homeland, who would only raise a tumult and seek to sacrifice the whole of France for themselves, and because their actions allow them to benefit from two states without paying taxes to either, playing off one jurisdiction against the other so as not to submit to any.

(Anonymous memorandum written around 1738, AMAEP, MD, livre 153, ff. 78-83v)

French trade could also count on other advantages. Between 1701 and 1707, the French held sway over the government of the young Phillip V, and they were quick to break up trade with the Indies by disorganizing the system of fleets and to penetrate the whole of mainland Spain with their manufactures, operating above all out of Cadiz and Navarre-Bayonne according to the Marquis de Bonnac in 1709.

Meanwhile, there was no let-up in their already flourishing retail trade, as French migrants continued to bring in mainly contraband goods on foot. France went on protecting those of its subjects who did not settle down in Spain, affording them their own judges, military jurisdiction and diplomatic cover. French wages and production costs remained lower than in Spain, while French demand for commodities soared, particularly merino fleeces and spun silk from the markets of Valencia and Madrid, which were needed to compete with the British, who produced their own wool. Meanwhile, the fashions (*les modes*) remained in great demand in both Spain and the Americas, a reflection of the high regard in which Parisian ideas and customs were held throughout Europe, not to mention of the power of France's absolutist monarchy.

In short, the War of Succession had notably strengthened French trade in metropolitan Spain and the Indies, as well as the officialization of social and commercial ties. However, the British were also able to build upon their position



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in Spain, although their expansion was mainly overseas. Even so, defeat did not prevent them from creating their own retail networks in the Spanish interior, where they continued to operate via intermediaries.

In an absolutist Europe, then, French fabrics and fashions carried the day until around 1750, buoyed by the country's image among customers and by a social milieu in which the nobility provided the model for behaviour. This success was not confined only to men but for the first time included women, as the French consul in Cadiz, Mongelas, noted not long after the Americas were opened up to trade:

Paris and Lyon are the only cities in Europe capable of producing all the outfits that the whims of women might desire, amusing their nature and making a living and a means of existence out of this business. These frivolous trifles bring immense profit because of their attachment to them, and our fashion merchants have learned to appeal to all the women of Europe. The only outlet for their production that was lacking was the Spanish Indies. And now [this market] is open too. It is almost unbelievable how much of fashion goods were embarked in the latest fleet, and the ceaseless demand for such apparel among the women of Mexico is quite astonishing. Much of this is owing to the wife of the Viceroy of Mexico. Her taste for the elegant adornment of our [Spanish] women has spread to all the ladies of Veracruz. The natural coquettishness of the women of these countries needed only a little encouragement to match to the passion for luxury among men [...]

(20-I-1777, AMEAP, MD, livre 132, f. 63v)

This did not prevent British manufactures from prospering too, though in a different way. The fashions of Great Britain had begun to attend to the tastes of the lower orders as the country became more settled in its new political system and the prestige of Parliament grew at the expense of the aristocracy. Demand for British goods also increased throughout Europe at this time, while the domestic and transatlantic trade privileges wrested from Spain in 1667 remained very much alive.

As a result, British trade with Spain grew spectacularly in the 18<sup>th</sup> century. Great Britain sold some 114 million reales worth of goods to Spain in 1772, compared to sales of around 176 million reales made by the French. While this apparently underscores French predominance, the reality is that these figures are no more than estimates, and it is impossible to say what the value of smuggled goods might have been or precisely how much of the trade with the Americas is accounted for. We do know, however, that official French estimates do not include retail trade in the interior of Spain, which resulted in large flows of silver bars and coins back to France, as evidenced by the fines imposed by the Spanish customs authorities on poor French migrants returning home with their savings over the Navarrese border. All of these merchants had to compete with social and trade networks formed by Castilians, Galicians, Catalans, Valencians, Maltese and others, which also gradually spread throughout the interior of Spain, selling local wares with the support of the new manufacturing policy adopted by Spain's recently installed Enlightenment government.

In general, Britain's transatlantic trade expanded and diversified very considerably in the 18<sup>th</sup> century, with the result that commerce with metropolitan Spain increasingly lost ground as a component of its balance of payments. Exports

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to Spain accounted for only 3.15% of the official total, and imports for only 4%, by 1773. Once again, however, contraband is missing from the equation.

Meanwhile, the commercial strategies of the French and British differed in terms of the manufacture and sale of high value-added fabrics. As port-based wholesalers, the British merchant companies operated through the mediation of Portuguese and Castilian retail networks and were self-regulated, while the French companies relied on the support of the State, which oriented the country's output through official intendants, leading them largely to ignore retailers settled in Spain and to prefer transient French merchants, who would return to Spain with their profits and were therefore considered "servants of the nation", as we have seen.

In short, the numerous contemporary sources do not show clearly who may have won the race to take over the Spanish market, and the precise shares of the contestants including estimates of the value of smuggled goods may never be known. There can be no doubt, however, that the British and French competed vigorously for market share throughout the 17<sup>th</sup> and 18<sup>th</sup> centuries even as the economic regions of Spain emerged and grew. Both countries' diplomats sought to bring Spanish policy into line with their own interests, and the French attempted more than once to seize control of at least half of the trade passing through Cadiz. British ships were preferred for overseas trade, however, because of their navigation privileges and domination of transatlantic routes, earning Spanish silver on their voyages, which they received at the ports of Lisbon, Cadiz and Seville. In May 1766, the Earl of Rochford accused the French embassy of having stirred up the disturbances of April-May 1766 known as the Motín de Esquilache and encouraged the Spanish attack on Britain's ally Portugal, going on to report that the British residents had supported the Spanish aristocracy's demands that the King should dismiss his pro-French Chief Minister, Grimaldi. British and French policy in Spain also sought to foster their respective interests in the Spanish Indies and strongly influenced the formation of a unified domestic market in Spain.

On 24 November 1717, just four years after making the peace of Utrecht, the new Bourbon King, Phillip V, signed the last of the Nueva Planta decrees, which affected Sardinia, putting an end to this series of reforms and opening a new page in the policy of the Spanish monarchy. The rise of the new economic regions in this context allowed room for the growth of Valencian, Catalan, Aragonese and Castilian networks, which were quick to exploit the opportunities afforded by the actions of the State to compete with the foreigners and successfully expand throughout the emerging interior market of Spain.

After decades of reorganization led by the new enlightened monarchy, the State was finally in a position in the 1750s to prosecute an increasingly nationalistic economic policy, benefitting both Spanish manufactures and, of course, the activity of local trade networks. In this context, Spain's new rulers again sought to position the country in the place they believed it deserved in the concert of nations as a polity that had dominated Europe in the 16<sup>th</sup> century, though it had suffered a profound and lasting political and economic decline in the 17<sup>th</sup>. This opportunity arose, however, in the context of a nascent capitalism that drove intense international competition in Europe to capture rents in other markets, of which

Spain was a prime example given its importance to the trade in silver. This was the hour of mercantilism, a hard time for all perhaps (at least so it was believed), but above all for the losers. This was the situation and the challenge facing Spain at the end of the 18th century owing to its key role as an intermediary and supplier of American silver to the great nations of Europe, which resulted in a structural deficit in its balance of trade with these powerful neighbours, a major problem that could only be overcome through competition with the support of the Enlightenment State.

### Abbreviations

AMAEP, MD = Archive du Ministère des Affaires Étrangères, Memoires et Documents, Paris

TNA = The National Archives, Kew, London

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