

Introduction

When this history begins at the turn of the twentieth century, Spain was a second-rate power in Europe, in terms of economy as well as international politics. Spain was a constitutional Monarchy whose origins date to 1875. The Constitution of 1876 gave Spain a stability it had not enjoyed all that century. The military, up to then the protagonists of almost all the changes by means of their *pronunciamientos* (uprisings), seemed to have disappeared from the forefront of the political scene. The Crown retained an important capability to intervene in political life, limited by the existence of two big parties, the conservative and the liberal. Both parties peacefully took turns governing the country and enjoyed comfortable majorities in Parliament. They were parties of 'elites', who controlled the electoral results thanks to their networks of political *clientelismo* and *caciques* (local party bosses). Although as of 1890 there had been universal suffrage for men, political mobilisation was rare except in the most important cities (Madrid, Barcelona, Bilbao, Valencia). The political forces of the opposition (republicans, regionalists, socialists) struggled to establish themselves and the effective democratisation of political life did not seem easy.

With the turn of the century and the atmosphere created by the loss of the last colonies (Cuba, Puerto Rico and the Philippines) of what in its day had been an enormous empire, there was increasing criticism of *caciquismo* (the political boss system) on the part of conservatives and liberals, the lack of representation in Parliament, the distortion of political life and the inefficiency of the State as factors explaining Spain's backwardness. The value of stability lost importance to the demand for political 'regeneration'. This coincided with the crowning of Alfonso XIII, a young king who seemed willing to put all his effort towards achieving this 'regeneration'.

Spanish society was primarily rural. Inland, its agriculture was backwards and protected. On the periphery, it was more specialised and productive, and capable of exporting. Due to the unbalanced distribution of property, the problems of agriculture were linked to the need for agrarian reform, especially in the southern half of the peninsula, where the largest properties and day labourers accumulated and wages were miserable. Industrial development was also concentrated in two peripheral regions, Catalonia and the Basque Country, although there were other important economic activities such as coal mining in Asturias. The industrialisation of Catalonia had older roots. It started in the eighteenth century and was based on the expansion

of the textile industry and other consumer goods industries. In the Basque Country, industrialisation had come almost suddenly, as of 1875, and was based on iron and steel, metallurgy, shipbuilding and banking. Small businessmen, industrialists and traders were scattered in provincial towns and cities throughout the rest of the country. Foreign capital had gained a presence in important areas like banking, mining and railway companies. The financial system began to be structured on a small number of banks with headquarters in the capital, Madrid, and the Basque Country, which coexisted with other smaller, local or regional banks. The Bank of Spain, a private entity, was not a true central bank yet. The State, which was small and had a budget deficit and few resources, had maintained a protectionist policy since 1891 and began to intervene timidly in social and labour issues.

However, Spanish society was not immobile. In fact, in large part due to the political stability achieved, the country gained on its European neighbours. At the time our account begins, the growth fostered in some economic sectors by Spain's neutrality in the First World War, as well as the growing emigration from the country to the city, triggered important changes. The number of companies dedicated to mining, iron and steel, metallurgy, shipbuilding and textile manufacturing multiplied, and so did jobs. Entrepreneurs and employers accumulated unprecedented profits, while banks also made the most of the situation. The other side of the coin was the increase of prices and the scarcity of some products, the 'crisis of provisions', as it was called. In addition, despite Spain's neutrality in the war, there was a heated political debate between the supporters of each of the two sides in the conflict. The *aliadófilos* (groups that supported the Allies: liberals, republicans, Catalan regionalists and socialists) felt that France and Britain's victory provided a chance for Spain to introduce democratising political reforms, change the Constitution and restructure the party system. The *germanófilos* (groups that backed Germany: conservatives, traditionalists, the military and the Catholic Church) remained faithful to the established monarchist order. In the heat of the economic growth, workers' organisations also grew, dividing into a socialist trade union, the *Unión General de Trabajadores* (General Union of Workers, UGT), which was closely related to a slowly growing Socialist Party (PSOE), and the *Confederación Nacional del Trabajo* (National Confederation of Labour, CNT), consisting of anarchist, anarcho-syndicalist and strictly syndicalist currents. Economic lobbies also felt the urgency to organise, as much to pressure the State in defense of their interests or to prevent reforms as to deal with the workers' demands.

The monarchist, conservative and liberal parties continued to control the power, but they endured a profound crisis which mutated into internal divisions and a lack of clear leadership. The withdrawal of Antonio Maura, chief 'regenerationist' of the Conservative Party, and the death of Liberal Party leader José Canalejas by an anarchist attack, signified the end of a generation of leaders. The traditional alternation in the government became complicated as a result of these divisions, while other political forces believed the time had come to break from the traditional monopoly of the two parties. The *Lliga Regionalista* (Catalan Regionalist League), closely identified with Catalonia's bourgeoisie and working to achieve a statute of

autonomy for Catalonia, was one of the forces involved under the leadership of Francisco Cambó. The Basque Nationalist Party, however, because of its pro-independence orthodoxy, did not obtain the same support from the Basque industrial bourgeoisie, which was mainly *españolista* (supporting Spanish nationalism), and had hardly any impact on the national political stage. Among the republicans, only Alejandro Lerroux's Radical Party, a populist, anti-clerical party, had found important support in Catalonia. In some other cities, there persisted a republican culture with enough support to put a handful of representatives in Parliament. The Socialist Party, with its long history that began in 1879, grew slowly in part because of the characteristics of Spanish society and politics, and in part because of its strategy of isolation until it decided to form an electoral coalition with the republicans in 1909. Thanks to this coalition, it earned one seat – its first in Parliament – a number it would not surpass until 1918, when it won six seats.

The battle for constitutional reform defended by the *aliadófilos* was lost and the Monarchy managed to overcome the serious crisis it endured in 1917. The economic depression of post war Europe and the radicalism of the social conflict made public order one of the most pressing problems. Furthermore, the enormous difficulties in maintaining a policy of peace in the protectorate that Spain had in North Africa, in Morocco, eventually strained relations between politicians and the military. The disaster suffered by the Spanish Army in Annual (Morocco) in 1921 triggered a campaign of indictment that implicated King Alfonso XIII himself. Moreover, the accumulation of problems occurred at a time when the two big monarchist parties and the opposition forces were enduring difficult moments. There was no political leadership capable of providing clear objectives. The changes that were taking place were interpreted as unmistakable symptoms of the regime's inability to survive. Some members of the military and King Alfonso XIII viewed the situation as such. Very few politicians and citizens were willing to defend the constitutional order. The atmosphere in Europe was not very favourable, either. The result was the military coup by General Primo de Rivera in September 1923.

Social and political historians have long insisted on the existence of an oligarchy of big landowners and important businessmen, big bankers and a few entrepreneurs, many of whom belonged to the nobility, a 'power block' that was formed in the final decades of the nineteenth century and which supposedly established the directives of Spanish politics since then. According to these historians, this 'block' saw its positions of privilege endangered in the years following the First World War and again in the 1930s. On both occasions, it managed to recover them thanks to military intervention. In September 1923, General Primo de Rivera overthrew constitutional normality with his coup d'état. King Alfonso XIII accepted it, and, because of the passivity of most of the country, there emerged a dictatorship which lasted until 1930. The Constitution and the functioning of political parties were suspended, and ambitious public works projects were undertaken. Although they were not the main cause, these projects helped spur important economic growth. However, when the dictator wanted to replace once and for all the constitutional order with a new corporate order and a single party, he lost the support of the King

and important sectors of the military, and resigned. A year later, in April 1931, after a coalition of republican parties and the socialist party won local elections in the big cities, it was King Alfonso XIII who decided to go into exile, and the Second Republic was proclaimed.

The republican democratic experience transpired in a difficult context of international economic crisis and political tension in Europe, both of which affected Spain. Five years after the proclamation of the Second Republic, in July 1936, a new military uprising, initially unsuccessful, put an end to that experience and hurled the country into a bloody civil war won by the military insurgents and their leader, General Francisco Franco. The new dictatorship was much harsher, more repressive and more authoritarian than Primo de Rivera's, and also lasted much longer. The new State was based on the unconditional surrender of the defeated armies and erected a one-party State with absolute concentration of power in the hands of General Franco, although different political 'families' could be identified within the regime. The initial policy of autarky and international isolationism pushed the Spanish economy into a profound crisis that set it back to the situation prior to 1930. Only the relative liberalisation of the so-called Stabilisation Plan of 1959 enabled the beginning of an important growth, known as the Spanish 'economic miracle'. By the time Franco died in November 1975, Spanish society had changed radically. Thanks to this change, although not exclusively because of it, it was possible to make a transition to democracy. This transition had its problems and scares, but democracy was finally established and based on a policy of negotiation and consensus.

Spain was not free from the great political breakdowns of the first half of the twentieth century, although it did not participate in either of the two World Wars. The stability of the second half of the century was achieved at the cost of maintaining an authoritarian regime, while the countries around Spain settled into their democracies. This political abnormality left its mark on the transformation and modernisation of the Spanish economy and society that took place during the 1960s, but without these processes, it would be difficult to explain the success of the transition to democracy after Franco's death in 1975. Many of the factors that had made democracy impossible in the 1930s – the unequal distribution of farmland and the backwardness of agriculture, the radical social and regional inequalities, the weakness of the middle class, illiteracy and the weight of the most conservative Catholicism, the presence and power of the Catholic Church – disappeared in the 1970s. Also, the European and international contexts were different. However, the success was a consequence of the conviction that everything else had to be subordinate to the defense of democracy and loyalty to constitutional order. This conviction was held by politicians, different workers' and employers' organisations and public opinion in general. At the turn of the twentieth century, Spain was a primarily rural and relatively backwards country, isolated in its foreign policy and incipient in its political development. Today, with the new Constitution of 1978 having already celebrated its twenty-fifth anniversary, it is an important economic power, enjoys a stable democratic government and has been incorporated not only into Europe but also fully into the spectrum of international politics.

In this book, we intend to give an account of this long trajectory from the perspective of economic interests and their relation to politics and politicians. The main actors are entrepreneurs in the ample sense of the word: landowners, manufacturers, industrialists and traders, bankers, businessmen and company directors. The actors are individual entrepreneurs as well as those organised in pressure groups and employers' associations. Many economic historians have coincided in pointing out the shortage and low competitiveness of Spanish entrepreneurs, at least during the nineteenth century. The few big companies – in banking, railways and mining – were made possible by foreign initiative and investment. The reasons for this shortage perhaps reside in a past and cultural traditions that were not very favourable for the appearance of 'enterprising' entrepreneurs or big companies. However, the same historian that asserts this for the nineteenth century has spoken of the 'abundance of enterprising spirit, the capacity to organise, intelligence and, above all, the rational adaptation to complex historical circumstances' that can be deduced from the biographies of a hundred Spanish businessmen from the twentieth century. According to this view, these businessmen showed a 'surprising ability' to adapt to 'a very changeable and generally unfriendly institutional framework'. Other economic historians have also pointed out that the relative poverty of the Spanish economy until well into the twentieth century, the reduced size of the domestic market, the shortage of technical and educational resources and political and institutional factors imposed limits on the rise of a powerful business class. Resulting from this was the predominance of a network of small and medium businessmen on the one hand and the tendency to seek protection from the State against foreign and domestic competition on the other. Spanish businessmen systematically sought protectionist policies and situations of monopoly.¹

This is not, however, a book about economic history, but rather a book about political history. Our objective is to consider the relations between economic power and political power in Spain over the course of the twentieth century. We want to show the complexity of these relations, their changes over time and the relative autonomy of the economic and political powers, or, in other words, their 'reciprocal instrumentation'.² We do not believe there was any 'oligarchic power block' capable of causing the serious political failures that occurred in 1923 and 1936. There were complex political reasons behind those crises, and although the economic factors played a part – perhaps an important one – they were not decisive. Although some entrepreneurs and businessmen profited from the dictatorships' economic policies, they also suffered their interventionism. In the years following the First World War as well as in the 1930s, there were different political attitudes and opinions among entrepreneurs, although it is logical that the defense of order and respect for private property were top priorities. The relation of businessmen to politics and politicians has also been conditioned by the growth of the State and the public sector, which began to achieve a certain significance under the Franco dictatorship and reached their maximum expression after the transition to democracy. During the last twenty-five years of the twentieth century, Spanish entrepreneurs adapted to the new

political order and proved capable of responding to the serious economic crisis that accompanied the beginning of the transition, the challenge of the Spanish economy's gradual expansion into foreign markets and its incorporation into Europe.

The most schematic and clichéd explanations of the contemporary history of Spain were abandoned some time ago. Historiography has advanced appreciably over the last few decades and today we have enough research to offer new interpretations. This book is based in part on our own research, which covers the first decades of the twentieth century. It is further based on the abundant bibliography available. We owe much of what we say to the authors cited, although the responsibility is ours alone. In this book, there are assertions supported by sufficient and conclusive research, but there are also many expansions on interpretations that will have to be confirmed or refuted by future works that offer a broader perspective of more recent times.

Notes

1. Tortella (1996) and (2000a); Comín and Martín Aceña (1996a).
2. Pérez Díaz (1985).