

REGIONAL DISPARITIES IN THE CONTEMPORARY SPANISH
ECONOMY, WITH SPECIAL REFERENCE TO THE
CANARY ISLANDS

JOSEPH HARRISON

In recent years there has been a remarkable increase in the volume of research and publication on the economic history of contemporary Spain¹. One of the most important aspects of this development, strongly linked with the quest for regional identity and the claims for political autonomy from the centre, is the growth of regional economic history. Few would disagree that the Spanish region which has produced the greatest single contribution to an understanding of its economic past is Catalonia, scene of Spain's first attempt at an industrial revolution in the late eighteenth and nineteenth centuries based on cotton and woolen textiles. This writer has also been impressed by recent investigations on such topics as the de-industrialisation of the south east of the Peninsula in the middle decades of the nineteenth century, the failure of the economic take-off in the Pais Valenciano and the emergence of large-scale capitalism in Vizcaya during the Restoration monarchy². Within the Peninsula, the scarcity of documentary evidence has hindered historical writing on Asturias. Yet here too scholarly publications have begun to ap-

1. See Rafael Aracil and Marius Garcia Bonafé, «Contemporary Spanish Economic History», *Journal of European Economic History*, 8 (1979), 463-78 and Joseph Harrison, «Spanish Economic History: From the Restoration to the Franco Régime», *Economic History Review*, 33 (1980), 259-75.

2. See for example Jordi Nadal, «Industrialización y desindustrialización del, sur-este español, 1817-1913», *Moneda y Crédito*, 120 (1972), 3-80, Emili Giralt, *Dos estudios sobre el Pais Valenciano* (Valencia, 1978) and Manuel González Portilla, *La formación de la sociedad capitalista en el Pais Vasco, 1876-1913*, 2 volumes (San Sebastián, 1981).

pear on the industrialisation process³. Galicia also has not missed out on the boom in economic history, witness Ramón Villares' magnificent work on the evolution of the *foro*⁴.

With regard to the economic historiography of the Canary Islands, there is an awareness among *isleños* and other writers that important gaps still exist in our understanding of the structure and dynamics of the production process. As Antonio Miguel Bernal reminds us, pioneering work has been carried out on the foreign trade of the islands and their demographic experiences. Yet, despite the current fetish for model building, we remain ignorant of many matters, not least the distribution of income and the mechanism of the internal market⁵.

One insurmountable problem facing the economic historian who sets out to make a precise comparison of the growth performances of the Spanish regions over time is the absence or relative scarcity of reliable statistical information. As Valentín Andrés Álvarez demonstrated four decades ago, Spain's foreign trades statistics, especially before 1930, are notoriously untrustworthy⁶. Not until 1955 do we possess satisfactory data on the regional distribution of Spain's national income. The data provided at regular intervals by the Banco de Bilbao seeks to break down national income by province⁷.

3. See especially Jordi Nadal, «Notas sobre la industria asturiana de 1850 a 1935» *Ayalga, Historia de Asturias* (Oviedo, 1982), vol. 9, 112-77 and Rafael Anes and Germán Ojeda, «La industria asturiana en la segunda mitad del siglo XIX: de la industrialización a la expansión hullera», *Revista de Historia Económica*, 2 (1983), 13-29.

4. Ramón Villares, *La propiedad de la tierra en Galicia, 1500-1936* (Madrid, 1982).

5. Antonio Miguel Bernal, «La economía canaria» en *Las Islas Canarias* (Madrid, 1982), 207-59. See also Francisco Alonso Luengo, *Las Islas Canarias: estudio geográfico económico: notas sobre la tierra y los hombres* (Madrid, 1947), Rafael Díaz Llanos, *Síntesis de la economía de Canarias* (La Coruña, 1953), Tomás Cruz García, *Ensayos sobre la economía canaria* (La Laguna de Tenerife, 1961), Fernando Rodríguez y Rodríguez de Acuña, *Formación de la economía canaria* (Madrid, 1981) and Eugenio L. Burriel de Orueta, *Canarias: población y agricultura en una sociedad dependiente* (Vilassar de Mar, 1982).

6. Valentín Andrés Álvarez, «Historia y crítica de los valores de nuestra balanza de comercio», *Moneda y Crédito*, 4 (1943), idem, «Las balanzas estadísticas de nuestro comercio exterior», *Revista de Economía Política*, 1 (1945).

7. Banco de Bilbao, *Renta nacional de España y su distribución provincial*, see especially the *Serie homogénea, 1955-75* (Bilbao, 1978). See also Julio Alcaide Inchausti, «Los desequilibrios regionales en la economía española», *Revista de Estudios Regionales*, 4 (1979), 193-205 and idem, «Estructura y evolución de la economía canaria», in *Canarias ante el cambio* (Santa Cruz de Tenerife, 1981), 61-80.

Despite the enormous importance of foreign trade to the Canary Islands, the first serious official attempt to calculate the balance of payments of Las Palmas was not carried out until the early 1960s. Pedro León y García de la Varga argued that traditionally a state of equilibrium had been maintained which was to be upset after 1962 as a result of the explosion of imports following the liberalisation policy which was initiated by the Stabilisation Plan of 1959⁸. Meanwhile, as Julio Alcaide shows, the regional distribution of income data prepared by the Bank of Bilbao illustrates in stark fashion that the Canary Islands possess a per capita income below the national average. In this respect the two provinces of Santa Cruz de Tenerife and Las Palmas de Gran Canaria are similar to Galicia, La Mancha, Aragon, Asturias, Extremadura and Murcia⁹. In addition, the Bank's figures show a profound change in employment between 1955 and 1977, with a pronounced shift from the primary sector (agriculture and fishing) to the tertiary sector (tourism and associated trades)¹⁰.

II

The main point to bear in mind about the economic development of the Canary Islands is that the Archipelago has always differed substantially in character from the Peninsula, with the rare exception of the agricultural exporting region of the País Valenciano. This was recognised by Bravo Murillo in July 1852 when he issued a decree granting free port status to Santa Cruz de Tenerife, Las Palmas, Santa Cruz de La Palma, Arrecife, Puerto de la Cruz de Orotava and San Sebastián de la Gomera. One hundred and thirty years later Francisco Ucelay Sabina, vice president of the Junta de Canarias, writing on the possible adhesion of the islands to the European Economic Community, argued:

8. Pedro León y García de la Barga, «El Sector exterior en la economía de Las Palmas», *Información Comercial Española* (May 1963), 147-58. See also idem, «La insularidad canaria como elemento económico», *ICE* (Feb. 1964), 101-5.

9. Alcaide, *Desequilibrios regionales*, pp. 202-4.

10. Alcaide, *Estructura*, p. 65.

«Es evidente que Canarias en el contexto español presenta unas características tan peculiares y tan diferentes a las del resto de las regiones de España, que exigen que a la hora de la incorporación europea de nuestro país, el caso canario haya de considerarlo aparte, dándosele un tratamiento especial»¹¹.

For their part the islands have always sought free trade in order to encourage their exports of agricultural products (barilla, wine, cochineal, potatoes, tomatoes, bananas), as well as to purchase raw materials and manufactured goods as cheaply as possible¹². In sharp contrast, Catalan and Basque industrialists argued that it was necessary to construct a high protective barrier so as to encourage infant industry, keep out «dumped» manufactures, especially from the United Kingdom and safeguard employment in the manufacturing sector. After the 1880s, when cereal growers also saw the home market threatened by cheap cereal imports from North America, Valladolid joined Barcelona and Bilbao in the infamous protectionist triangle which secured the tariffs of 1891, 1906 and 1922, giving Spain the highest degree of tariff protection in Europe. Yet while inefficient wheat farmers clamoured for state intervention to keep out British goods, Valencia and the Archipelago argued for greater trade liberalisation in order to capture a larger share of the high income market of northern Europe. As later events were to show the latifundio belt of Andalusia and Extremadura or the minifundio zone of north west Spain were no substitute for the markets of the advanced capitalist nations.

After the loss of the Spanish Empire in the New World, completed in 1824, the Canary Islands suffered three decades of decline, partly as a result of policies pursued in Madrid to defend peninsular interests. As well as losing emigrant remittances, the Archipelago was also the victim of the prohibitionist legislation of 1820, designed to favour national industry. The large number of petitions to the Spanish government bears witness to the sufferings of the islands¹³. If

11. *Informe de la Junta de Canarias sobre la posible adhesión de las Islas a la CEE*, second edition (Santa Cruz de Tenerife, 1982), p. 21.

12. Alonso Luengo, *Las Islas Canarias*, p. 268.

13. See «Informe relativo al comercio interior y exterior de las islas Canarias», *El Museo Canario*, 35, 1974 cited in Antonio Miguel Bernal, «En torno al hecho diferencial canario», in *Canarias ante el cambio*, pp. 32-3.

the tariff of 1831 was more free trade in character, the Instruction of 1841 soon put an end to hopes of an export bonanza based on wine and cochineal. The disillusion was completed by the triumph of the Moderados. Throughout the 1840s the Canary Islands were the victims not only of a decline in international trade but also of a reduction in traffic between the main ports of the Archipelago¹⁴. Indeed, Bavo Murillo's decree of 1852 followed a decade of intense lobbying from the *fuerzas vivas* of the islands.

The prosperity of the Archipelago from the 1850s down to the First World War was largely a result of the links of the islands with northern Europe, in particular Great Britain. Joaquim Nadal Ferreras argues that the Canary Islands became a dependency of the British economy¹⁵. A number of examples will illustrate this development. In the midst of protectionist legislation in the Peninsula, imports of coal from Britain to the islands rose from £4,346 in 1865 to £850,000 in 1913. British merchants such as Alfred L. Jones and houses like Wolfson and Fyffes soon established a near monopoly in the production and exportation of the banana, which replaced cochineal as the main export product after 1870. In addition Las Palmas replaced Tenerife as the leading commercial centre of the islands¹⁶.

Pre First World War prosperity, in sharp contrast to the decline of Catalonia after the loss of the Cuban market for its textile products, quickly evaporated with the outbreak of the European conflagration. Exports of bananas fell from three million huacales in 1913 to 500,000 in 1917 while prices tumbled even more rapidly. The submarine warfare in the Atlantic in 1917 virtually put an end to this lucrative trade altogether. Once again the fate of the Archipelago differed enormously from Peninsula Spain with the exception of Valencia, whose citrus fruit growers and horticulturalists also languished as a result of the submarine blockade of the Mediterranean coast. Meanwhile, individual firms in Catalonia and Vizcaya made vast fortunes owing to wartime orders from the belligerents for such

14. Ibid, p. 34.

15. Joaquim Nadal Ferreras, «Dependencia y subdesarrollo: el caso canario», *Hacienda Pública Española*, 38 (1976).

16. Bernal, *La economía canaria*, pp. 248-50. See also Antonio López Gómez, «El cultivo del plátano en Canarias», *Estudios Geográficos*, 126 (1972) 5-68.

items as woollen goods for blankets and uniforms and the possibility of import substitution as Britain, France and Germany vacated the domestic market. Between 1915 and 1919 Basque banks trebled their portfolio.

In common with the eastern littoral, the Canary Islands suffered from the Ottawa Agreement which came into force in 1933 granting commonwealth producers preferential treatment in the British market. There can be little doubt that while the rest of Peninsula Spain was spared the worst excesses of the inter-war slump because of Spain's high level of tariff protection of economic autarky, the separateness of the Archipelago's development from the mother country meant once again that it was to become the victim of a contraction in the international economy.

After the triumph of Francoist forces in 1939 the regime imposed upon Spain a policy of autarky which resulted in low and often negative rates of growth. The regime, unlike the Second Republic, refused to countenance agrarian reform. Hence the Canaries, deprived of the international market, again fell victim to the low aggregate demand of the domestic market.