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(Texto en proceso de traducción)

It is an honour to be able to contribute to this collection on the academic career of Ramon Garrabou. I shall keep my comments to the subject assigned to me -‘crisis agraria y comercio internacional’-, and the instructions given by the organiser, namely to act ‘como ponentes de un congreso, un cierto aire provocador o el planteamiento de cuestiones que estimulen la intervención de otros historiadores’, rather than attempt a detailed study of his writings on the subject over the past thirty or forty years.<sup>1</sup>

Most historians argue that late nineteenth century agrarian crisis was important, but the exact nature of the crisis and in particular how it affected Spanish agriculture, remains unclear. As Ramon Garrabou notes, one cannot talk of ‘una crisis generalizada que afecta simultáneamente a todos los productos y a todos los grupos sociales implicados en las actividades agrícolas’ (Garrabou, 1988, p.17). There was no precipitous decline in farm prices, as occurred for cereals in several European countries. Neither is there an obvious chronology for the ‘crisis’. It certainly did not start in 1873, and for the wine sector the 1870s and most of the 1880s were perhaps the most profitable decades during the last two centuries. Quite when the crisis finished remains an even greater mystery.

The absence of a consensus concerning ‘una crisis generalizada’ is apparent in the excellent chapters covering the different European economies in the book edited by Ramon Garrabou in 1988, *La crisis agraria de fines del siglo XIX*. In particular, Gabriel Désert, writes that that prosperity rather than crisis is a better description of the livestock sector in France; F.M.L.Thompson, claims the crisis occurred during the secular decline of the sector in Britain; Franco Cazzorla emphasizes the widening gap between north and south in Italy; and Jaime Reis suggests that in Portugal the period represents the ‘conservación de las viejas estructuras, más que un etapa de cambio’. In Spain, despite excellent historical research over the past three decades or so, a good definition for the crisis, or indeed whether one actually occurred, remains as difficult today as it has even been.

The crisis was not a cyclical downturn, with prices falling steeply (or even moderately) after a long period of growth, before recovering once again. Most farm

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<sup>1</sup> The principal works are Garrabou (1973, 1985 and 1988). My contributions to the debate include Simpson (2001).

prices did not fall by very much, and as Ramon Garrabou and other historians have noted, the timing of a downturn in the price of the major crops and livestock products varied significantly over the last quarter of the nineteenth century. Furthermore, and unlike Britain, agriculture was not in decline in Spain, and the rural exodus was restricted to a few regions in the 1870s or 1880s. Nationally, migration to the cities was limited until the 1900s, but agriculture's contribution to GDP fell from 39.9 per cent in 1870/2 to 31.5 per cent in 1900/2.<sup>2</sup> Contemporaries did not believe that problems in the farm sector could be resolved by a growing national economy.

Spanish agriculture in the late nineteenth century was still essentially 'traditional'. Over time, Spanish farmers fed (and sometimes clothed) an increasing number of inhabitants, as population increased from 4.7 million in 1530 to 9.0 million in 1768, reaching 17.6 million by 1887. This was achieved by an extension in the area cultivated, an intensification of crop rotations, and a switch to higher value crops which often required considerably greater labour inputs per hectare. However, by the late nineteenth century two important changes were apparent. First, there were serious limits in using traditional production methods to feed a population in excess of 30 inhabitants per square kilometer without recourse to imports in years of normal harvests. There was less space for animals and consequently the manure required to maintain soil fertility declined as more land was planted with cereals and rotations shortened. By the 1880s falling yields were reported from a number of regions, especially in Castilla-Leon. As diminishing returns increased, living standards were affected, and these grew more slowly in Spain than in most of Europe between 1870 and 1914.<sup>3</sup> These problems affected both Spain's extensive cereals and livestock producers, but they had very little to do with the development of a global economy in the second half of the nineteenth century. A second problem was that other crops associated with the *secano* such as the olive and vine, which produced high levels of output per hectare and employed large amounts of labour, faced difficulties in the export markets from the 1880s and the 1890s respectively. The olive oil sector had to compete with cheaper vegetable oils produced in tropical countries, and can therefore be seen as a classic example of a high cost European producer losing traditional export markets in a global economy. The case of wine is more complicated because Spanish producers in general lost export markets because of other countries' tariffs, rather than to more efficient competitors.

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<sup>2</sup> Prados de la Escosure, 2003, cuadro A.11.3, Sanchez Alonso (1995, cuadro A3.6) estimates that net emigration was only 185,000 during the whole period between 1882 and 1904.

<sup>3</sup> The use of chemical fertilizers allowed a further increase in the area of wheat.

By the 1890s there were two very different ways for Spanish farmers to become internationally more competitive: extensive cultivation based on mechanization, or intensive farming using irrigation.<sup>4</sup> Yet neither option would have resolved quickly the problems of low productivity and poor living standards in the countryside. Widespread mechanization (and the necessary consolidation of plots) in cereal cultivation would have allowed a significant reduction in the use of labour. However, it would not necessarily have stimulated growth in Spain's labour abundant - land scarce economy, especially as two thirds of the work force was employed in agriculture, and the demand for unskilled labour in urban areas was necessarily limited. It clearly would also have been politically unacceptable to large sections of society. By contrast, irrigation offered farmers the ability to cultivate higher value crops, but had the disadvantage in requiring significant government investment in areas such as creating irrigation infrastructure (reservoirs, canals); in research and development; and in extension programs to teach farmers to grow the new crops. These crops were often perishable and had to be transported over long distances, and required distribution networks to be created to market them in the major cities or overseas. Another major consideration was that only a relatively small geographical area could benefit from irrigation. In time both mechanization and irrigation were crucial to explain the spectacular growth in Spanish agriculture, starting in the interwar period, and then later in the 1950s, 1960s and 1970s. For the 1880s or 1890s however they offered only limited possibilities.

To a certain extent it seems more correct to talk of a 'crisis averted' because, while certain groups did see a decline in their living standards, the increase in tariffs and other barriers to trade protected large sections of the farm sector. Indeed for some historians such as Gabriel Tortella or Leandro Prados de la Escosura the debate should not be the negative impact of low prices for land owners, farmers and agricultural workers, so much as the 'lost opportunity' for radically reallocating resources away from low productivity agriculture towards other more productive sectors of the economy.

There were also some *benefits* from the depression. First, lower food prices helped increase living standards for a significant number of people. As noted above, this was limited compared to most European countries, but GDP per capita rose by an annual 1.1 per cent, while real wages grew by 0.44 per cent between 1870 and 1910.<sup>5</sup> Second, higher wages and lower (or even stagnant) land prices made it easier for wage earners to become landowners. A third point is that the lower profitability associated

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<sup>4</sup> Costa, 1880.

<sup>5</sup> O'Rourke and Williamson, 1997, table 2.

with traditional crops, livestock and production systems encouraged farmers to consider alternatives uses for their land and labour. This renewed a debate on the need to modernize the sector that had begun in the late eighteenth century, but had been neglected during most of the nineteenth century. Farmers' interest in technology, new crops, or government research institutions, was minimal while traditional systems remained profitable, but this changed when farm prices fell, or when agricultural labour became more expensive. Without the growth of the global economy and threat of the 'grain invasion', interest in change would have been much less. To give just one example, opposition to high domestic bread prices by Spanish industrialists occurred precisely because international grain prices fell after 1873. The agrarian crisis provoked a new policy debate in Spain.

Many historians have emphasized the need to considered the environmental restrictions to change facing farmers in Castilla (or Andalucía or Cataluña), compared to those facing English or Danish farmers. As Ramón Garrabou (1988, p.17) has written:

Conocer los efectos reales de la depresión obliga a tener presente las alternativas posibles y la capacidad y rapidez para abandonar determinados cultivos y desplazar recursos hacia aquellos sectores que ofrecen mejores perspectivas.

Natural resource restrictions were the most obvious restriction to change, but they were not the only ones. Farmers in some countries by the late nineteenth century benefited from one or more of the following: scientific research and extension programs sponsored by their governments; credit and producer cooperatives; cheap long distance transport, including refrigeration to conserve the farm products; or legislation which restricted landowners rights over tenants. Spanish farmers, in general, were slower to benefit, and this affected their ability to respond to new market opportunities and increase productivity. It also had important distributional affects, as low productivity did not necessarily imply low profitability, and 'traditional' producers wished to protect their rents.

There have been numerous studies, many of which are excellent, which have tried to show how farmers adapted to the market conditions of the late nineteenth century at a local level. These studies frequently emphasize the ability of farmers to respond positively to market opportunities. Yet despite this ability to adapt, agricultural productivity was low in 1914, and living standards for many farm workers and farmers remained poor. The rest of this short paper looks at wine production, which was a sector where natural resources were supposedly favorable in Spain, but where success

remained limited in 1914. Rather than consider those producers who specialized for the French market, and whose competitive ability was damaged by the 1892 tariff, comments are limited to the British market where Spain could compete on an equal footing with other countries. It argues that producers needed more than just cheap labour and favorable natural resources to compete in international markets.

The history of the sherry industry between 1860 and 1914 is well known, but is worth resuming briefly. British imports of sherry and Spanish white wines increased from an annual average of 11.8 million litres in 1841/5 to 29.7 million in 1871/5, when they declined rapidly to slightly less than ten million in 1891/5. The story therefore is one of a market that was gained, and then lost. To a certain extent this was because of fashion changes in drinking in Britain, but there was also the belief that drinking sherry constituted a health risk, either because of the production systems used in Jerez, or because of the widespread adulteration and fraud that was common in the late nineteenth century. However, a rapid increase in demand followed by a sharp fall was also present with other wines in the British market, including fine French claret, ordinary clarets, champagne, Australian red or Tarragona 'port'. The differences in the shape of the inverted V, together with the timing of the moment when imports peaked, is less important for us here than the response of producers to falling sales (Simpson, 2004).

With the reduction of import tariffs after 1860, producers in Jerez found themselves in a good position to compete in the British market both with their 'fine old sheries', and also young white wines. The potential supply for the Jerez shippers was increased significantly by the railways, which connected the city with other regions such as Montilla and La Mancha. The sale of large quantities of cheap wines was highly profitable for the large houses, but they needed to differentiate their products clearly so consumers could distinguish the different qualities (and prices) being offered by an individual firm. Firms also needed to protect not just their own private brand, but also the collective reputation of 'sherry'. Information on brands was confusing and it was reported that the British consumer 'knows nothing but vague names such as *Vino de Pasto*, *Amontillado*, *Oloroso*, etc; the result is that he has less means of judging what price he ought to pay' (*Ridley's Wine and Spirit Trade Circular*, March 1892, p.165). The best known brand was consequently sold under a British label, 'Harvey's Bristol Cream'. Even more serious was that the industry allowed 'sherry' to become a generic brand which was applied to any wine, including those that had been produced in Hamburg or England.

As noted above, these problems were not unique to sherry. An obvious response was to create a collective brand which guaranteed the origin (and purity) of the wine for consumers. As early as the 1850s growers were demanding an appellation which would restrict the use of the word sherry to wines produced from grapes grown in the immediate Jerez region, rather than all wines that were blended in a shipper's cellars. The decade or so prior to the First World War saw renewed demands in Jerez, as well as in various regions of France, Portugal and elsewhere. However, there was a marked difference in the success of different growers in obtaining an appellation. Merchants were strongly opposed to appellations everywhere because wines usually needed to be blended, and they wanted the possibility to select the most appropriate ones in terms of quality and price that were available to make a 'Spanish white', or 'Bordeaux claret'. This was especially important as the British consumer in general was less concerned with the wine's origin as to its price and the continuity in its characteristics from one year to the next. Blending was crucial to achieve this. Fine wine producers were also, in general, unconcerned about the collective reputation of the regional wines. Chateau Margaux was just one of perhaps sixty thousand wine producers in the Gironde, but it operated in a very different market to most other Bordeaux producers.

Growers argued everywhere that it was the *terroir* which determined the character of the wine, not the manipulation of the grapes in the wineries. As greater market integration helped merchants purchase their wines over a wider area, the development of new political institutions gave growers a greater voice. In France, local growers successfully lobbied national politicians to create a number of geographical appellations in places such as Bordeaux and Champagne in the face of considerable opposition from the merchants. Elsewhere growers were not as successful, as their political influence was less than in France. In Jerez, the shippers were able to stop all attempts at creating a 'sherry' brand and appellation, and when one was finally introduced during the Second Republic they were able to continue to protect their interests. By contrast in Porto, growers were successful at reestablishing an appellation, not because the political system was more democratic than that in Spain, but rather for nationalist reasons, as the leading shippers were still British. The ability of growers to create institutions such as appellations or cooperatives depended, among other factors, on their ability to trade votes for favourable legislation.

Jerez's shippers supplied the British market both with fine sherries produced locally, and cheap white wines produced elsewhere in Spain. By contrast, merchants looked outside Portugal for cheap generic ports, such as 'Spanish red' from Tarragona

that could be sold in London at half the price of young ports from Porto. As Ramon Garrabou and other have shown, Catalan growers and merchants have for centuries adapted their products to changing demand, whether distilling spirits for the Dutch market, fortifying wines for export to the colonial market, or producing cheap table wines for Barcelona and France. The growth in British demand for cheap ports, a weak peseta and the arrival of phylloxera in Portugal offered growers not only the possibility of exporting red wines to be blended with those from Porto, but also to be marketed directly as ‘Tarragona red’ in bottles, that became popularly known as the ‘Big Bob Bottle’. Prior to the mid 1880s, exports were minimal, but they then grew rapidly, and by 1896 more Spanish red was imported into the United Kingdom than sherry and Spanish white (see figure).

The supply of these cheap ‘port wines’ from Tarragona could only be met after a number of technical problems in wine production were resolved. In particular, better fermentation methods were required to rid the wine of the earthy flavour and coarseness which so often characterised it. One local development was the artificially maturing of bottled wines called ‘insolation’. This was a modification of Pasteur’s system, with direct sunlight being used rather than artificial heat. Insolation not only helped to prolong the life of the wine, but also accelerated the aging process relatively cheaply. According to the type required, the wine was left in clear white glass bottles and exposed for between ten days and a month. The colour changed from the ‘purple tinge’, to pass ‘successively through every shade of ruby, from ruby to *rancio*, and from *rancio* to light tawny if left long enough’.<sup>6</sup>

Yet the British demand was brief, as exporters reduced wine quality in response to rising prices caused by phylloxera-induced production shortages and the rapid appreciation of the peseta after the conclusion of the Cuban war. Merchants in Tarragona looked for cheaper and inevitably inferior, Spanish wines, to remain competitive. The end-result was not unexpected, as ‘when genuine Tarragona was offered to the Public, it was quick to appreciate it, and the consumption rapidly increased. But when flagons of rubbish, bearing the name Tarragona, were substituted, the discriminating reverted to some more trustworthy beverage’.<sup>7</sup> Exports of Spanish

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<sup>6</sup> *Ridley’s*, 1897, p.9 and January 1900, pp.114-5.

<sup>7</sup> *Ridley’s* (August 1901, p.556). Five years later Ridley’s noted that ‘the consumption of Tarragona Wine in the British markets have considerably declined since importers decided to neglect the genuine product for a blend which was cheaper. Not only have the distribution of the ‘Big Bob Bottle’ brought an honest Wine into disrepute and crippled a lucrative brand of their trade, but their example has engendered the production of a still baser type. The cheapeners filled their bottles with Wine which was certainly not legitimate Tarragona, and their pupils and followers are now selling a composition which is not even legitimate wine’. *Ridley’s* (November, 1906, p.928).

red remained strong, especially in the years up to the First World War, but a significant proportion were described as ‘Basura de Batalla’, namely rubbish wines produced from Valencia, Alicante and La Mancha, rather than the ‘choicest products of the Priorato’.<sup>8</sup>

#### Conclusion.

It was necessary to do more than simply increase the output of vegetables or produce better wine or healthier milk to compete in international markets and increase total factor productivity. Growers needed also to be able to sell their products at a profit. As the United Nations food summit in Rome in November underlined, policies are needed to both increase the productive capacity of agriculture, and improve the operations of food markets.<sup>9</sup> In particular, this required farmers to produce better quality products, which merchants could grade and create distributional networks which would insure that consumers received them in suitable conditions. In other words, the problem was not just one of farm technology. Wine makers, such as the Marques del Riscal, did try to improve quality, but the economic benefits were limited until well into the twentieth century.<sup>10</sup> Perhaps this was not surprising given that government policy in the 1920s was to supply cheap wines for urban consumers which were often fortified with domestically produced industrial alcohol, allowing both central and local governments to benefit from extra tax revenues.

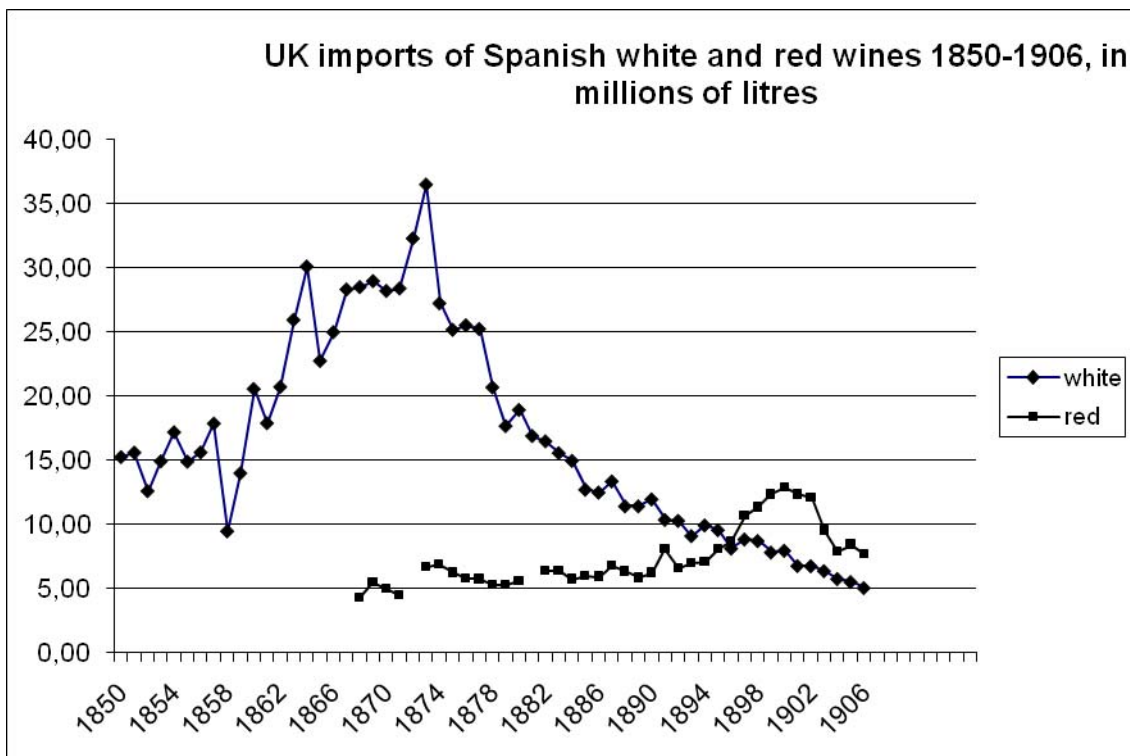
Arthur Lewis many years ago distinguished between the experience of temperate and tropical producers in the period between 1870 and 1914. In temperate regions such as North America, Argentina or Australia, abundant land and limited supplies of labour encouraged farm mechanisation which produced a rapid growth in productivity. European capital flooded into these regions in a way that it did not in Spain or indeed any other European economies. By contrast in tropical countries labour productivity remained stagnant because there were elastic supplies of both land and labour, and the area cultivated fluctuated in response to changes in demand for commodities such as coffee, cocoa or sugar. Once again foreign capital was crucial for establishing plantations, creating modern processing plants, and exporting food and beverages. Foreign investment in Spain was limited because there were relatively few products that northern European consumers wished to consume. Agricultural development therefore remained heavily dependent on the domestic market.

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<sup>8</sup> *Ridley's* June 1900, p.395.

<sup>9</sup> (The Economist November 21st 2009). See also (World Bank 2007).

<sup>10</sup> (González Inchaurreaga 2006)



Sources: Wilson (1940), pp.362-3 and Ridley's, various years.

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