

El desarrollo de la España contemporánea. Historia económica de los siglos XIX y XX. By

Gabriel Tortella. Madrid: Alianza Editorial, 1994. Pp. xxviii, 429.

Most recent economic studies of the Spanish economy tend to focus on the applied econometric methodology, usually neglecting the relevance of institutional issues. The study of institutional factors and the only interest in past events is what has generally distinguished economic historians from other applied economists. The absence of these limiting features makes Gabriel Tortella's book both an interesting and original approach to the 19th and 20th century Spanish economic history. What is most valuable of Tortella's approach is that he is able to convince the reader of the sense of historic continuity of present features of the Spanish economy.

In his presentation of the economic history of Spain since the War of Independence the author studies different economic activities separately. His sectorial approach distinguishes among population (ch. 2 and 10), agriculture (ch. 3 and 11), industry (ch. 4 and 12), transportation and foreign trade (ch. 5 and 13), financial institutions (ch. 6 and 14), and the economic role of the Government (ch. 7 and 15). The book is divided into two parts. Part I addresses each sector during the 19th century, while Part II concentrates on the 20th century. However, there are no compelling reasons for the author's distinction between 19th and 20th centuries. In fact, the longest, homogeneous period of steady growth of the Spanish economy, *La Restauración*, overlaps both centuries. This forces the author to continuously cross reference to either forthcoming or previous chapters of the book. Contrary to the author's opinion, there is not structural change at the turn of the century. This is evident in the layout of the book, since the second part mainly focuses on the period, which started after the Civil War.

Chapter 1 overviews Spain's economic development during the 19th century that resulted in a relative backwardness compared to other European economies. Gabriel Tortella suggests there existed a common pattern of industrialization in Mediterranean countries by pointing out major similarities among the Italian, Portuguese, and Spanish economies. According to the author, other than fiscal deficits, the main explanatory factor responsible for slow industrialization in these economies was the inability of their agricultural sectors to generate output and labor force surplus for their industrial sectors. He argues that this factor may even explain the relative position of Spain's economy within this group of Mediterranean economies, because of the relatively poor quality of endowed land employed in the production of cereals. The long run growth possibilities of these economies, however, were not constrained by physical factor endowments but rather by the low level of human capital. The economic effects of education through human capital accumulation are an original and interesting argument that

recurs through the book. Chapter 9 intends to lend support to this idea by noting that even upon the Spanish industrialization in the 20th century, differences from Italy may be explained by differences in Spain's and Italy's relative stocks of human capital at the beginning of the period.

The book is generally well documented with numerous figures and tables that support the argument of the text. All this information is highly valuable to understand present events within the framework of historical trends. It is a lapse that the discussion of the transportation sector in the 19th century does not have a counterpart for the 20th. Public works programs, road construction, and telecommunications, which are so important for present and future development, are therefore neglected.

The author emphasizes economic arguments while presenting historic facts. The book includes several simple explanations of the basic economic theory that underlies the author's arguments. This is also very valuable because these explanations make the book very accessible for both undergraduates and non-economists. New arguments building from traditional ones emerge through the book by applying the most basic economic principles of profit maximization and market efficiency. For instance, these principles clearly explain the rational design of a radial rail network, the capture of the government by entrepreneurs seeking for protection, and the missallocation of resources in the agriculture due to interventionist policies. These are some of many examples that help distinguish this book from previously written treatises on the Spanish economy.

Tortella masterfully manages economic principles in order to attack, sometimes bitterly, the economic policy of Franco's regime, and the dictator himself. He makes a tremendous effort to show that Franco's first twenty years of dictatorship represent the only setback for the Spanish economic development since 1800. The author clearly shows that the implications of Franco's irrational autarkic policy were a stagnate agricultural sector and a completely inefficient industry, very much hampered by government intervention. Tortella asserts that much of Franco's propaganda about his regime's economic achievements in the 60s were false. He argues that the only liberalization measures carried out by Franco's dictatorship were forced by the balance of payments collapse in 1958, and that they were contrary to the dictator's objectives. He argues that many post-Franco industrial and energy problems that democratic governments had to face resulted from incorrect interventionist policies during the dictatorship. However, sometimes the author skips a positive economic approach to the analysis favoring normative statements to attack the dictatorship. There is no reason, other than ideology, to compare Franco's unintended economic policy outcomes with his improvised campaigns in the Civil War. Similarly the repeated references to MATESA affair exaggerate the importance of some historical events, while others, more important, such as *Pactos de la Moncloa*, are scarcely mentioned.

The book is slightly unbalanced in its last chapter. It is not clear when exactly the study intends to finish. However, it is obvious that some more recent issues are not analyzed with the same market oriented arguments used for previous periods. For instance, the author does not include a cost-benefit analysis of the government's decision to stop Spain's Nuclear Energy Program. Another example refers to the evolution of the balance of payments in the late 80s, which is explained on the basis of economic euphoria, without even question whether it was due to a precipitated incorporation of the Spanish peseta into the European Monetary System. That decision forced the Bank of Spain to achieve nominal exchange rate objectives prior to the adjustment period for the Spanish incorporation to the European Community was over. Finally, it is surprising that the lack of economic liberalization and government intervention in the labor market before and after Franco's dictatorship is not evaluated using arguments of economic efficiency and incentives when this is still today the Spanish economy's most serious problem.

Despite these minor criticisms, Professor Tortella's book provides an accurate historic perspective on current issues in the Spanish economy. He also makes continuous use of competition arguments that Spanish applied economists and policy makers tend to neglect to often. The book is intended to be a handbook of Spanish economic history for undergraduates. And as it extends the analysis of multiple economic sectors through the end of the 80s, the book also could serve as a handbook for Spanish applied economists. Definitively, the book should not be limited to the circle of Spanish economic historians.

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