An Economic History of Portugal, 1143–2010

A fascinating exploration into the evolution of the Portuguese economy over the course of eight centuries, from the foundation of the kingdom in 1143, when political boundaries began to take shape in the midst of the Christian Reconquista of the Iberian Peninsula, the formation of an empire, to the integration of the nation in the European Communities and the Economic and Monetary Union. Through six chapters, the authors provide a vibrant history of Portugal’s past with a focus ranging from the medieval economy and the age of globalization to war and recovery, the Atlantic economy, the rise of liberalism and patterns of convergence. The book provides a unique long-term perspective of change in a Southern European country and its empire, which responds to the fundamental broader questions about when, how, and why economies expand, stagnate or contract.

Leonor Freire Costa is a tenured assistant professor at the Lisbon School of Economics and Management, University of Lisbon.

Pedro Lains is a research professor at the Instituto de Ciências Sociais, University of Lisbon and a visiting professor at Católica Lisbon School of Business and Economics.

Susana Münch Miranda is a senior researcher at the Institute for History, Leiden University.
An Economic History of Portugal, 1143–2010

Leonor Freire Costa
University of Lisbon

Pedro Lains
University of Lisbon

Susana Münch Miranda
Leiden University
Contents

List of figures vi
List of maps vii
List of tables viii
Preface xi

Introduction 1
1 The medieval economy, 1143–1500 14
2 The age of globalization, 1500–1620 52
3 War and recovery, 1620–1703 109
4 The Atlantic economy, 1703–1807 164
5 The rise of liberalism, 1807–1914 228
6 Patterns of convergence, 1914–2010 291
Conclusion 345

References 353
Index 388
## Figures

2.1 Imports of gold from the Guinea Coast, 1487–1559 (in kgs)  
2.2 Cape Route shipping, 1501–1630 (tonnage returned as percentage of tonnage departed)  
2.3 Structure of return cargos in the Cape Route, 1586–1600  
3.1 Interest rates on bottomry loans from round trip voyages to Brazil, 1613–1658  
3.2 Price index, 1621–1703 (1918 =100)  
3.3 Yearly wages in Lisbon (skilled labor), 1621–1703 (1620 prices)  
3.4 Tax revenues, 1619–1680  
3.5 Customs and other indirect taxes, 1619–1680  
4.1 Balance of trade, 1720–1807  
4.2 Foreign trade, 1720–1807  
4.3 Gold stock, 1720–1807  
4.4 Exports from Brazil, 1701–1800  
4.5 Price of a basket of goods in Lisbon, 1750–1800  
4.6 Real yearly wages in Lisbon, 1750–1808  
5.1 Exports of manufactures to Brazil, 1796–1831  
5.2 Government revenue and expenditure, 1852–1913  
5.3 Public debt, 1851–1913  
5.4 Yields of British and Portuguese consoles, 1850–1913  
5.5 Bank of Portugal gold reserves/circulation, 1854–1913  
6.1 Portugal’s convergence to the European core’s GDP per capita, 1900–2009
Maps

1.1 Phases of the *Reconquista* in the Iberian Peninsula, 1000–1492       page 17
1.2 Portuguese strongholds in North Africa, 1415–1578       44
2.1 Judicial districts, c. 1500       56
2.2 Rivers and major cities, sixteenth century       58
2.3 The Portuguese empire in the Atlantic, sixteenth-seventeenth centuries       80
2.4 Portuguese empire in Asia (main strongholds), sixteenth century       107
3.1 Portuguese America, seventeenth-eighteenth centuries       154
4.1 The Douro wine region, 1761       178
5.1 The French invasions, 1807–1811       233
6.1 The railway network, 1884–1930       302
Tables

1.1 Portugal: population estimates, 1100–1500 page 24
1.2 Debasement of Portuguese silver libras, 1340–1406 (1252–1263 =100) 42
2.1 European population in 1500 (thousand of inhabitants) 54
2.2 Regional distribution of the Portuguese population in 1527 54
2.3 Urbanization in Europe in 1500 (percent of total population) 57
2.4 Urbanization in Portugal, 1527–1532 57
2.5 Structure of costs in shipbuilding, 1500–1550 (percent) 75
2.6 Sugar production in Madeira, 1455–1525 (arrobas) 77
2.7 Sugar production in the Portuguese colonial empire, 1515–1617 (arrobas) 78
2.8 Pepper unloaded at Casa da Índia, 1501–1600 (million réis) 82
2.9 Prices and freight in pepper trade, 1506–1607 (cruzados per quintal) 82
2.10 Value of return cargos in the Cape Route, 1586–1600 (million réis) 85
2.11 Imports into Flanders, 1551 89
2.12 Portuguese exports to Antwerp, 1535–1537 90
2.13 Shipping capacity of England, Dutch Republic and Portugal, 1503–1607 (tons) 92
2.14 Shipbuilding costs according to tonnage, 1510–1604 (réis per ton) 93
2.15 Revenues of the Crown, 1506–1607 (million réis) 97
2.16 Revenues of the Crown, 1506–1607 (growth rates, percent) 98
3.1 Revenue from the décima, 1650–1653 (million réis) 118
3.2 The Portuguese army, 1643–1666 127
3.3 Population growth in Europe, 1650–1700 (annual average, percent) 128
3.4 Regional distribution of population, 1527–1700 (percent) 130
List of tables

3.5 Urbanization in Portugal, 1527–1700 (percent of total population) 130
3.6 Lisbon’s imports in 1685 (million réis) 144
3.7 Imports of sugar and tobacco in Porto, 1640–1679 (1,000 lbs) 148
3.8 European shipping in the Lisbon trade, 1641–1688 151
3.9 Revenue of the State in mainland Portugal, 1619–1680 (million réis) 158
3.10 Revenue of the State in mainland Portugal, 1619–1680 (marks of silver) 162
4.1 Population of selected European countries, 1700–1800 (thousand inhabitants) 166
4.2 Population change, 1700–1801 (annual growth, percent) 166
4.3 Regional distribution of population, 1706–1800 (percent) 167
4.4 Urbanization in Europe, 1700–1800 (percentage of population living in cities of 10,000 or more inhabitants) 169
4.5 Urbanization in Portugal, 1706–1801 (cities with 10,000 or more inhabitants) 169
4.6 Domestic production of wine, distilled spirits, and vinegar, 1782–1783 (casks) 179
4.7 Consumption and imports of cereals in Portugal, 1776–1795 184
4.8 Industrial labor in Trás-os-Montes, 1796 186
4.9 Number of factories founded, 1769–1788 192
4.10 Remittances of gold from Brazil, 1720–1807 (million réis) 205
4.11 Composition of State’s revenue, 1762–1804 219
4.12 Public budget, 1800–1802 (million réis) 224
5.1 Ships in Portuguese ports, 1801–1814 (number of vessels) 231
5.2 The cost of Brazil in 1830 (1830 prices) 236
5.3 Growth of agricultural output, 1848–1927 (annual peak to peak growth rates, percent) 241
5.4 Growth of output, labor force, and labor productivity, 1850–1930 (annual growth rates, percent) 242
5.5 Population and industrial units in Portugal, 1814–1852 251
5.6 Composition of industrial work, 1815–1910 (percent) 252
5.7 Growth of industrial output, 1854–1911 (annual peak to peak growth rates, percent) 254
5.8 Growth of trade, 1842–1913 (1910 prices) (peak to peak yearly growth rates, percent) 257
5.9 Composition of exports, 1840–1914 (percent of total exports) 261
5.10 State revenues and expenditures, 1800–1846 (million réis) 271
<table>
<thead>
<tr>
<th></th>
<th>List of tables</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Monetary and fiscal indicators for Portugal, 1854–1945</td>
<td>296</td>
</tr>
<tr>
<td>6.2</td>
<td>Growth of real income per capita on the European periphery, 1913–2009 (annual growth rates, percent)</td>
<td>324</td>
</tr>
<tr>
<td>6.3</td>
<td>Sources of Portuguese economic growth, 1910–2009 (annual growth rates, percent)</td>
<td>328</td>
</tr>
<tr>
<td>6.4</td>
<td>Output and productivity growth by sector, 1950–2009 (annual growth rates, percent)</td>
<td>329</td>
</tr>
</tbody>
</table>
Preface

The present book is a substantially revised translation of a book first published in Portugal (História Económica de Portugal 1143–2010, Lisbon: Esfera dos Livros, 2011) which was written following the suggestion of a publisher that identified a lacuna for an economic history of Portugal over the period since the foundation of the kingdom, in the twelfth century, to the present times. There are many valuable works that provide a global perspective either for shorter periods of Portuguese economic history, or for longer periods of its political and institutional history, but there certainly was room for a global economic history that covers a wide range of topics, from demographic and institutional developments to the measurement of economic growth and a more formal analysis of factors of growth and structural change. We gladly accepted the challenge because there is a large amount of research from which it is possible to draw a global perspective on the evolution of the Portuguese economy, within its European borders, and regarding its relations with Europe, the empire, and the rest of the world.

When we wrote the first version of the book, we had in mind an international audience, as we were well aware that the economic history of Portugal in the long run can be of interest for students on a wide variety of topics of international reach, such as the making of colonial empires, their consequences for domestic economies and, why economies grow or fall behind. The present English version of the book is the best demonstration of that wider interest in Portugal’s economic development. Although we have not changed the manuscript in terms of its main structure, this edition is different from the first in many aspects. Not only have we benefited from recent findings that have clarified our interpretation on the evolution of the Portuguese economy in the long run but we have also stressed further the connections between national and international issues. We hope the international reader will be attracted to the study of this relatively small and peripheral country both because it was the center of an empire for many centuries and it highlights many other issues regarding international economic history.
Our task in writing both versions of the book was rendered possible and in many instances more pleasant thanks to the interactions with many colleagues we have met in Portugal and elsewhere, of whom we would like to mention Cátia Antunes, Rui Pedro Esteves, Joaquim Romero Magalhães, Jaime Reis, and João Paulo Salvado. We would like to thank John Huffstot for his effort in translating the original version of the manuscript of this book, Cláudia Viana for designing the maps, as well as Marta Castelo Branco and Bárbara Direito for their valuable help in the edition of the final manuscript. We would also like to acknowledge valuable comments from three anonymous referees. Finally, we would like to thank the generous grants from Fundação Calouste Gulbenkian, Bank of Portugal, and Luso-American Development Foundation, which rendered possible the work of translation and revision of the original manuscript.