Chapter 1 of this book outlined a relatively general and abstract theoretical approach to understanding the crisis-ridden development of global capitalism – largely from the perspective of the advanced or ‘classical’ capitalist countries. With this chapter, then, we begin our more focused examination of the development of capitalism within Spain. Our aim is to explain why the crisis that erupted in 2008 has deep historical roots. We make clear the link between Spain’s relatively ‘backward’ industrial status within Europe by the end of the 1970s and the subsequent cycles of growth, overaccumulation, and crisis from the 1980s onward. This requires that we now recognise – and briefly theorise – the specificity of national forms of capitalism in certain parts of the world, which cannot adequately be explained with recourse to the general approach provided in Chapter 1, while also maintaining that the Spanish state had its own part to play in the processing of global class relations and in relation to the emerging NIDL from the 1960s.

After offering a brief theorisation of ISI, and some background on Spain’s historical economic ‘backwardness’, we explain the material bases upon which Spain witnessed rapid economic development after the 1950s. We suggest this development was limited in key respects, and that it depended upon the mediation of state policies as a means of sustaining capital accumulation in the context of low productivity in agriculture and the weak development of the forces of production in industry. By the 1960s, the Spanish state was able to defer a serious crisis by being able to offer previously excluded foreign firms the opportunity to enter Spain and to enhance their profitability – and that of some Spanish industrial capitals – under the conditions peculiar to import substitution industrialisation (ISI). Concurrently, the Spanish state also managed a mass emigration of Spanish workers whose remittances took
on an important compensatory function; and the state was also able to benefit from Spain’s increasing significance as a tourist destination for northern Europeans. By 1974, however, Spain eventually did experience the onset of a global crisis of overaccumulation in the form of a crisis of ISI and of the fascist state. A full-fledged strategy of austerity and industrial restructuring was deferred until after the transformation to a liberal state form and the election of the first Socialist government in 1982. In making this argument, we lay the groundwork for Chapter 3 insofar as it should become clear as to why the project of European integration from the 1980s became a significant means of, and cover for, the state's attempt to re-confine accumulation within the limits of the market by deflationary means.

Theorising the limits to import substitution industrialisation

In Volume III of *Capital*, Marx provides a theory of landownership and ground-rent in capitalism that stems from the observation ‘that certain persons enjoy the monopoly of disposing of particular portions of the globe as exclusive spheres of their private will to the exclusion of all others’ (Marx, 1981: 752). In order to gain access to non-renewable natural resources attached to such portions of land, or to non-replicable locations, capitalists must, Marx argues, cede a portion of surplus value. The resulting income for the landowner ‘is known as ground-rent irrespective of whether it is paid for agricultural lands, building land, mines, fisheries or forests’ (Marx, 1981: 755–6). Marx originally focused his discussion in *Capital* upon ‘differential’ and ‘absolute’ forms of ground-rent in the context of agricultural production, in an attempt to disentangle the complex conditions that impact upon the flow of surplus-value between and within sectors (such as location, fertility and technological development).\(^1\) Marx’s advance over classical political economy, and Ricardo especially, was to show how even marginal landowners could claim a rent without resorting to selling agricultural products at prices above their value, and, in so doing, was able develop a theory of ground-rent that was consistent with his labour theory of value.

The Marxian theory of ground-rent as an appropriation of surplus value provides a basis for explaining the development of national forms of accumulation in certain parts of the world. As the ‘classical’ international division of labour developed from the sixteenth and into the twentieth centuries, Latin American countries, in particular, assumed a position within it precisely based upon their ‘resource rich’ agrarian