

The economy and finance under Charles were the weakest aspects of his reign. Although at the end of his predecessors rule, finance was in good shape, his obsession with war caused a series of embarrassing bankruptcies in Spain; a poor foundation for his son Phillip II. Pendrill suggests 'On the surface, the reign of Charles was a period of economic boom and prosperity'¹⁴ however it was more a case of the rich becoming far richer, and the poor falling further into poverty. Historian Cooper suggests that the Golden age of Spain was confined only to the aristocracy in Spain, amounting to only 10 percent of the population¹⁵. When Charles returned in 1522, after the rebellions had been put down, there was very little money. He raised most money from Castile, which was the richest of the provinces in Spain, but spent it over the whole of his empire. Lockyer states that Castile's 'inhabitants paid a heavy toll for the hegemony in Europe'¹⁶. Much of Charles' rule was spent preventing collapse in one part of his empire, to another. In Charles' reign, the nobles did not have to pay taxes, as much like his predecessors, he was not powerful enough to ask them to as it could result in unrest. They voted for taxes in the Cortes, having a negative effect on the lower classes of society. In Castile money was collected from the alcabala sales tax, which was collected at a rate of 10 percent, the Cruzada tax was paid by the clergy and brought in 150,000 ducats a year, and other taxes such as the servicio, brought in 400,000 ducats. Another great source of wealth came from the New World, from 1536 until 1555, the annual income increased from 324,000 ducats to 870,000 ducats¹⁷. Although this was a lot of money, along with income from Aragon, it still did not fulfill the sums needed for Charles' extensive foreign policy. In reality Charles did not trade as efficiently as he should have with the new world, and he neglected the agriculture industry in focusing too much on sheep, and not enough on crops, which in turn, had to be imported. Although some advances were made in iron works, ceramics, leather and silk, not enough was done to create a solid and functional economy, for Phillip II to take over.

Religious policy was an important part of Isabella and Ferdinand's rule, and later on the reign of Charles V, that helped to lay the foundations for the Golden Age in Spain. During their time in power The Catholic Kings approach to religion enabled the clergy to adapt to the ideals of the Spanish monarchy, and from this, lay the foundations for one of the main defenses against the reformation- the inquisition. The Catholic kings did not significantly change the church in Spain; however they improved on the values that existed. Elliot states that the Catholic Kings 'gave the church a new strength and vigor at the very moment the church was everywhere under heavy attack'¹⁸. Religion was very influential in Spain at the time and so it was incredibly important for the monarchs to keep them on side. The Church was a very wealthy land owner and was loyal to Rome and so by winning them over, Isabella and Ferdinand turned a potentially powerful enemy into an ally; For example, in 1486 they were given permission by the Pope to appoint the Bishops in Spain. The Cruzada tax was granted indefinitely in 1508 meaning this privilege would carry on into the reigns of Charles and Phillip- not only did this mean that they had more control over the church, they also had more money coming into the crowns funds. The church was increasingly controlled by the monarchs, but was also increasingly loyal to them- especially Isabella as she undertook policies in the name of good faith, and uniformity of the Catholic faith was a key policy for her. Isabella did this by eradicating corruption from the church and keeping it in order so that Protestantism did not spread. The Spanish

¹⁴ Colin Pendrill, Spain 1474-1700

¹⁵ J.P Cooper- the decline of Spain and the Thirty Years War 1609-48/59

¹⁶ Roger Lockyer- Hapsburg and Bourbon Europe 1470-1720

¹⁷ Colin Pendrill, Spain 1474-1700

¹⁸ J H Elliott, Imperial Spain 1469-1716