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#### **Foreign investment in city services in the Canary Islands. Supplying water to the city of Las Palmas**

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##### **I. Introduction.**

Population growth and subsequent demand in the Canary Islands from the mid-nineteenth century, led to increased demand for more and better supplies of basic municipal infrastructures. In the Islands' urban centres, as in the rest of Spain and in other European nations, most of the municipal public services (domestic water supplies and for boats docked at Island ports, electricity, public transport by tram, telegraph communications, etc.), were mainly established in the respective capital cities which were also ports.

Municipal public services have been the subject of considerable research, especially with regards to the Industrial Revolution and the analysis of its development. In the Canary Islands, however, there are few studies which consider this subject using a specific methodology. This paper attempts to carry out an initial consideration with a view toward carrying out further, more specific research.

The high investment in fixed capital which these infrastructures required, particularly those with more accessible technology after the second industrial revolution, meant that, along with technological and managerial complexity, their construction and developed use were generally funded by the private sector, which was in foreign hands in many cases, generally

contracted out by tendering public bids (Antolín, 1991; Martínez López and Piñeiro Sánchez, 1997; Matés Barco, 1997). The relationship between urban development and implanting new urban technologies has become a three-part venture involving supply, demand and municipal administration. Thus the actual installation of the technology is designed and modes of regulation selected (Fernández, 2000: 2). Furthermore, to study the supplying of these services there is a tendency to use the network concept which is linked to technological innovation (Matés Barco, 1997: 137). Using this concept would help analyze the new special organization and economic standardization prototypes existing in modern societies.

Based on the hypothesis that foreign capital has long underpinned municipal services in the Canary Islands, this paper recounts the implementation process of these services in the main Island cities from the 1870s to the 1930s. This era saw the infrastructure modernized alongside economic development. Although section III provides an overview of the main municipal services in the Canary Islands, in this paper we concentrate on the provision of water in Las Palmas de Gran Canaria, which became the main urban hub of the seven-island chain, due to an incredible growth which was centered, to a great extent, on the city's port known as *La Luz* and the city itself.

It is worth noting that, given the limited rainfall in these islands and the lack of water resources to supply the cities and ports, considerable foreign investment was required to provide the funds and technology to construct dams, piping systems, perforation galleries and wells, etc. It seems that local capital lacked the needed base to cope with demand, and so foreign investors were sought to cover the water needs of the city of Las Palmas. The company formed, *The City of Las Palmas Water and Power Company Ltd*, was backed by English investment.

One might suppose that this public service company was well placed to achieve financial success, as was the case in other areas (Núñez Romero-Balmás, 1996 and González Ruiz and Núñez, 2005a and 2005b), which would carry out this service effectively. In actual fact, the transaction and related bureaucracy incurred onerous costs and the town's officials mismanaged the endeavour, giving way to graft and collusion. Furthermore, the model for taking public bids for water provision, in line with the most accepted institutional form in Spain at the time (Antolín, 1990: 324), did not provide good results given the behaviour of the company. Its course was marked by significant conflicts, from the service allocation

process (contested by a local firm) to the supply of water itself, as its maximum benefits policy gave rise to discontent and social unrest which was common among companies which handled other services.

In the first part of this paper, then, we will consider the importance of foreign investment in the setting up of public services in Canary Island cities. Then we will go into detail on the specific case of supplying water to the city of Las Palmas, which constitutes a paradigm in the dynamics which this process underwent. Thus, we will accept that urban growth was part and parcel of economic development (sections I and II); in section III we will consider the main services supplied, designate one section (IV) to the supply of water and finish with conclusions (V).

## **II. The Canary Islands, in the Imperialist sphere.**

The Canary Islands' economy underwent a significant transformation beginning in the last half of the nineteenth century. The triumph of capitalism in the Islands could be attributed to several factors including the profitable location, being situated on the main shipping routes. This aspect was reinforced by the new navigation technologies and also benefited by the establishment of duty-free port status in 1852. This special tariff regime was accompanied by other factors such as the development and subsequent boom of steam ships. The Canary Island ports would become a supply point for coal, drinking water and provisions and also facilitated the export of local produce such as bananas and tomatoes. This exportation process took advantage of the reduced cargo on many of these ships that were making the Atlantic route. Therefore, the technological transformations appeared in the second Industrial Revolution, were a key element in the triumph of capitalism in the Canary Islands, although heavy industry was never successfully developed in the archipelago.

Another even more crucial factor that encouraged growth was the extensive foreign investments in the islands from companies based in the UK, Germany and Belgium. The most dominant economic sectors for such foreign investment were port infrastructures, tourism, public services, farming for export and commercialization. As international markets opened, these Islands became a strategic point for certain commercial activities in the imperialist expansion at the close of the twentieth century and the dawn of the twentieth century. The main pursuits were shipping and the supply of fuels. This economic development fostered urban growth and even overdevelopment

in the case of Las Palmas de Gran Canaria (Burriel de Orueta, 1981), which would eventually become the largest conurbation in the Canary Islands.

Acceleration urban growth took place with increasing demographic concentration in the Islands' two main cities of Santa Cruz de Tenerife (island of Tenerife) and Las Palmas (on the island of Gran Canaria) in terms of economic influence and number of citizens.

### **Population distribution changes in the islands of Gran Canaria and Tenerife**

	1857		1900		1930	
	Inhabitants	% of	Inhabitant	% of	Inhabitant	% of
		islan	s	islan	s	islan
		d		d		d
<b>Gran Canaria</b>	<b>68.006</b>	<b>100</b>	<b>127.831</b>	<b>100</b>	<b>216.853</b>	<b>100</b>
Metropolitan area of Las Palmas	26.004	38.2	62.558	49.2	115.341	53.2
Rest of the island	42.062	61.8	65.073	50.8	101.512	46.8
<b>Tenerife</b>	<b>91.563</b>	<b>100</b>	<b>138.008</b>	<b>100</b>	<b>218.877</b>	<b>100</b>
Metropolitan area of Santa Cruz	26.853	29.3	56.119	40.6	93.784	42.8
Rest of the island	64.710	70.7	81.889	59.4	125.093	57.2

Source: Burriel de Orueta (1981: 55).

As this table indicates, by the middle of the last century the Islands' main population centres underwent substantial growth while inhabitants required improved public transportation services, sewage systems, lighting and supplies of drinking water, in line with a modernization system that was being set up in other cities of the period encompassing the late nineteenth and early twentieth century (Fernández, 2000; 2), driven by technological advances and increased social demand. Relative supply and demand varied depending on the place and the service in question. In the area of electric lighting, for instance, supply took priority as the companies involved put out their products and searched for markets, whilst the water supply was more linked to demand. In the latter case the growing number of consumers was coupled with new standards of acceptable drinking water. In the case of Las Palmas de Gran Canaria,

which we will analyse below, new technological advances enabled the construction of expensive aqueducts and the installation of pipes for providing water to ships in the docks.

Such dynamism required control and modernization of the water supply, both to handle increased demand as well as to supply the boats which would dock in the harbour. Shipping traffic would grow exponentially as the port became a coal fueling station. Furthermore, the change from traditional mode of supplying water through underground channels, wells and other means, to a more modern system. The transformation gave rise to a number of disputes between irrigation groups who needed water for new export crops– bananas and tomatoes – and for residential use.

### **III. Foreign investment in the municipal services of the Canary Islands .**

Public services were mainly foreign owned in the Canary Islands. Key sectors such as public lighting, water and transport, for instance, were controlled by British, Belgian, German or North American companies. Electric lighting was actually first installed in medium sized or smaller towns such as Santa Cruz, the capital of the island of La Palma (1892) and in La Orotava, a town on the north coast of Tenerife (1893). In both cases the installations were facilitated by the use of already established water sights so heavy expenditures were not necessary and could be handled with local investment.

This supplying of resources was not common in the Islands, especially in the drier eastern islands such as Lanzarote and Fuerteventura which did not receive regular rainfall. Although a locally run company did manage to provide lighting to Santa Cruz, on the island of Tenerife, known as the *Compañía Eléctrica Industrial de Tenerife*, launched in 1897, it was only able to carry on for a brief initial stage.

This was not the case in Gran Canaria where the concession went to a Belgian firm called *Sociedad de Electricidad de Las Palmas* (SELP), founded in 1899, the very year that public lighting began here. The main shareholder from 1910 was also from Belgium, *Centrales Electrique de Belgique*, which enjoyed monopoly control over the system. In 1924 its shares were sold to a holding also based in that country, *Enterprises Generales de Travaux*. In 1928 it was taken over by a more modern company known as the *Compañía Insular Colonial de Electricidad y Riegos* (CICER), but it was only able to operate in an area of the city and the island, with limits to the

neighboring town of Telde and the outlying areas of Las Palmas. The CICER was prohibited from crossing its lines with SELP. Its presence did serve to break the monopoly that the latter company held for three decades (Millares Cantero, 1978).

From this point a battle takes place to control the local electricity market. Juan March takes a third place interest buying shares in SELP and re-selling them to the US firm *Whetstone Corporation*, based in Philadelphia. This company attempted to recover from its losses of the first operation by buying up the entire market in beneficial conditions.

To do this, with majority participation in CICER and other businesses such as the gas fuel concern of *la Cía de Gas de Tenerife* and the tram company *Tranvías de Las Palmas*, thus increasing its interests in the Canary Islands, in 1930 forming the lighting company of *Unión Eléctrica de the Canary Islands , S. A.*, known to this day by its abbreviation of UNELCO, taken from the *Union Electric Colonial*. A short while later, *Whetstone's* majority participation was sold to another US firm, the Chicago-based *Central Public Service Corporation* which then passed its ownership on to yet another Chicago company *Consolidated Electric and Gas Co*. This monopoly imposed unfavourable clauses on the Las Palmas city authorities for the supply of fluid which would include onerous conditions and caused considerable hardship to the residents. This would eventually give rise to social unrest, particularly under the Republican period when the town officials want to take over the service. However, the company amassed considerable benefits with earnings in energy sales going from 1,459,000 pesetas in 1933 to 2,221,000 one year later (Suárez Bosa, 1996: pp. 119-121).

By 1925 the electric light company was foreign owned throughout the Canary Islands. On the island of Gran Canaria, the capital of Las Palmas and the towns of Arucas, Valleseco, Teror, Gáldar and Moya; on the neighboring island of Lanzarote, its capital Arrecife; on Tenerife: its capital Santa Cruz, and also the towns of La Orotava, Güimar, Realejos, La Laguna, Tejina and San Miguel; on the remote western island of El Hierro, its capital, Valverde and finally on the island of La Palma, Santa Cruz de La Palma, Los Llanos and El Paso. Other islands took longer to be connected. On the island of Fuerteventura, lighting did not arrive to its capital of Puerto del Rosario until 1931 and on the western island of Gomera lighting was installed in 1937 (UNELCO, 1998).

The SELP also included the public tram company known as *Sociedad Anónima de Tranvías de Las Palmas*, initially owned by the Antúnez brothers from 1890. This was still steam driven in 1910, when it became part of the *Banco de Castilla*; and then the SELP until in 1933, in agreement with the CICER, it was turned over to the Las Palmas town hall when it was no longer a viable business<sup>1</sup>. On Tenerife, the tram took on greater importance and a line connected the capital of Santa Cruz with the northern coast town of Tacoronte, a run which passed through the university town of La Laguna. This was installed and run by a company whose main shareholder was Belgian. Known as the *Sociedad Anónima de Tranvías de Tenerife*, it began its service in 1901 and ran until 1957. In 1927 the island government of Tenerife took over the tram line from the Belgian firm for 600,000 pesetas, in an effort to cut the public service and undertake technical improvements and financial rehabilitation, but the losses continued to plague the company and complaints of poor service as well<sup>2</sup>.

The provision and maintenance of other services came to an end at the close of World War I which saw the modernization of the Canary Island economy, its progress and link to international markets. The wireless telegraph, for instance, a key element in the shipping business, led to up to date news dissemination. Founded in 1910 on the island of Tenerife and one year later in neighboring Gran Canaria, as the *Marconi Wireless Telegraph Co* which set up the TSH station at the port of Melenara, in the town of Telde. In 1925 the firm *Ital-Cable* installed a transAtlantic underwater line cable, connecting Italy with Argentina and running through Las Palmas. This established telephone and telegraph communication with the entire world. By the end of the first quarter of the century the Canary Islands already had 30 telegraph stations in the most important villages. Furthermore, the islands were connected by underwater lines. Telephone connections between Tenerife and Las Palmas were linked on 24 October 1929 and, finally, after inaugurating the transmitter *Transradio Española*, there was constant telephone connection with mainland Spain.

So in the late nineteenth and early twentieth century the cities of the Canary Islands received the main public services in line with the economic growth and social changes

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<sup>1</sup> By agreement between Las Palmas town hall, the SELP and the CICER, the SELP gave up its shares “rescisión y caducidad” to deprivatize the electric service, and also the SELP gave the city all its 64 shares of a total of 9,000 belonging to the *Sociedad Anónima de Tranvías de Las Palmas*, a failing company [Millares Cantero, 1978 (3): 42].

of the age. We will not cover other secondary services but leave the topic for future research work. This wide ranging control by the international companies over municipal public services must be taken as part of the capitalist penetration into the economic structure of the Canary Islands during this period of European colonial expansion, especially from 1880 to World War I. This control also spread toward the main economic activities of the islands. In this period the export of bananas and tomatoes began along with the tourist industry and also the port activities.

#### **IV. A water supply company for Las Palmas: “The City”.**

##### *4.1. Urban growth and demands for drinkable water.*

At the start of the twentieth century, the existing links between large municipal projects such as bridges, road widening and interior reforms, the modernization process for supplying clean domestic water was an obviously pressing matter. As the water supply piping network was extended to new areas of the cities, the valuations of these homes rose immediately, in both land and housing terms (Mates Barco, 1997: 104). In the case of the city of Las Palmas de Gran Canaria, with the construction of the port, related urban development and the link with companies interested in managing the town’s water supply were paradigmatic (Pérez García y Noreña Salto, 1992).

From the mid-nineteenth century, urban population growth led to, in part at least, considerable development of water regulation and municipal competition (Antolín, 1990: 286). From that point, the towns took over public water supplies either directly or through concessions with private companies. Despite protective legislation concerning municipal water use, the towns would have to use increasing doses of their own resources for public supplies, competing for the available flows in equal terms with farm irrigation (Macías Hernández, 1994: 22)<sup>3</sup>.

From the last thirty years of the nineteenth century the population of Las Palmas de Gran Canaria has grown considerably due mainly to the increased port activities. Between 1886/87 and 1920, the city grew from 20,700 to 66,500 inhabitants. Furthermore, there was a concentration of islanders in the capital. Thus in 1877 the percentage of the island population who lived in Las Palmas was 19.5 % but by 1900 that figure had risen to 34.7 % and even 38.2 in 1920 (Martín Galán, 1984: 312). These

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<sup>2</sup>See Galván Hernández (1986) and also Martín Hernández (1988:109-116).

<sup>3</sup>The Waters Law of 1879, was the first unified legal body in this area, living water use preference for supply

increases evidently brought on the need for municipal public services with foreign investment providing significant funding for the required infrastructure.

Up to the mid nineteenth century, in line with traditional water supply service guidelines for cities, each Las Palmas resident took the water they needed from irrigation channels and wells, designated for public supplies. Only in a few homes, of the most select circles, had rights to free service, according to secular privileges, a flow that was measured by “straws” (Galván González, 1996: 225-248)<sup>4</sup>. By the end of the nineteenth century the growing urban population, sustained by trading and port activities, related to the economic vitality of island production apparatus and foreign imperialist expansion interests along the West African coast and in Latin America, brought on the need for more municipal drinking water. As with other urban services, the first modern network of water supply was established with foreign capital. It would seem that, in this case, it would be valid to consider them “urban networks” (Matés Barco, 2001).

#### 4.2. *“City”: the controversial and turbulent contract.*

At the beginning of the twentieth century the water supply to the city was not assured, according to several testimonies. British Consul reports to its own government considered that, where remarkable growth of the city was noted, there were two questions that until now had not received their due attention and which had prevented Las Palmas from securing its position as one of the most important cities and certainly one of the busiest ports under Spanish authority. The first, and most serious, question was the shortage of water supply to the city, which could be increased largely with relatively small investment. The second is the steam train service between Las Palmas and La Puerto de la Luz (...), “which leaves much to be desired”. [(British consular Information on the Canary Islands (1856-1914), 1992: 601]. The city council of the capital was conscious of that problem, and put much effort into obtaining a feasible and definitive solution to the water supply problem, having understood that, indeed, it represented an indispensable element for the development of the city and the future of El Puerto de la Luz and Las Palmas. They recognised that this key element was the engine that could secure and drive the city towards progress and modernity, together with the proviso of a plentiful supply of quality water to the port that would secure the presence of ships in Las Palmas.

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to populations regardless of competitive use.

<sup>4</sup> The name refers to the way flow was measured. According to the tradition this was done by measuring the

This responsibility, however, fell to the City council, in accordance with the Law of Public Works of 13 of April of 1877, which indicated categorically that the water supply to the population was a municipal public service, which had the authority to manage it directly or to franchise to private organizations (Antolín, 1990: 286-287). The City council of Las Palmas decided on the second option and invited tenders for the service. The well-known English company “the City” obtained the franchise in 1912 after competition with the island society Fomento de Gran Canaria, the latter loss demonstrating a pathetic example of the impotence of the local capital against international forces.(Noreña Salto, 1977, 123); and Thousands Stonecutter, 1978). In 1886, a R.O. of the Public Work Main directorate, approved the water supply project to the port of refuge of Las Palmas (also known as La Puerto de la Luz), which, as a matter of course would attend to, albeit in very precarious conditions, the provision to the new population that had been based in the zone of the Port (districts of the Fertile valley of Santa Catherine, Alcaravaneras, Park of Santa Catherine and Isleta). This demonstrates that projects for the water supply did exist from the end of the 19th century but remained relegated.<sup>5</sup>

Early 20<sup>th</sup> Century, however saw a profile emerging in truly dramatic colours. In 1900, the only available source of water to the city for its daily supply was from la Fuente de los Morales, which remains today in private ownership, and which represented a daily volume of 1,382 cubic metres, which converted into some 21 litres per hour per day, an amount that seemed absolutely insufficient (Apolinario, 1900); a prospect that can be described simply as devastating according to writings of the time<sup>6</sup>. In fact, the technical information concluded that the ideal water allocation would be 100 litres per hour per day that was essential to reach the 5,000 daily cubic meters, a quantity very far short of providing the city with its sole water supply: quote from La Fuente de los Morales.

In 1904 a plan of urban reforms of the Mayor’s office considered intervention in order to find a solution to the population’s water supply mainly because the problems of shortage and the corresponding irregularities in the service were too frequent. In this plan the

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diameter of grain straw, but it was actually a metal clad orifice covered, which had different gauges.

<sup>7</sup> In 1982 municipal engineer Orencio Hernández Pérez presented a first project and subsequently continued in other fields, however it seems that no-one collected the viability data requested by the council (Martin Gallant, 1984:221)

<sup>8</sup> The engineer Juan León y Castillo, author of a first draft in 1901 for the new water conduction project before there was a source to the city, wrote the following on the situation; the extraordinary progress made by the city in the last 10 years has been paralysed by the lack of water. Our supplies of this liquid are smaller than those enjoyed by our grandparents. We have restrictions in winter and real anguish in summer; and still have not found a way to supply the population with the necessary volume nor even conserve the existing one”.

proposed measures of a study on the water supply (by the engineer Eugene Suárez Galván) were valued favourably and developed in the same year, in which the purchase or expropriation of springs in the summit of the island was petitioned for, together with the construction of one or two dams in the same zone and, if still insufficient, it would come from the lighting of aguas básicas ( ) The ultimate aim was to attain a possible 100 litres per hour per day. As a consequence of this the council discharged the definitive study to the engineer Felipe Gutiérrez Go'mez, who concluded it in 1905. In the same year it was authorised to the Corporation for the acquisition of La fuente de los morales so that they could carry out the water lightings in the Guinguada basin, located in line with the capital municipality.

In order to proceed with this plan, the City council requested and obtained a Law (16<sup>th</sup> March 1906) from the national government that declared the water supply a public utility of the city, and this, in turn, opened the door to the unavoidable expropriation of the springs of the Summit in the Municipalities of San Mateo and Valsequillo, calls of "Gamonal. Berths and Great Cave ", those that in the middle of winter could offer around 40 or 50 litres per second.

Although the project of Gutiérrez Go'mez was approved in 1906 it remained dormant mainly because of the controversy that was seen to surround the city council and the owners of the waters of the Summit, who did not want to upset them and the defenders of the application of the project. However, in 1909, two foreign companies (English and French), had already tendered to the Municipality which involved conditions that assumed responsibility for the letting of the water service.

The end of 1910 saw the beginning of a new era that was characterized by the rigorous battle between the local and foreign economic pressure groups as they attempted to take control of the water business that the municipal service were being forced to rent out by means of concessions made in public auction. The interest shown by the foreign companies energised the canary industrialists, who tried to interpose every type of clause to avoid losing the water business to foreign hands as if they were the city's gold reserves. The infrastructure of the tender was published on 9<sup>th</sup> November 1911 according to clauses established by R.O. of 26<sup>th</sup> October 1911, and, in effect, from then until 1912, when the concession of the leasing of the service failed definitively, the municipal plenary sessions were a dialectic *ring*, between a tightly knitted group connected with the Society for the Promotion of Gran Canaria, whose unequivocal head was Lucas Alzola (a society

theoretically directed to favour the development and of the islands, "harmonizing the patriotic spirit with the financier" and whose members came from the local bourgeoisie) and another group, who represented the English capital and whose local spokesman was Bernardo de la Torre Comminges.

The following two years elapsed amidst stormy and strained municipal sessions where concessions were alternatively granted to one then another, consequently withdrawn and/or challenged before the Provincial Civil Government as before the Supreme Tribunal of that litigious administration, press campaigns etc<sup>7</sup>

which logically meant higher transaction costs. Finally, in the full municipal session of 18<sup>th</sup> June, 1912, it was agreed to award the water supply contract to D Bernardo de la Torre, who represented the London Company "The City of Las Palmas Water and Power Co Ltd".

Once the city's potable water supply and electricity service had been granted by the Las Palmas city council, the business of creating a society in London that would manage the operation of the service began. It set itself up as The City of Las Palmas Water and Power Co Ltd., a society based in the British capital (48 Copthall Avenue), and presided over by John A Ross, whose constitutional deed appears in this city on 3rd February ,1913. The new organization was endorsed by the Bank of British West Africa Ltd, a conglomerate of the shipping company Elder Dempster, a key player in the penetration of English Capitalism in the Northwest of Africa and with important interests in the Canary Islands (Davies, 1973).

In 1913, without further delay, these two previously irreconcilable groups reached an agreement or understanding; those previously opposed to the winner no doubt largely integrated themselves into 'City' for the takings. The tactics of the English company was to attract local capital, and at the beginning of that year, it released 2,470 bonds of 100 pounds sterling, each one of them worth 5 shares per pound (Thousands Stonecutter, II, 1976: 31). They finally reached an understanding and, in the summer of 1913, announced the constitution of the Local Council of the concessionary company represented by

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<sup>7</sup> In the dispute there were implications that all the political groups were affiliated with the conservatives or progressives as was reflected in the following quote: "What and edifying scent. On one side the old tyrant, representative of the oligarchy, imposing its will by the violent act of sacrificing the town of Las Palmas to a ruinous company; on the other, the young champion of freedom and rights, the head of the radicals, sanctioning that discouraging conduct". The author respectively refers to Felipe Massieu, the conservative mayor (following the amabassador León y Castillo) and José Franchy Roca, the federal republican and future General Prosecutor in the 2<sup>nd</sup> Republic (De la Nuez Aguilar, 1913:47-48).

Francisco Gourié with Jose Mesa y Lopez and Lucas Alzota as members, all of whom were representatives of the local oligarchy and some of whom had been against the granting of the concession to the English organization.

#### *4.3. The controversial management of "The City".*

In the light of the facts it can be said that this company, as was habitual in business, were initially profitable to them, but generated considerable strain in the public powers because of its constant fraudulent affairs. Problems arose before long and in 1915, when it had hardly got off the ground, the deficiencies of the service caused constant difficulties to which no solution could be obtained. The operational business of the water supply service was not as profitable as has been forecast in the beginning and the disputes grew within the council, often arising from the numerous contentious councillors, until the point in 1922, when City asked for the repeal of the contract, reclaiming 7.884.337,27 pesetas from the corporation in debts (Galván González, 1996: 170).

Up until 1924, the growing intensity of the pressure within the concessionary company contributed to the low profits, and in an unprecedented move, the city council, presided over by Mayor Federico Leon y Garcia, decided unanimously to try to recover the contract and to operate the service directly, as a consequence of the concessionary Company failing to fulfil all of its contractual obligations. Indeed the maze of entanglements and lawsuits that came with it meant that, from 1925, with the Mayorship of Salvador Manrique de Lara, it would be necessary to create a Municipal Special Commission dedicated to "incidents with the City", a commission that survived until the 40s, when the city council and the company united in agreement to return the service contract to the municipality.

Up to and including 1928, in one of the many lawsuits, City sued the council in the Provincial Court of the Contentious Administration, seeking to cancel the contract for non-compliance on the part of the council, and claiming costs for work carried out plus compensation for damages. The case was unsuccessful, but shortly after.

The City council, headed by Jose Mesa y Lopez, at one time acting private lawyer of the company, accepted the payment but not without causing a famous public scandal because of the flagrant corruption.

As the confrontation intensified, the opposition accused City of management irregularities: firstly, that the annual buying of water was detrimental to civic interests since it was bought at the rate of 2 pesetas per m<sup>3</sup>, City having paid only 0.20 or 0.30 pesetas, leaving the city

council to pay the balance; secondly, that City sold the water between 0.60 or 1 peseta, retaining the profits themselves. The corporation ended in a refusal to satisfy the demands of the company, not only denying the claim, but demanding that the company honour that part of the contract that stipulated the execution of the electrical lighting system. Nevertheless, City appealed against this and it was resolved in their favour in 1930.

The period of the Second Republic saw no lessening of the problem; on the contrary, the conflicts with City became acutely worse. The programmes of the left council now declared themselves in favour of the municipalization of the service, previously the recovery of the concession. The tensions became extremely violent, particularly in 1931 because of the relentless restrictions during the summer periods and the disreputable business deals connected with the acquisition and sale of the water to the Municipality.

The wrangling ended in a cancellation of the concession, ordered by the Supreme Court (12 July, 1930), and confirmed later (January, 1935) by the Sala Tercera of that Court. This left the English company a mere administrator of the service until the council fulfilled its obligation to liquidate the corresponding expenses associated with the installations and work carried out. However, the new situation was more a cause of traumatización for the city than a solution to its problem of the potable water supply.

In fact, these decades forged the tragic history of permanent lawsuits between the City council and the concessionary Society, strewn with injustices and restrictions on the part of the latter, including water shortage with repeated rationings throughout almost all of the summer periods so that the situation amounted to, in short, a water supply through an unstable tenant, of never more than 90 litres per hour per day.

Therefore, in spite of the measures adopted between 1906 to 1912 (the law declaring the water supply to Las Palmas a public utility, 1906, and the concession of the management of this service to City in 1912) it had it had built up hopes that the water supply problem of the city would be solved, the truth was that, although the new formula theoretically resolved the critical situation previous to 1906, it promptly proved insufficient for the new requirements emerging in Las Palmas (the most influential factors being the increase in population and the growth of its urban economy) For that reason, and although the supply had increased in real figures in relation to those at the beginning of the century, the truth was that the consumption per inhabitant remained low accompanied by irregular service of

legitimate shortage in summer and in the case of some districts, such as La Isleta, almost total shortage of supplies. In general, therefore, the whole picture finally turned out to be very unsatisfactory.

The operation of City, as the agent for the Las Palmas' water supply, initially achieved remarkable improvements in the service. The work developed by this firm was able to triple the water supply as well as extend the distribution to zones until then practically deprived of supplies, especially in the outlying areas. Nevertheless the situation became more complicated as a result of two changes in circumstances: the rapid increase of the population of Las Palmas and the increased consumption due to new customer habits. Towards 1922 Las Palmas relied on a daily water resource not exceeding 4,000 cubic metres, which implied low distribution volumes of 60 litres per hour per day. The volume of water provided and consumed grew constantly, as seen by the figures below:

**Table2. Volume of water consumed in the city of Las Palmas, 1920-1924**

Year	Litres/second
1920	25
1921	28
1922	33
1923	35
1924	42

Source: Galván González (1996: 172).

However, this flattering prospect was soon cut short by the delegation being established between the Municipality and the concessionary Company, in relation to the interpretation and scope of the fundamental clauses of the contract between them that, in practice, was reflected in a serious reduction in the volumes provided to the population, necessitating in some years (1932-1933) the practice of rationing and the toleration of shortages of the liquid element. The solution to the increase in demand was resolved initially by the buying of water from a third party, a method that was initially accepted by the city council on condition of payment of 20 or 30 per cubic metre, but which later amounted to a cause of future conflicts between the parties, and, although beneficial at the start, still a measure taken as a consequence of maintaining an acceptable supply.

In that year, the normal daily water consumption of Las Palmas was approximately 7,000m<sup>2</sup>, a figure that represented a supply of less than 90 litres per hr/day. In fact, its own water supply guaranteed only half of this in summer, and, to avoid rationing, the deficit would be acquired in the private water market subject to strong speculation, and to be paid for by the individual councils. This breach of contract was a further cause of antagonism in the confrontation between the City council and the Company.

Politically, the coup d'etat of 1936 brought substantial change to the whole picture of the Las Palmas' water supply and this war aspect forced change to the calm of the first few years' operation of the contract. In the same year, a new project proposed the construction of a water dam in White Caves (the summit of the Municipality of Valsequillo) that served to increase the supply temporarily. This proposal was supported by the idea already formulated in the project of the engineer Gutiérrez Go'mez in 1906 and had been considered in the aforementioned Law of the same year. Effectively, in 1938, the construction of that dam was approved, with a capacity of 51,691 cubic meters of water, which would allow an increase in the water resource of the city of between 20 to 30 litres per second, in accordance with performance measures. The City, continuing as administrator of the supply service, could no longer be forced to fulfil contracts that had already been annulled by the courts. Furthermore, the new political situation under the Dictatorship of Franco had radically changed the interest in continuing relations with a foreign capital company. The new authorities solved the serious situation presented by the water supply problem by adopting emergency measures that were going to secure the civilian supply such as confiscating water from farms of nearby towns; Santa Brígida and San Mateo had to hand over their supply for distribution between the populations.

On the other hand, in 1940, the Mayor initiated amicable relations with the directors of City in London, in an attempt to reach an agreement on rescuing the service. Three years later a new project of water supply improvements was elaborated, which included a series of works such as regulating deposits (one of 50,000 cubic meters in the Rehoyas), four small dams, conduction of waters of the Mine of Tejada and channels of feeding and transport in general, who in opinion of its authors would solve the catastrophic water problems of the provision of water to the city. From that project, in 1944 a work plan for the new water supply was crystallised. This plan, whose total budget escalated to 22.000.000 of pesetas, relied on the Aid of the Economic Control of the Canary Islands<sup>8</sup>

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<sup>8</sup> The Civil War ended and due to the special political-administrative problems that the Canary Islands

conjointly with a loan of 12 million pesetas from the local credit union. Finally, in 1945, the city council decided to liquidate the accounts with City in a bid to rescue of the concession and the municipalization took place in 1948.

For the future, the Las Palmas water supply, the greater city of the island and the Archipelago, was to be contemplated within the scope of a global hydraulic plan for Gran Canaria, which had to understand the water supply to the capital as well as its port, the military facilities and the general irrigations for agriculture.

## **V. Conclusions.**

The importance of foreign capital to the public services can be deduced from this study. Although important questions remain unanswered, these are outwith the scope of this analysis and would require exhaustive investigation which is currently only in its initial stage. It can be deduced, too, in the light of the above knowledge, that life in the canaries was seen to be deeply affected by the activity of international Capitalism as trustees of the public services: they were European or American companies in charge of those services, from the water supply to the public lighting system in such a way that an inhabitant of a canary city, say, Las Palmas, could consume water provided by an English company, light his house with services provided by a Belgian or American company who simultaneously owned the ramshackle tramcar that took him to work in the Port, where he would toil for possibly an English employer that maintained businesses with the others, etc.

With regards to the specific case of the potable water supply, which was initiated at the beginning of the 20<sup>th</sup> Century, Las Palmas underwent risky vicissitudes at the hands of a foreign company called City, who, albeit had installed and managed a public service network, ended up generating such problems that made its municipalization necessary after several confrontations with the city council and its definitive rescue after the Civil War in a period in which the tonic was the municipalization of the water supply service in the Spanish municipalities.

There is no doubt that the work of City contributed beneficially to the service; the maintenance of light and water; captación de mantéales;, the transfer of regulating deposits and the installation of a new distribution network; the modernisation and improvisation of the Las Palmas water supply service and to tripling the water resources to rural areas where

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endured, the pro-Franco regime devised a specific model for the islands whose principal characteristic consisted of the power remaining in the hands of the militia. They called this formula Economic Control.

supplies had practically dried up. However, in the end, these favourable perspectives were darkened by the continual disputes with the local corporation and the fraudulent business deals to the point where the service had to be rescued by the public authorities.

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