The Economic Consequences of the Spanish Reconquest: The Long-Term Effect of Political Power Concentration on Development

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Abstract

This paper considers the Spanish Reconquest in the Middle Ages as a “quasi-natural experiment” to analyze the long-term effects of the concentration of political power on economic development. Our analysis shows that: a) there is a strong relationship between the Reconquest and the extent of concentration of de facto and de jure political power; b) the alleged relationship, which is due to a historical accident, is not associated with any feature related to the economic potential of the territories; and c) the specific configuration of economic and political power distribution in favor of the landed nobility, which persisted over time and generated extractive institutions to exploit the landless peasantry, ultimately influenced the pattern of development of the Spanish provinces.

Keywords: Economic Development, Political Power, Political Equilibrium, Spanish Reconquest, Quasi-natural Experiment

JEL Classification: C26, N2, O1

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