

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

DANIEL OTO-PERALÍAS AND DIEGO ROMERO-ÁVILA

## 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

---

**Corresponding Author:** Diego Romero-Ávila, Pablo de Olavide University, Department of Economics, Carretera de Utrera, Km. 1, Sevilla, Spain. E-mail: dromtor@upo.es. Tel. (+34) 954 348381. Fax: (+34) 954349339.

Daniel Oto-Peralías, Pablo de Olavide University, Department of Economics, Carretera de Utrera, Km. 1, Sevilla, Spain. E-mail: dotoper@upo.es.

**Acknowledgements:** This article was presented in the 2014 American Economic Association Meeting held in Philadelphia (January 2014). We thank participants at the 2014 AEA meeting and seminars at Pablo de Olavide University and Vienna University of Economics and Business for valuable comments and suggestions. The authors are deeply indebted to Joan R. Rosés, Julio Martínez-Galarraga and Daniel A. Tirado for making available to us province-level data on *per capita* GDP and *per capita* industrial output in 1860 and 1930. Thanks also go to archival staff of the National Historic Archive (Madrid) and the Provincial Historic Archive of Seville for helping us with the access to some of the data employed in the article. The authors acknowledge financial support from the Spanish Ministry of Science and Technology through grant ECO2009-13357, the Spanish Ministry of Economics and Competitiveness through grant ECO2012-35430 and the Andalusian Council of Innovation and Science under Excellence Project SEJ-4546.