

# From Warfare to Wealth

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*The Military Origins of  
Urban Prosperity  
in Europe*

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MARK DINCECCO

MASSIMILIANO G. ONORATO



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FROM THE  
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# From Warfare to Wealth

*The Military Origins of Urban Prosperity in Europe*

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*University of Michigan*

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*Università Cattolica del Sacro Cuore*



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## From Warfare to Wealth

The economic rise of Europe over the past millennium represents a major human breakthrough. To explain this phenomenon, this book highlights a counterintuitive yet central feature of Europe's historical landscape: warfare. Historical warfare inflicted numerous costs on rural populations. Security was a traditional function of the city. To mitigate the high costs of conflict in the countryside, rural populations migrated to urban centers. Over time, the city's historical role as a safe harbor translated into local economic development through several channels, including urban political freedoms and human capital accumulation. To make this argument, the authors perform a wide-ranging analysis of a novel quantitative database that spans more than one thousand years – from the fall of the Carolingian Empire to today. The book's study of urban Europe's historical path from warfare to wealth provides a new way to think about the process of long-run economic and political development.

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In the preface to his book *Guns, Sails, and Empires* (1965), the great social scientist Carlo Cipolla writes: “The first person to be utterly surprised at having written a book entitled ‘Guns and Sails’ is definitely the author, and readers may feel confident that the book is neither magnetized by some Freudian attraction for weapons nor biased by an ancestral love for salt water. The book has simply been written because, in studying the history of the early modern period the author was forced, by overwhelming evidence, to recognize, against his tastes and inclinations, the importance of guns and sails.”

We now offer a similar – though less eloquent – disclaimer. We share Cipolla’s strong natural tendency toward pacifism. Nonetheless, we believe that a true understanding of the economic rise of urban Europe – the main goal of this book – compels us to grapple with warfare, as counterintuitive as that may seem at first glance.

Three key inflection points stand out in this book’s development. The first was the two-hour presentation at the Political Institutions and Economic Policy (PIEP) Conference at the Weatherhead Center for International Affairs at Harvard University in December 2014. This seminar provided us with invaluable comments on nearly all facets of our research project. We are very grateful to the conference conveners, Jeffry Frieden and Kenneth Sheplse, the two discussants, Eric Chaney and James Fearon, and the distinguished audience. The second inflection point was a breakfast conversation with Joel Mokyr at Northwestern University in October 2015. This conversation was critical to our thinking about the different channels through which warfare could “translate” into wealth in Europe over the long run. We greatly thank Joel for his insights. The final



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## Introduction

The process of modern economic development first began in Europe.<sup>1</sup> Yet modern Europe's most prosperous zones are located exactly where for hundreds of years military conflict was most rampant. Italy exemplifies this paradox. Today, northern Italian regions are wealthy, while many southern Italian regions remain poor.<sup>2</sup> Average per capita GDP is more than 50 percent higher in the north (Table 1.1). However, northern regions saw far more historical warfare than did southern regions. Between 1000 and 1799, there were nearly three times as many recorded major conflicts in the north (Table 1.1). For perspective, the typical modern civil war increases the amount of citizens who live in absolute poverty by 30 percent (Collier et al., 2003: 17). If warfare inevitably spawns a legacy of poverty, however, then how can we explain the robust positive relationship between historical warfare and regional prosperity today in Italy? In our view, any convincing account of Europe's "economic miracle" (Jones, 2003) must make sense of the apparent contradiction between wealth on the one hand and warfare on the other.

This book provides an explanation for Europe's puzzling historical path from warfare to wealth. Our argument runs as follows. The ninth-century fall of the Carolingian Empire gave rise to a high level of political fragmentation in Europe.<sup>3</sup> From (at least) this point onward, warfare was an enduring feature of Europe's historical landscape. Historical warfare inflicted many costs on rural populations. A basic historical function of the city was security. To mitigate the rural costs of conflict, rural populations migrated to urban centers. Following Glaeser and Shapiro (2002: 208), we call this phenomenon the "safe harbor effect." Over time, the city's historical role as a safe harbor translated into local economic



TABLE 1.1 *Historical Warfare and Per Capita GDP Today: Northern versus Southern Italy*

	Total Number of Conflicts, 1000–1799	Average Per Capita GDP (PPS), 2001–5
North	86	27,463
South	30	17,930

*Notes:* Per capita GDP (purchasing power standard units) is averaged over each NUTS2 region in the north and south, respectively. Historical warfare sums the number of recorded major conflicts over 1000–1799 within each NUTS2 region in the north and south, respectively. We describe our conflict database in detail in Chapter 2. We define the north and the south according to Malanima (1998: 95). “North” refers to the regions of Emilia Romagna, Liguria, Lombardy, Piedmont (including the Aosta Valley), and Veneto (including Friuli Venezia Giulia). “South” refers to the regions of Abruzzo, Apulia, Basilicata, Calabria, Campania, and Lazio. *Sources:* Bradbury (2004) and Clodfelter (2002) for historical warfare and Eurostat (<http://ec.europa.eu/eurostat>) for per capita GDP.

development through several channels: the establishment of local privileges, including self-governance and property rights protections from predatory outside rulers; technological innovation and human capital accumulation; and economic agglomeration effects. We label this process the “warfare-to-wealth effect.”

We focus on historical development at the city level (versus the national level) for this reason: urban development underpins national economic development (Glaeser, 2011: 1–2; Glaeser and Millett Steinberg, 2016: 4–7). Figure 1.1 illustrates the strong positive correlation between the urbanization rate and per capita GDP across modern-day nations.<sup>4</sup> Contemporary Europe’s economic backbone is the urban belt – the regional urban corridor that runs from southern England to northern Italy through Belgium, the Netherlands, and parts of France and Germany (Figure 1.2). Average per capita GDP today is nearly 40 percent higher in the urban belt than the nonurban belt (Table 1.2). Modern Europe is predominantly urban (United Nations, 2015: 10), but things were not always this way. After the fall of the Carolingian Empire roughly one millennium ago, Europe’s urbanization rate was approximately 3 percent (van Bavel, Bosker, Buringh, and van Zanden, 2013: 394). To truly understand the roots of long-run prosperity in