

Benedic, Domine, nos et haec tua dona:*

Northern Crusades, State-Formation and Early
Economic Development

25.05.2022

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Abstract

In this paper, I evaluate how the Crusades exported state-formation as a driver for Early Economic Development for the regions at the frontier of Western Europe. According to the present literature, state-formation is a driver for economic development. However, the literature misses investigating how state-formation influenced early economic development in the Middle-Ages through the Crusades mobilisation. Moreover, it disregards the persistence of state-formation over economic development once the Crusades are over and the state falls. In the Northern Crusades, the state-formation transmission is evident, as the Crusades represented an expansion of Western Europe outside its borders. Thus, I analyze the expansion of the Teutonic Order (T.O.) that exported state-formation outside of the traditional borders of Western Europe. The analysis of the T.O. state studies the economic effect of state-formation from its rise (in 1200 AD) and after its fall (in 1500 AD). I employ a Regression Discontinuity Design to compare over time the T.O. state development to the neighboring regions. I find a hump-shaped trend in economic development following the rise and fall of the T.O. state. My findings suggest that state-formation spurs development but in a non-persistence way once T.O. state fails.

*Literally: “Bless, O Lord, us and these gifts from You”. It is the beginning of a blessing before a meal

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