Abstract: In this Element, we investigate how economic geography, the distribution of subnational economic endowments within a nation, shapes long-run patterns of inequality through its impact on the development of fiscal capacity. We present an argument that links economic geography to capacity through different types of industrialization processes. We show how early industrializers shape spatial distributions domestically by investing in productivity across their nations, and externally by reinforcing spatial polarization among late industrializers. We also show how differences in economic geography impact the process of capacity building, setting the stage for the modern politics of redistribution discussed in Volume II. We support this argument with descriptive data, case studies, and cross-national analyses.

Keywords: economic geography, industrialization, state capacity, inequality, redistribution

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# Contents

1 Geography, Industrialization, and Capacity: An Overview  

2 The Argument: Industrialization, Geography, and Capacity  

3 Empirical Strategy  

4 How Geography and Industrialization Shape Spatial Inequalities  

5 Spatial Trends in Development: Evidence from GNI and GDP Distributions  

6 Political Implications of Spatial Development  

7 How Geography and Industrialization Shape Capacity  

8 Conclusion: from Capacity to Redistribution  

References