

## State Building and Institutions

Even if it did not create voluminous colonial markets for most of the sixteenth century, the first wave of globalization was crucial for its impact upon institutional and social fabrics. Also crucial in this regard were empire, war, and the establishment of a composite monarchy spread out over a good part of Europe.

From a general perspective, it is usual to speak of a military revolution that brought about profound changes in the financial and political structure. Usually viewed in terms of the process of modernization, this transformation supposedly paved the way for a centralization of the state systems for resource extraction and led to the appearance of fiscal states that heralded a leap forward for Europe (Yun 2012). Very interestingly, these two processes have been stressed often in the Castilian (Spanish) case. This section aims at discussing these aspects of European history by considering the case of Iberia. In doing so—and more importantly for our arguments—we will also consider the role of the empires and the composite monarchy in the reproduction and evolution of the peninsula's political economies and social fabric, as well as their possible effects on the institutional framework which regulated the allocation of resources. Our starting point is that the historical changes associated with this situation need to be studied from the consideration of the conflicts and the redistribution of power at the heart of these states.