This study exploits within-state variation in drought severity to identify how insurgency during the Mexican Revolution, a major early 20th century armed conflict, impacted subsequent government policies and long-run economic development. Using a novel municipal-level dataset on revolutionary insurgency, the study documents that municipalities experiencing severe drought just prior to the Revolution were substantially more likely to have insurgent activity than municipalities where drought was less severe. Many insurgents demanded land reform, and following the Revolution, Mexico redistributed over half of its surface area in the form of ejidos: farms comprised of individual and communal plots that were granted to a group of petitioners. Rights to ejido plots were non-transferable, renting plots was prohibited, and many decisions about the use of ejido lands had to be countersigned by politicians. Instrumental variables estimates show that municipalities with revolutionary insurgency had 22 percentage points more of their surface area redistributed as ejidos. Today, insurgent municipalities are 20 percentage points more agricultural and 6 percentage points less industrial. Incomes in insurgent municipalities are lower and alternations between political parties for the mayorship have been substantially less common. Overall, the results support a view of history in which relatively modest events can have highly nonlinear and persistent influences, depending on the broader societal circumstances.