Supporting Information

Elite Coalitions, Limited Government, and Fiscal Capacity Development: Evidence from Bourbon Mexico

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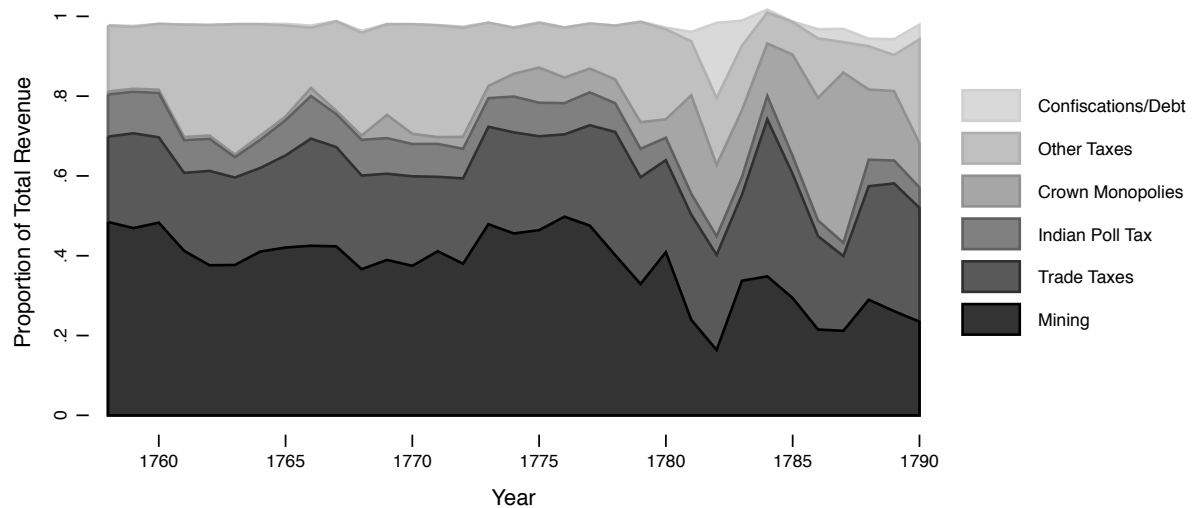
Contents

A. Descriptives

A.1 Sources of Colonial Revenue (1759-1790)

Figure A.1.1: Sources of Colonial Revenue (1759-1790)

Note: Data from TePaske and Klein (1982, 1990, 1986). Total revenue excludes revolving funds (*en caja*, *depósitos*, and *Real Hacienda en común*) and transfers from other treasuries. Because transfers sometimes come from treasuries outside of Mexico, the categories do not always sum exactly to 100%.

A.2 Trends in Civil Administration and Taxes Before and After the Mining Tribunal

Figure A.2.1: Sales Tax Revenue: *Alcabalas* and *Pulques*
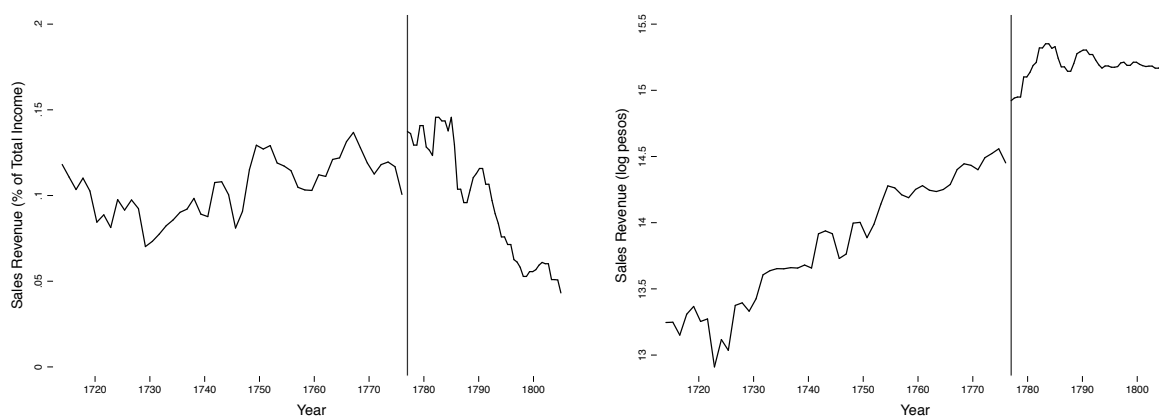
Note: Five-year moving yearly averages before and after the creation of the Mining Tribunal in 1777.

Figure A.2.2: Civil Administration and Tax Revenue from Trade in Royal Treasuries
Before and After the Mining Tribunal
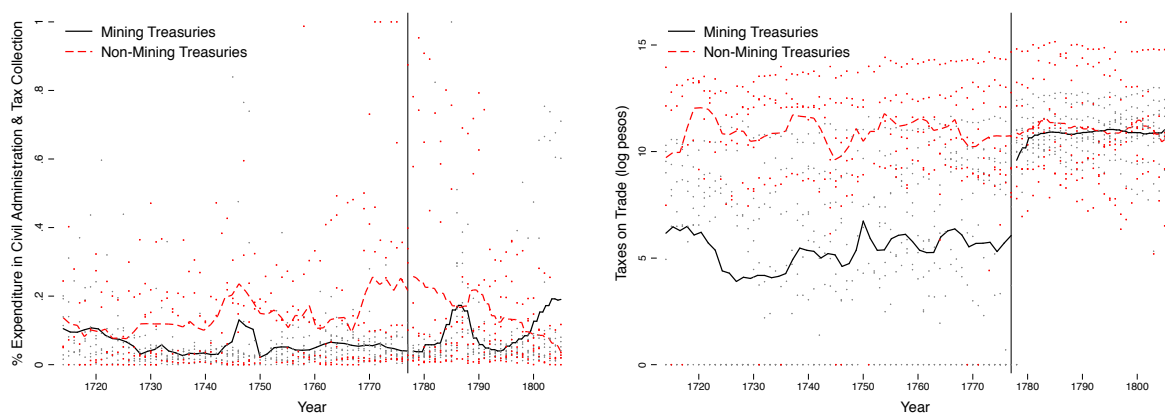
Note: Five-year moving yearly averages before and after the creation of the Mining Tribunal in 1777.

A.3 Loans to the Crown

Table A.3.1: Loans Raised in Mexico to Finance Wars of the Spanish Crown

Year	Loans administered by the Mining Tribunal	Other loans
1781-1782	-	1,655,415
1782	1,000,000	1,000,000
1783	-	523,376
1786	-	150,000
1790	-	1,000,000
1793	1,100,000	2,559,000
1794	1,000,000	1,000,000
1794-1802	3,700,000	3,100,000
1798	-	496,366
Total	6,800,000	11,484,157

Note: Other loans include those administered by Royal Treasuries or the Merchant Guilds.
Source: Marichal (2007).

A.4 Royal Treasury Creation Dates

Table A.4.1: Royal Treasury Creation Dates

Royal Treasury	Date of Creation	Affected Treasuries
Mexico City, Veracruz, Mérida, Guadalajara, Zacatecas, Acapulco, Durango, San Luis Potosí, Guanajuato, Pachuca, Sombrerete	Before 1714	.
Campeche	1716	.
Tabasco	1728	Campeche
Zimapan	1729	Pachuca
Bolaños	1753	Guadalajara
Los Alamos/Rosario	1770	Durango
Presidio del Carmen	1774	Campeche, Tabasco
Arispe	1781	Los Alamos/Rosario
Chihuahua	1785	Sombrerete, Durango
Michoacán	1788	Mexico City, Guadalajara
Puebla	1789	Mexico City, Veracruz, Pachuca
Oaxaca	1790	Mexico City
Saltillo	1794	San Luis Potosí, Sombrerete, Zacatecas

Source: TePaske and Klein (1986). Affected treasuries are defined by geographic proximity and the existing road system in 1790, from Gerhard (1993) and Díaz-Cayeros and Jha (2016).

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A.5 Construction of Main Variables

Table A.5.1: Income and Expenditure Categories

	Included Fiscal Categories	Excluded Fiscal Categories	Categories in TePaske and Klein (1982, 1990)
Income			
Tax Revenue from Trade and Agricultural Production	*-Alcabalas* (sales taxes) *-Almojarifazgos* (foreign trade taxes) *-Pulques* (liquor tax) *-Diezmos* (agricultural tithes)	-Indian poll tax -Mining taxes -Transfers -Donations -Debt -Wage taxes to Crown officials -Extraordinary income -Revolving funds -Jesuit property	*Ramos*: 2 2, 216, 2, 226, 1012, 1010, 2 9, 3 3, 21.
Mining-Production Tax Revenue			*Ramos*: 1 1, 1, 1 7.
Azogue (mercury) Revenue			*Ramos*: 1211.
Expenditures			
Civil Administration and Tax Collection	-Administrative wages -General tax collection expenditures -Exp. in collecting mining taxes -Liquor taxes -Sales taxes -Exp. in collecting wage taxes to Crown officials	-War expenditures -Transfers -Public works -Hospitals -Exp. in collecting extraordinary taxes -Exp. of state monopolies -Debt service -Pensions	*Ramos*: 2321, 23 2, 23, 34, 3133, 3625, 36, 2428, 39, 2, 2127, 21, 2 2, 23, 2123, 3 3. Expenses in *ramo* 34 that correspond to transfers, public works, debt, and revolving funds are excluded.

A.6 Structure of Fiscal Data

Figure A.6.1: Structure of Fiscal Data

Auxiliary books of all revenue administrations and other periodical reports	Custom Houses' books	Accounts of the tobacco monopoly

Manual books of cargo and data of the Royal Treasuries

Surplus sent to the General Treasury

Manual books of cargo and data of the General Treasury of the Army and Royal Exchequer

Tribunal de la Contaduría de Cuentas

General Financial Statement of each Royal Treasury

Cartas-cuentas sent to Madrid

Source: Jáuregui (1999).

A.7 Descriptives by Royal Treasury

Table A.7.1: Descriptives by Royal Treasury

Treasury	Mining Treasury	Avg. % Mining Revenue 1758-76	Initial Total Revenue (log pesos)	Pre Tribunal Avg. % Civil Adm. Exp. 1758-76	Post Tribunal Avg. % Civil Adm. Exp. 1777-86	Pre Tribunal Avg. Trade Revenue 1758-76 (log pesos)	Post Tribunal Avg. Trade Revenue 1777-86 (log pesos)
Acapulco	No	0.00	12.3	0.11	0.06	09.2	11.2
Campeche	No	0.00	10.6	0.01	0.06	10.4	11.0
Merida	No	0.00	10.1	0.34	0.20	09.1	09.6
Mexico City	No	0.23	14.8	0.12	0.07	14.3	14.8
Carmen	No	0.00	11.5	0.65	0.65	06.6	08.1
Tabasco	No	0.00	08.3	0.62	0.50	08.8	09.0
Veracruz	No	0.00	14.5	0.01	0.02	12.7	13.6
Bolaños	Yes	0.38	13.2	0.05	0.08	08.3	10.2
Durango	Yes	0.54	11.9	0.05	0.09	08.9	10.6
Guadalajara	Yes	0.35	12.3	0.06	0.10	11.3	12.5
Guanajuato	Yes	0.54	12.5	0.02	0.03	03.0	11.8
Pachuca	Yes	0.51	11.9	0.04	0.06	01.2	10.3
Rosario	Yes	0.48	11.2	0.09	0.05	01.7	08.1
San Luis Potosi	Yes	0.47	11.7	0.05	0.11	06.9	11.1
Sombrete	Yes	0.67	10.8	0.10	0.13	03.4	09.3
Zacatecas	Yes	0.63	13.1	0.05	0.07	09.1	10.9
Zimapan	Yes	0.87	10.4	0.05	0.05	00.0	07.7

Note: *Initial Total Revenue* corresponds to 1714 or the first year with data. Mining revenue in Mexico City includes the minting for all the colony and thus exaggerates the relative importance of mining in that treasury.

A.8 Map of Royal Treasuries

Figure A.8.1: Royal Treasuries in the New Spain

Note: The shaded area includes the territories of the New Spain, Nueva Galicia, and a couple of jurisdictions from Nueva Vizcaya and Sinaloa.

B. Additional Empirical Analysis

B.1 Parallel Trends

Table B.1.1: Parallel Trends in Civil Administration and Tax Revenue from Trade and Agriculture (1759-1776)

	Civil Adm. (% of Total Expenditures)	Civil Administration Deviations from Mean (% of Total Expenditures)		Trade and Agriculture Taxes (log pesos)	Trade and AgricultureTaxes Deviations from Mean (log pesos)	
	(1)	(2)	(3)	(4)	(5)	(6)
Mining District	-0.12	0.00025	-0.00076	-5.25***	-0.0099	-0.038
	(0.074)	(0.00093)	(0.0018)	(1.53)	(0.017)	(0.053)
Year Intercepts	No	Yes	Yes	No	Yes	Yes
Treasury Intercepts	No	No	No	No	No	No
Initial Revenue (log pesos)						
× Year Intercepts	No	No	Yes	No	No	Yes
Nearby New Treasury Control	No	No	Yes	No	No	Yes
Mean of DV	0.10	4.9e-10	4.9e-10	7.60	0.000000066	0.000000066
SD of DV	0.17	0.098	0.098	4.51	1.83	1.83
R sq.	0.13	0.068	0.31	0.32	0.056	0.071
Observations	279	279	279	279	279	279
Number of Royal Treasuries	17	17	17	17	17	17

OLS estimations. See equation (3) for the econometric specification. The unit-of-analysis is the treasury-year. Standard errors (clustered at the treasury level) in parentheses. * $p < .10$, ** $p < .05$, *** $p < .01$.

Table B.1.2: Parallel Trends in Civil Administration and Tax Revenue from Trade and Agriculture (1714-1776)

	Civil Adm. (% of Total Expenditures)	Civil Administration Deviations from Mean (% of Total Expenditures)		Trade and Agriculture Taxes (log pesos)	Trade and Agriculture Taxes Deviations from Mean (log pesos)	
	(1)	(2)	(3)	(4)	(5)	(6)
Mining District	-0.090	0.00026	-0.0017	-5.56***	-0.022	-0.10
	(0.055)	(0.0015)	(0.0036)	(1.51)	(0.025)	(0.083)
Year Intercepts	No	Yes	Yes	No	Yes	Yes
Treasury Intercepts	No	No	No	No	No	No
Initial Revenue (log pesos)						
× Year Intercepts	No	No	Yes	No	No	Yes
Nearby New Treasury Control	No	No	Yes	No	No	Yes
Mean of DV	0.091	-2.2e-10	-2.2e-10	7.36	0.000000024	0.000000024
SD of DV	0.15	0.100	0.100	4.57	2.10	2.10
R sq.	0.089	0.100	0.24	0.34	0.091	0.12
Observations	784	784	784	785	785	785
Number of Royal Treasuries	17	17	17	17	17	17

OLS estimations. See equation (3) for the econometric specification. The unit-of-analysis is the treasury-year. Standard errors (clustered at the treasury level) in parentheses. * $p < .10$, ** $p < .05$, *** $p < .01$.

B.2 Alternative Period

Table B.2.1: The Effect of the Mining Tribunal on Civil Administration
Bourbon Period (1714-1810)

	Civil Administration (% of Total Expenditures)					
	(1)	(2)	(3)	(4)	(5)	(6)
Mining Tribunal	0.093**	0.071***	0.080*	0.017		
	(0.043)	(0.024)	(0.040)	(0.051)		
Implied Tribunal leads and lags:						
Mining Tribunal$_{t+4}$					-0.028	-0.038
					(0.054)	(0.055)
Mining Tribunal$_{t+3}$					-0.096	-0.10*
					(0.083)	(0.054)
Mining Tribunal$_{t+2}$					-0.078	-0.046
					(0.084)	(0.064)
Mining Tribunal$_{t+1}$					0.032	0.056
					(0.031)	(0.035)
Mining Tribunal$_{t0}$					-0.017	0.0067
					(0.075)	(0.086)
Mining Tribunal$_{t-1}$					0.016	0.043*
					(0.031)	(0.022)
Mining Tribunal$_{t-2}$					-0.074	-0.047
					(0.090)	(0.077)
Mining Tribunal$_{t-3}$					-0.053	-0.027
					(0.081)	(0.066)
Mining Tribunal$_{t-4\ forward}$					0.11**	0.099***
					(0.047)	(0.034)
Year Intercepts	Yes	Yes	Yes	Yes	Yes	Yes
Treasury × Time Trend	No	No	Yes	Yes	No	No
Treasury × Time Trend Squared	No	No	No	Yes	No	No
Treasury Intercepts	Yes	Yes	Yes	Yes	Yes	Yes
Initial Revenue (log pesos)						
× Year Intercepts	No	Yes	Yes	Yes	No	Yes
Nearby New Treasury Control	No	Yes	Yes	Yes	No	Yes
Within-Treasury Mean of DV	0.10	0.10	0.10	0.10	0.10	0.10
Within-Treasury SD of DV	0.11	0.11	0.11	0.11	0.11	0.11
R sq.	0.39	0.52	0.57	0.66	0.44	0.56
Observations	1283	1283	1283	1283	1222	1222
Number of Royal Treasuries	17	17	17	17	17	17

OLS estimations. See equations (1) and (2) for the econometric specifications. The unit-of-analysis is the treasury-year. Standard errors (clustered at the treasury level) in parentheses.
* $p < .10$, ** $p < .05$, *** $p < .01$.

Table B.2.2: The Effect of the Mining Tribunal on Tax Revenue from Trade and Agriculture Bourbon Period (1714-1810)

| | Tax Revenue from Trade and Agriculture (log pesos) | | | | | |
	(1)	(2)	(3)	(4)	(5)	(6)
Mining Tribunal	4.42***	4.82***	3.26**	3.20*		
	(1.04)	(1.12)	(1.34)	(1.61)		
Implied Tribunal leads and lags:						
Mining Tribunal$_{t+4}$					1.76	2.54
					(1.73)	(1.78)
Mining Tribunal$_{t+3}$					0.15	1.08
					(1.02)	(0.93)
Mining Tribunal$_{t+2}$					-0.80	-0.55
					(0.91)	(1.07)
Mining Tribunal$_{t+1}$					-1.02	-0.78
					(1.02)	(1.20)
Mining Tribunal$_{t0}$					1.93	2.15
					(1.28)	(1.44)
Mining Tribunal$_{t-1}$					2.69*	2.92*
					(1.49)	(1.52)
Mining Tribunal$_{t-2}$					4.41***	4.78***
					(1.16)	(1.32)
Mining Tribunal$_{t-3}$					4.75***	5.13***
					(1.14)	(1.36)
Mining Tribunal$_{t-4\ forward}$					4.62***	5.32***
					(1.10)	(1.16)
Year Intercepts	Yes	Yes	Yes	Yes	Yes	Yes
Treasury $\times$ Time Trend	No	No	Yes	Yes	No	No
Treasury $\times$ Time Trend Squared	No	No	No	Yes	No	No
Treasury Intercepts	Yes	Yes	Yes	Yes	Yes	Yes
Initial Revenue (log pesos)						
$\times$ Year Intercepts	No	Yes	Yes	Yes	No	Yes
Nearby New Treasury Control	No	Yes	Yes	Yes	No	Yes
Within-Treasury Mean of DV	8.73	8.73	8.73	8.73	8.74	8.74
Within-Treasury SD of DV	2.53	2.53	2.53	2.53	2.49	2.49
R sq.	0.76	0.81	0.83	0.84	0.77	0.81
Observations	1286	1286	1286	1286	1224	1224
Number of Royal Treasuries	17	17	17	17	17	17

OLS estimations. See equations (1) and (2) for the econometric specifications. The unit-of-analysis is the treasury-year. Standard errors (clustered at the treasury level) in parentheses.
* $p < .10$, ** $p < .05$, *** $p < .01$.

B.3 Selection on Observables

Table B.3.1: The Effect of the Mining Tribunal on Civil Administration (1714-1810)
Entropy Balance Weights

	Civil Adm. (% of Total Exp.)		Trade Taxes (log pesos)	
	(1)	(2)	(3)	(4)
Mining Tribunal	0.033*	0.081***	2.60	3.86**
	(0.018)	(0.024)	(1.73)	(1.64)
Year Intercepts	Yes	Yes	Yes	Yes
Treasury Intercepts	Yes	Yes	Yes	Yes
Initial Revenue (log pesos)				
× Year Intercepts	Yes	Yes	Yes	Yes
Nearby New Treasury Control	Yes	Yes	Yes	Yes
Within-Treasury Mean of DV	0.10	0.10	8.86	8.77
Within-Treasury SD of DV	0.095	0.11	2.10	2.49
R sq.	0.44	0.41	0.86	0.88
Observations	417	1217	417	1220
Number of Royal Treasuries	15	15	15	15

OLS estimations with entropy weights (Hainmueller 2012). Weights for non-mining treasuries are estimated to match the means of the outcome (% of exp. in civil administration) in 1756, 1764, 1772, and 1775. These years were selected in years with complete observations for the largest number of treasuries. See equation (1) for the econometric specification. The unit-of-analysis is the treasury-year. Standard errors (clustered at the treasury level) in parentheses.
* $p < .10$, ** $p < .05$, *** $p < .01$.

Figure B.3.1: Expenditure in Civil Administration Before and After the Mining Tribunal
Entropy Balance Weights
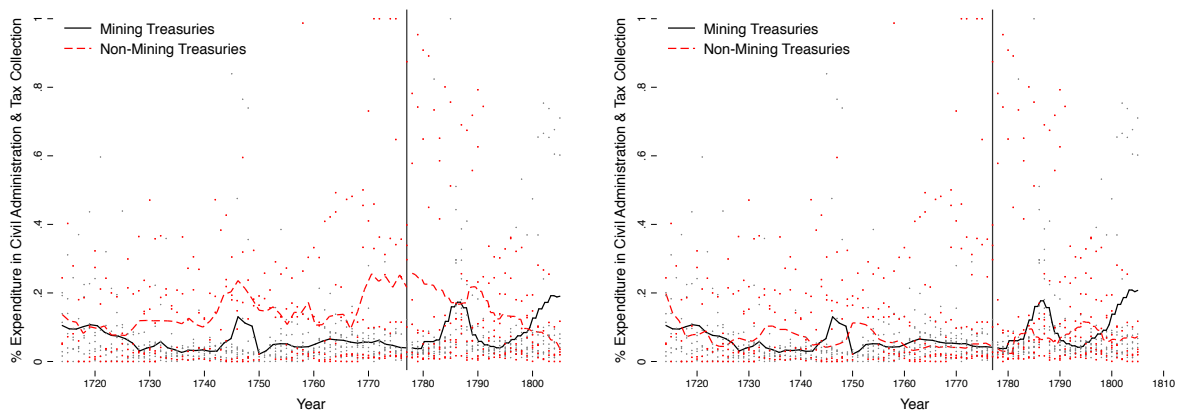
Note: Five-year moving yearly averages before and after the creation of the Mining Tribunal in 1777. The left panel presents the original data. In the right panel each non-mining treasury is re-weighted with entropy weights (Hainmueller 2012), estimated to match the means of the outcome (% of exp. in civil administration) in 1756, 1764, 1772, and 1775. These years were selected in years with complete observations for the largest number of treasuries.

B.4 Excluding Mexico City or Coding it as Mining Treasury

Table B.4.1: The Effect of the Mining Tribunal on Civil Administration (1759-1786)
Excluding Mexico City or Coding it as Mining Treasury

	Excluding Mexico City				Mexico City Coded as Mining Treasury			
	Civil Administration (% of Total Expenditures)		Tax Revenue from Trade & Agriculture (log pesos)		Civil Administration (% of Total Expenditures)		Tax Revenue from Trade & Agriculture (log pesos)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Mining Tribunal	0.069*	0.079***	3.89***	3.59**	0.062	0.066**	3.50***	3.37**
	(0.036)	(0.017)	(1.09)	(1.30)	(0.036)	(0.025)	(1.07)	(1.34)
Year Intercepts	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Treasury × Time Trend	No	No	No	No	No	No	No	No
Treasury × Time Trend Squared	No	No	No	No	No	No	No	No
Treasury Intercepts	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Initial Revenue (log pesos) × Year Intercepts	No	Yes	No	Yes	No	Yes	No	Yes
Nearby New Treasury Control	No	Yes	No	Yes	No	Yes	No	Yes
Within-Treasury Mean of DV	0.11	0.11	8.31	8.31	0.11	0.11	8.71	8.71
Within-Treasury SD of DV	0.10	0.10	2.31	2.31	0.098	0.098	2.18	2.18
R sq.	0.60	0.70	0.74	0.76	0.60	0.68	0.76	0.79
Observations	416	416	416	416	445	445	445	445
Number of Royal Treasuries	16	16	16	16	17	17	17	17

OLS estimations. See equations (1) and (2) for the econometric specifications. The unit-of-analysis is the treasury-year. Standard errors (clustered at the treasury level) in parentheses.
* $p < .10$, ** $p < .05$, *** $p < .01$.

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B.5 Direct Administration of the Sales Tax Before 1777

Table B.5.1: Direct Administration of Custom Houses by the Crown
in Mining and Non-Mining Treasuries by 1775

	Non-Mining Treasuries (mean)	Mining Treasuries (mean)	Difference	Std Error	p-value
Aduanas (Direct Adm)	0.139	0.198	-0.0589	0.137	0.676
Revenue (Direct Adm)	0.103	0.224	-0.121	0.144	0.420
Number of Treasuries	4	9	.	.	.

Note: Customs houses data from Sánchez Santiró (2001). No customs data exists for Sonora and Sinaloa, and only Tabasco appears for all of the Yucatan. I matched customs houses and Royal Treasuries based on geographic proximity and the existing road system in 1790, from Gerhard (1993) and Díaz-Cayeros and Jha (2016).

Table B.5.2: Customs Houses and Royal Treasuries by 1775

Royal Treasury	Customs House	Direct Administration	Revenue
Acapulco	Acapulco	No	3125
Acapulco	Xicayan	No	2000
Acapulco	Zacatula	No	1475
Acapulco	Zumpango y Tistla	No	850
Acapulco	Tetela del Río	No	650
Acapulco	Chilapa	No	565
Bolaños	Bolaños	Yes	10485
Durango	Chihuahua	Yes	15496
Durango	Durango	No	8000
Durango	Nombre de Dios	No	1715
Durango	Parras	No	1100
Durango	Coahuila	No	400
Guadalajara	Guadalajara	No	63000
Guadalajara	Zamora y agregados	No	5625
Guadalajara	Sayula	No	3100
Guadalajara	Colima	No	3010
Guadalajara	Guachinango	No	1750
Guanajuato	Guanajuato	No	45500
Guanajuato	Querétaro	No	33600
Guanajuato	San Miguel el Grande	No	12100
Guanajuato	Patzcuaro	No	9550
Guanajuato	Villa de León	No	9125
Guanajuato	Celaya	No	8300
Guanajuato	Acambaro	No	3000
Guanajuato	Salamanca	No	2850
Guanajuato	Guerécuaro	No	1000
Guanajuato	Yurirapundaro	No	800
Mexico City	Mexico City	Yes	.
Mexico City	Puebla y agregados	Yes	108273
Mexico City	Oaxaca	No	76100
Mexico City	Toluca	No	22500
Mexico City	Valladolid	No	21530
Mexico City	Cuernavaca	No	15600
Mexico City	Tlaxcala	No	13145
Mexico City	Tepeaca	No	9500
Mexico City	Marabatio	No	7280
Mexico City	Tehuacan	No	6930
Mexico City	Atlixco	No	6235
Mexico City	Zacualpan	No	6200
Mexico City	Izúcar	No	5832
Mexico City	Cuautla de Amilpas	No	5015
Mexico City	Cholula	No	4750
Mexico City	Huejotzingo	No	4250
Mexico City	Taxco	No	3900
Mexico City	Teposcolula	No	3800
Mexico City	Tlalpujahua	No	3155
Mexico City	Malinalco	No	2570
Mexico City	Jonacatepec	No	2030
Mexico City	Nejapa	Yes	2000
Mexico City	Villalta	Yes	1900
Mexico City	Igualapan	No	1250
Mexico City	Teutitlán del Camino	No	1010
Mexico City	Iguala	No	1000
Mexico City	Tlapa	Yes	727
Mexico City	Tochimilco	No	670
Mexico City	Tepeji de la Seda	Yes	590
Mexico City	Chautla de la Sal	No	500
Mexico City	Cuitzeo de la Laguna	Yes	414
Mexico City	Tenango del Valle	Yes	303
Mexico City	Miahuatlán	Yes	229
Pachuca	Pachuca	No	5799
Pachuca	Tulancingo	Yes	3235
Pachuca	Ixmiquilpan	Yes	2789
Pachuca	Apan	No	2600
Pachuca	Zacatlán	No	1700
Pachuca	Octupan	Yes	1310
Pachuca	Acayuca	No	1125
Pachuca	Mestitlán	No	1000
Pachuca	Molango	No	617
Pachuca	Atitalaquía	Yes	504
Pachuca	Huejutla y Jahualica	Yes	486
Pachuca	Huayacocotla	No	460
Pachuca	Cempoala	No	257
San Luis Potosí	San Luis Potosí	No	12250
San Luis Potosí	Sierra de Pinos	No	6055
San Luis Potosí	Charcas	No	4100
San Luis Potosí	Villa de Valles	No	2450
San Luis Potosí	Guadalcazar	Yes	1352
Sombrerete	Sombrerete	No	5000
Tabasco	Tabasco	No	12500
Veracruz	Orizaba	No	18100
Veracruz	Córdoba	No	14000
Veracruz	Jalapa	No	11415
Veracruz	Nuevo Santander	Yes	3000
Veracruz	Tehuantepec	No	2500
Veracruz	Cosamaluapan	No	1275
Veracruz	Teusitlán	No	1100
Veracruz	Teutila	No	1000
Veracruz	Tustla y Cotastla	No	850
Veracruz	Tampico	No	655
Veracruz	Antigua Veracruz	Yes	431
Veracruz	Papantla	Yes	349
Veracruz	Songolica	Yes	284
Zacatecas	Zacatecas	No	15000
Zacatecas	Fresnillo	No	5500
Zacatecas	Reino de Nuevo León	No	1700
Zacatecas	Saltillo	No	1535
Zacatecas	Mazapil	No	1400
Zacatecas	Jerez	No	1320
Zimapan	Zimapan	No	2005
Zimapan	Cadereita	No	914
.	Huapiapa	No	2550

Note: Customs houses data from Sánchez Santiró (2001). No customs data exists for Sonora and Sinaloa, and only Tabasco appears for all of the Yucatan. I matched customs houses and royal treasuries based on geographic proximity and the existing road system in 1790, from Gerhard (1993) and Díaz-Cayeros and Jha (2016).
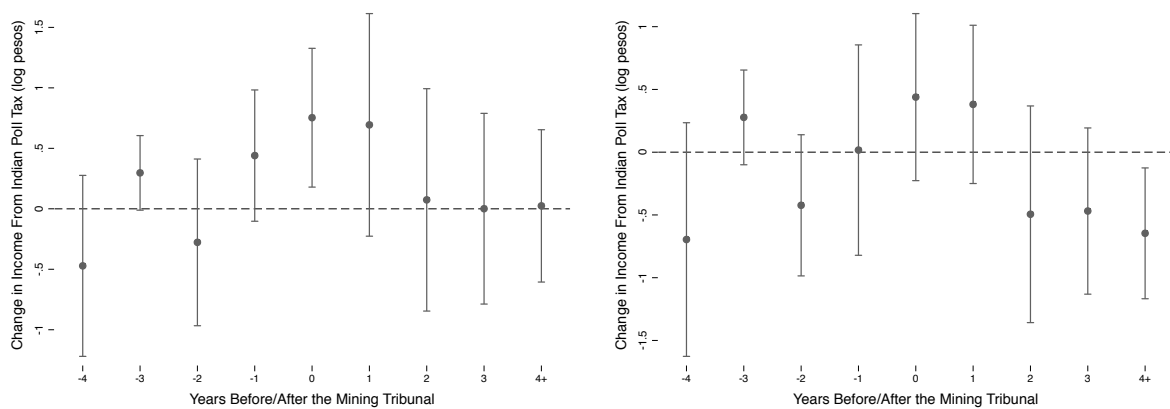
B.6 Indian Poll Tax

Figure B.6.1: Revenue from the Indian Poll Tax Before and After the Mining Tribunal
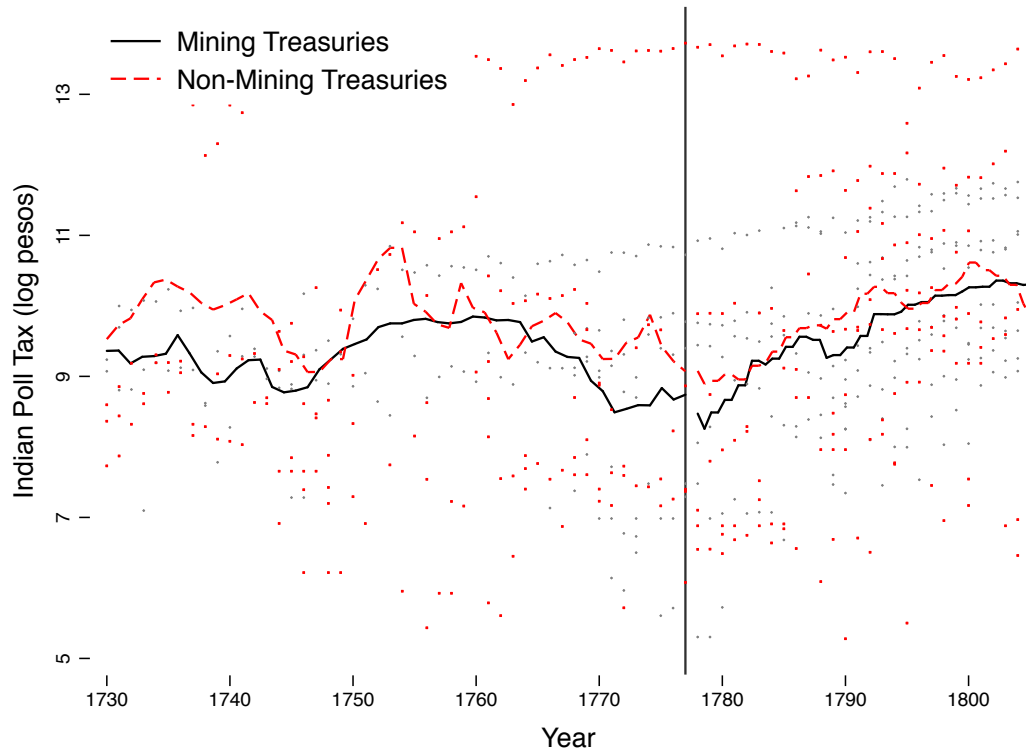
Note: Five-year moving yearly averages before and after the creation of the Mining Tribunal in 1777.

Figure B.6.2: Dynamic Effect of Mining Tribunal on the Indian Poll Tax

Note: Estimated coefficients of equation (2).The lines correspond to the 95% confidence intervals, based on standard errors clustered by treasury. The left panel presents estimates using the period 1759-1786; the period used for the right panel is 1714-1810. See Autor 2003.

B.7 Effect of the Mining Tribunal, by the Size of the pre-1777 Non-Mining Sector

In this section, I explore an additional observable implication that emerges from the model in the theory section. As the inequality in footnote 6 indicates, limited government makes investments in fiscal capacity more likely only when the non-elite sector is large enough; specifically, when $\omega_2^L > \omega_2^M \frac{[1-\gamma(r^*)]-\rho[1-\gamma(\underline{r}^*)]}{\gamma(r^*)-\gamma(\underline{r}^*)}$. For the main analysis, I assume this is the case, given the long-standing importance of agriculture in mining regions. However, the possibility remains that this condition is not true for some of the regions. If this is the case, then it is in places that have a larger non-mining sector where investments in fiscal capacity should be more likely.

Measuring the size of the non-mining sector using fiscal data is challenging, especially in a low-capacity setting. This is because taxation reflects both economic activity but also the intensity of enforcement. For example, low levels of non-mining taxation can indicate a small non-mining sector, but also a low ability to tax, even assuming comparable rates. Given these limitations, I attempt to approximate the size of the non-mining sector by using the indian poll tax, which has been used to approximate population size; as well as a measure of the poll tax dominance relative to mining revenue. This measures seek to approximate the size of the sectors in the economy other than mining relative to the mining sector (as specified explicitly in the expression above).

Specifically, I use the poll tax in the pre-Tribunal period and construct two measures: the log average poll tax and the average ratio of the poll tax revenue to the sum of the poll tax revenue plus mining revenue. Measured this way, table B.7.1 indicates that the estimated effect of the Mining Tribunal is in fact larger for those treasuries with a larger non-elite sector. The differential effect is not precisely estimated; this could be because most of the treasuries in fact have a sufficiently large non-elite sector, or because of the small number of treasuries in the sample, which in combination with a relatively large within-treasury variance in fiscal capacity investment could make it hard to statistically detect differential effects.

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Table B.7.1: The Effect of the Mining Tribunal on Civil Administration by the Size of the pre-1777 Non-Mining Sector (1759-1786)

	Civil Administration (% of Total Expenditures)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Mining Tribunal	0.062*	0.087***	0.041	0.040	0.063**	0.082***	0.055	0.054
	(0.030)	(0.020)	(0.040)	(0.040)	(0.030)	(0.019)	(0.036)	(0.036)
Mining Tribunal ×								
Pre-1777 Avg. Poll Tax Dominance, Above Median Among Mining Treasuries	0.014	0.0043	0.036	0.036				
	(0.014)	(0.022)	(0.034)	(0.034)				
Pre-1777 Avg. Poll Tax Dominance (%)					0.12*	0.14	0.099	0.099
					(0.062)	(0.092)	(0.19)	(0.19)
Year Intercepts	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Treasury × Time Trend	No	No	Yes	Yes	No	No	Yes	Yes
Treasury × Time Trend Squared	No	No	No	Yes	No	No	No	Yes
Treasury Intercepts	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Initial Revenue (log pesos) × Year Intercepts	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Nearby New Treasury Control	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Within-Treasury Mean of DV	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Within-Treasury SD of DV	0.098	0.098	0.098	0.098	0.098	0.098	0.098	0.098
R sq.	0.60	0.69	0.70	0.70	0.60	0.69	0.70	0.70
Observations	445	445	445	445	445	445	445	445
Number of Royal Treasuries	17	17	17	17	17	17	17	17

OLS estimations. See equations (1) for the econometric specification. The unit-of-analysis is the treasury-year. Standard errors (clustered at the treasury level) in parentheses. Poll tax dominance is the ratio of the poll tax revenue to the sum of the poll tax revenue plus mining revenue.
* $p < .10$, ** $p < .05$, *** $p < .01$.

C. Appendix References

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