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HOW MERCHANT TOWNS SHAPED PARLIAMENTS:
FROM THE NORMAN CONQUEST OF ENGLAND TO THE GREAT REFORM ACT

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ABSTRACT

We study the emergence of urban self-governance during the Commercial Revolution in the 12th-13th century and show that municipal autonomy shaped national institutions over the subsequent centuries. We focus on England after the Norman Conquest of 1066 and build a novel comprehensive dataset of 554 Medieval towns (boroughs). We show that merchant towns were particularly likely to obtain Farm Grants – the right of self-governed tax collection and law enforcement. We present evidence that self-governance, in turn, fostered enfranchisement: Farm Grant towns were much more likely to be summoned directly to the Medieval English Parliament than otherwise similar towns. We also show that self-governed towns strengthened the role of Parliament: They resisted royal attempts to introduce patronage and maintained broader voting rights; they also raised troops to back Parliament against the king during the Civil War in 1642, and they supported the modernization of Parliament during the Great Reform Act of 1832. Finally, we compare England’s institutional path to Continental Europe and discuss the conditions under which urban self-governance fosters institutional development at a higher level.

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1 Introduction

Political institutions and the protection of property rights are important drivers of economic growth and development (c.f. North and Thomas, 1973; Acemoglu and Robinson, 2012). In Medieval times, institutions throughout Western Europe were shaped by “coalitions of power holders” – important actors holding military, administrative, and religious power (North, Wallis, and Weingast, 2009). Initially, these included the king, the nobility, and the high clergy. By the early modern period, merchant towns had ascended to the coalition of power holders, and they were prominently represented in a key political institution that exerted constraints on monarchs – Parliament.

In this paper, we study the process by which medieval merchant towns became an essential part of the coalition of power holders, gained direct representation in parliaments, and shaped the evolution of this institution over the subsequent centuries. This process was triggered by the Commercial Revolution – a surge in economic activity in Western Europe beginning in the 11th century (Lopez, 1976). The rise of trade went hand-in-hand with the emergence of municipal autonomy of cities across Europe. Soon thereafter, kings summoned towns’ representatives in general assemblies that evolved into parliaments. We study the emergence of municipal self-governance and parliamentary representation in the prominent context of England – “the mother of parliaments”¹ – and follow its evolution over a period of time covering six centuries. We document that urban self-governance was an important factor for nationwide institutional development.

Our analysis begins with the Norman Conquest of England in 1066 – long before the creation of England’s first parliament. The Norman Conquest – “the single greatest political change England has ever seen”² – represents a key turning point in English history. The Normans asserted strong control over the territory and replaced the Anglo-Saxon ruling elite with their own (Root, 1994, p. 16). This resulted in largely homogeneous formal institutions at the onset of the Commercial Revolution, so that the Conquest provides an ideal starting point for our analysis.

Our argument is based on both the historical record and on detailed newly assembled data regarding political liberties of Medieval English boroughs (towns with a market and a trading community). We build a novel dataset for all 554 boroughs that existed before 1348 (using the time of the Black Death as a natural breakpoint). For each borough, we code its institutional history between 1066 and 1832, including Charters of Liberties, Charters of Incorporation, parliamentary franchise, troops raised to support Parliamentarians during the Civil War in 1642, and voting for the Great Reform Act of 1832. We also code borough-level characteristics such as taxable wealth assessed by the Normans in 1086, historical commercial importance, and geographic features. Our analysis is organized into three parts.

¹Original quote attributed to British politician John Bright in 1865 (Oxford Dictionary of Quotations, revised 4th edition, 1996, p. 141).

²The Economist, December 24th, 2016, p. 33.

We begin by analyzing the emergence of self-governing towns. After the Norman Conquest, the English Crown relied on tax farming to collect ordinary revenues. In each shire, the king appointed a sheriff (“shire reeve”) to “farm” the collection of taxes and provide law enforcement in both rural areas and towns. This system was ill-equipped to efficiently handle merchant affairs in the wake of the Commercial Revolution. As a result, communities of merchants sought more autonomy in their fiscal and judicial matters. Beginning in the 12th century, merchant towns and the king entered a mutually beneficial agreement: In exchange for paying higher ordinary (annual) taxes to the king, some boroughs received *Farm Grants* – Charters of Liberty that granted autonomy in tax collection and law enforcement. Farm Grants allowed the community of townsmen to appoint their own local tax collectors, judges, and market officials. This effectively separated these towns’ jurisdictions from those of the surrounding shires, thereby strengthening their administrative power (Jolliffe, 1937, pp. 323-4).

By 1348, 90 out of the 554 boroughs had obtained Farm Grants. We show that Farm Grants were particularly likely to be granted to royal boroughs with geographic characteristics conducive to trade (location on navigable rivers, the sea coast, or Roman roads). We also use other proxies, as well as historical evidence, to show that Farm Grant boroughs were commercially more important in Medieval times. This supports our argument that Farm Grants were particularly valuable to commercial towns, where the need for an efficient and specialized administration was greatest.

The second step of our argument connects Farm Grants to towns’ representation in Parliament. A central purpose of Parliament was to negotiate *extra-ordinary* taxes.³ In contrast to ordinary taxation (which was collected each year on a customary basis), the Crown was entitled to *extra-ordinary* taxes in “cases of necessity” – for example, to wage wars. From the late 13th century onward, it became increasingly common for the Crown to seek consent to these taxes in Parliament not only from the lords and the clergy, but also from representatives of local communities. Common rural and urban tax payers (freeholders) in each shire elected two Knights of the Shire to represent them in Parliament. In addition, selected towns were *directly* summoned to Parliament as separate constituencies from that of their surrounding shire. We show that towns with Farm Grants were particularly likely to be summoned to Parliament, giving them more weight in negotiations with the Crown. Out of the 90 boroughs with Farm Grants, 64 (71.1%) were enfranchised by 1348; as compared to 66 out of all other 464 boroughs (14.2%). This stark difference proves highly robust in our regression analysis.⁴

³Parliament was an efficient and expedient way to hold negotiations with many stakeholders. See for example Bates and Lien (1985, p. 56) who observe that “bargaining for taxes was costly to monarchs. Monarchs therefore appear to have desired to bargain with fewer agents – ones representative of the set of all agents.” Negotiating taxes in Parliament also helped to legitimize them and thus avoided protests (Strayer, 1947).

⁴The timing also supports our interpretation of Farm Grants as ‘stepping stones’ for towns’ direct representation in Parliament: Among the 64 Farm Grant boroughs that were enfranchised by 1348, 58 were summoned to Parliament *after* they had received Farm Grants, and only six were first enfranchised and then received a Farm Grant. Among the

The historical record suggests that the direct representation of Farm Grant towns in Parliament was the result of their administrative independence. As Pollard (1920, p. 112) noted: “The separate representation of cities and boroughs was, no doubt, due to the varying degrees of immunity from the jurisdiction of the shire courts which they enjoyed.” Self-governed boroughs had both the ability to resist tax levying by shire officials and the administrative capacity to assess and collect taxes themselves. By directly summoning autonomous boroughs to Parliament, the royal administration ensured their cooperation in extra-ordinary taxation and their coordination with the rest of the realm (c.f. Hoyt, 1948). The enfranchisement of self-governing towns significantly shifted the balance of political power towards local communities of merchants. We argue that this triggered a virtuous re-enforcing relationship between urban self-governance and ‘national’ institutions in England over the subsequent centuries.

In the third part of our analysis, we document how Farm Grant boroughs maintained their autonomy and shaped national institutions. Starting in the 16th century, the mounting fiscal needs of the English Crown led to tension because Parliament objected constitutional changes to expand taxation. The Crown attempted to circumvent parliamentary resistance by establishing a system of patronage, e.g., by seeking to install friendly oligarchies in towns and meddle with parliamentary elections. The relatively broad elites of self-governing towns had a natural interest in an effective Parliament that acted as a check vis-à-vis the Crown, protecting their autonomy, their relatively open local institutions, and the ability to collectively negotiate extra-ordinary taxes. Correspondingly, we find that self-governing boroughs resisted royal attempts of meddling and patronage: They remained more independent from the king in appointing their local governing body, and they had a persistently wider franchise in electing their MPs. In addition, Farm Grant boroughs protected and strengthened Parliament during critical junctures. The volunteer troops who fought on the side of the parliamentarians during the Civil War in 1642 – which prevented a weakening of municipal liberties and resulted in greater parliamentary control over the Crown – were significantly more likely to come from Farm Grant boroughs. Finally, we show that Medieval Farm Grants are a strong predictor of a borough’s MPs voting in favor of the Great Reform Act of 1832. The reform was a crucial step in the democratization of England that further reduced patronage and made Parliament more representative of the newly industrialized localities, thereby enhancing its legitimacy (Lizzeri and Persico, 2004; Aidt and Franck, 2015).

The diagram below summarizes the steps of our argument, from the emergence of municipal self-governance of merchant boroughs to their representation in Parliament, which they supported because it helped them to protect their liberties and open local institutions against royal interference. We discuss the nature of this interaction between urban self-governance and nationwide institutions for other European countries and shed light on the conditions that made it virtuous

latter six boroughs, three had other forms of municipal autonomy that we discuss below.

in the case of England. We argue that the presence of a strong monarchy in England during the Commercial Revolution allowed merchant communities to gain municipal autonomy and representation in a well-functioning Parliament. This protected England from the institutional decline that occurred in much of Continental Europe after the 15th century, where tax farming, the sale of offices, and patronage became prominent, and where parliaments were increasingly bypassed.

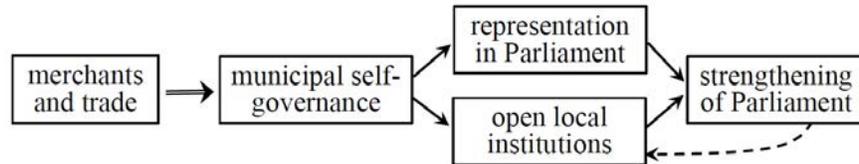


Diagram: Steps of the Argument

An important limitation of our analysis is that Farm Grants were not randomly assigned; our results reflect correlations that could also be driven by omitted variables. For example, borough wealth may have driven both Farm Grants and seats in Parliament. While we ultimately cannot meet the standards for identification in randomized control trials, we present ample historical and empirical evidence that supports a causal link between administrative autonomy and direct enfranchisement of boroughs. In particular, we use a difference-in-differences setup that explores the following two dimensions: First, the historical evidence links administrative autonomy to merchant activity. Correspondingly, we find that trade-favoring geography of Medieval boroughs (navigable rivers, sea coast, and ancient Roman roads) strongly predicts Farm Grants. However, trade may have driven institutional outcomes via channels other than administrative autonomy. This leads to the second dimension, which exploits England’s historical setting where boroughs belonged either directly to the king (royal boroughs), or to a local mesne (lay or ecclesiastical) lord. For historical reasons that we describe in Section 3, Farm Grants were almost exclusively granted to royal boroughs, while mesne boroughs very rarely obtained administrative autonomy. Consequently, mesne boroughs can serve as a ‘placebo’ to test if trade geography predicts towns’ direct representation in Parliament independent of Farm Grants. Indeed, we find no such relationship for mesne boroughs – in the absence of Farm Grants, merchant towns were not more likely to be directly summoned to Parliament. Combining these two dimensions, our difference-in-differences setup uses trade geography *interacted* with royal borough status to predict Farm Grants in the first stage of a 2SLS framework. The second-stage results for institutional outcomes (most prominently, for enfranchisement) are very similar in both magnitude and significance to our main results.

Our use of mesne boroughs as a ‘placebo’ hinges on the economic and institutional comparability of royal and mesne boroughs. We show that this was largely the case and that differences – where they existed – do not affect our results.⁵ For example, we use rich borough-level data from

⁵The following institutional similarities for royal and mesne boroughs are particularly relevant for our approach: First, royal and mesne boroughs were evenly distributed across England, and each shire included boroughs of both

the Domesday Book on taxable wealth in 1086 to show that our results are unaffected when we control for wealth, and that they hold even when we use only royal boroughs with *below*-median wealth and mesne boroughs with *above*-median wealth. Similarly, our findings are unchanged when we compare royal Farm Grant boroughs to mesne boroughs with *identical* trade geography and wealth, or with the same number of tax payers in 1377 (a proxy for borough population). This renders it unlikely that our results are confounded by the king selecting royal boroughs after the Conquest based on their wealth, population, or trade potential. To maintain skepticism about our placebo exercise, one would have to argue that other, unobserved factors determined the importance of boroughs, which in turn jointly affected their selection as royal boroughs by the king, their odds of receiving Farm Grants, *and* their representation in Parliament. Any such selection of boroughs after the Norman Conquest would certainly have comprised the ‘Domesday boroughs’ – the 106 most important settlements at the time (62 royal and 44 mesne). We show that our results are robust to excluding the royal Domesday boroughs; furthermore, we fully confirm our results even in a particularly restrictive sample that uses only royal *non*-Domesday boroughs, while using only mesne *Domesday* boroughs as a placebo.

We perform an additional placebo check for our long-run outcomes. We use historical records to identify boroughs where exogenous events (such as silting up of rivers) permanently obstructed trade *after* they received Farm Grants. We show that, even in the absence of trade, Farm Grants predict long-run institutional outcomes. This makes it unlikely that our results are confounded by a direct effect of trade on institutions (or by unobserved correlates of trade). Overall, our results thus suggest that Farm Grants acted as stepping stones for merchant towns’ direct representation in Parliament and for their contribution to England’s nationwide institutional development. The table at the end of the online appendix summarizes potential challenges to a causal interpretation of our results and provides references to our empirical and historical evidence that addresses these.

Our paper makes novel contributions along three main dimensions: First, we document the emergence of Medieval self-governance in a large cross-section of towns and show that it was linked to merchant activity, as previously suggested (but not empirically established) in the economic history literature. Second, we establish the link between Farm Grants and towns’ representation in Parliament, providing support for a literature in both economic history and organizational economics that connects administrative autonomy to parliamentary representation. Third, we document important interactions between municipal autonomy and nation-wide institutions and discuss the conditions that rendered these particularly virtuous in the case of England. We review the

types (see Figure 4). Second, when it came to extra-ordinary taxes, all boroughs (royal and mesne) were under the shire court’s jurisdiction (which effectively bypassed local lords), and mesne boroughs had to pay the *same* extra-ordinary tax rate as royal boroughs (Willard, 1934). Third, the procedure by which the king summoned boroughs to Parliament was the same for royal and mesne territories (Mitchell, 1951). Fourth, historians have documented that not only the king, but also local lords promoted trade in their boroughs. Correspondingly, we find that trade geography predicts economic outcomes such as commercial importance or population in *both* royal and mesne boroughs.

related literature in Section 2. In Section 3 we present the historical background, and in Section 4, our data. Section 5 presents our empirical results on Farm Grants and representation in Parliament by 1348, and Section 6, our results on local and nationwide institutions in the centuries thereafter. Section 7 offers a comparative analysis of five regions in Western Europe, discussing similarities and differences in the interplay of trade, municipal autonomy, and institutional development. Section 8 concludes.

2 Related Literature

Our paper contributes to literatures in political economy, economic history, and organizational economics. An important field of research investigates the representation of merchant interests in parliaments during the late Medieval and early modern period. In North and Thomas (1973), North (1981), North and Weingast (1989), Barzel (1989), and Stasavage (2011), the inclusion of merchant towns in representative assemblies is a way for strong rulers to tie their own hands not to expropriate subjects, thereby strengthening property rights and improving economic outcomes (for a similar reasoning, see Myerson, 2008). Epstein (2000) and Grafe (2012) instead emphasize that fragmented jurisdictions in Continental Europe limited central rulers' ability to marshal resources, which led to bargaining over taxation in parliament, typically involving self-governing towns. In line with our argument, both strands of this literature emphasize that the difficulty of taxing merchants ultimately led to their acquisition of political power. Our paper is the first to empirically establish the link between trade, municipal autonomy, and representation in parliament, tracking a large set of towns over time. This also connects our work to Kiser and Barzel (1991), Greif, Milgrom, and Weingast (1994), Stasavage (2014), and Puga and Trefler (2014).^{6,7}

Our argument is in line with Root (1994), Barzel and Kiser (1997), and Epstein (2000), who state that parliaments were created by monarchs to coordinate the behavior of autonomous jurisdictions and facilitate negotiations over property rights.⁸ In the spirit of Levi (1988, 1999), municipal

⁶In Kiser and Barzel (1991), Medieval English rulers made merchants residual claimants of the proceeds from their effort by granting municipal liberties. Greif et al. (1994) emphasize the role played by Medieval merchant guilds as a commitment device for autocratic rulers. Stasavage (2014) analyzes ca. 170 Western European towns between AD 1000 and 1800, showing that the control of local institutions by merchant (and craft) guilds initially fostered population growth, but later hampered it. Puga and Trefler (2014) show that in late Medieval Venice, trade led first to constitutional constraints on autocratic rulers and then to the rise of a narrow oligarchy. In the context of the Commercial Revolution, Cantoni and Yuchtman (2014) show that legal institutions (universities) had a positive effect on economic activity in Medieval Germany. We focus on the effect of the Commercial Revolution on municipal and "nationwide" institutions. Finally, Bardhan (2002) and Bardhan and Mookherjee (2006) investigate the relationship between inefficient local bureaucracies and the emergence of local political liberties in the modern context.

⁷Glaeser and Shleifer (2002) argue that the English kings' ability to control their territory was important for the spread of the Common Law legal system, in which the king delegated adjudications to better-informed local juries. There are parallels to our analysis: We argue that the delegation of administrative tasks to better-informed local merchant communities through Farm Grants occurred under the auspices of strong monarchs.

⁸This reasoning is also related to theories that link taxation of movable wealth (which could be avoided more easily than taxes on land) to institutional change. For example, Bates and Lien (1985, p. 53) argue that "Revenue-seeking

autonomy restricted the ruler's ability to extract resources from towns, which led to their representation in Parliament, where extra-ordinary taxation was negotiated. This also relates to González de Lara, Greif, and Jha (2008), and Van Zanden, Buringh, and Bosker (2012), who argue that the rise of towns as (semi-)autonomous administrations constrained the monarchy in England – long before the Civil War and the Glorious Revolution in the 17th century. Overall, our empirical findings support the historical arguments in Greif (2008, p. 31) that “political assemblies were composed of individuals and corporate bodies with independent administrative capacity (e.g., feudal lords and self-governed cities)...” and in Van Zanden et al. (2012, p. 847) whereby “The key event, in our view, that led to the formation of parliaments, was the communal movement of the eleventh to thirteenth centuries: cities became to a large extent self-governing, and were able, as corporate bodies with rights and privileges, to gain access to what had previously been often a rather informal assembly. This addition of a ‘different’ social class – the merchants who usually represented the communes – fundamentally changed what had previously been a meeting of a very small elite.”⁹

Our second set of results sheds light on the institutional divergence between England and most of the Continent that occurred during the early modern period (Barzel and Kiser, 1997; Van Zanden et al., 2012). This period was characterized by an increase in the need for revenues by rulers, the rise of patronage, and the consequent institutional instability (c.f. Kettering, 1986; Root, 1994). Gennaioli and Voth (2015) highlight the role played by warfare and initial jurisdictional fragmentation in causing divergence in state capacity across European polities (see also Tilly, 1990; Besley and Persson, 2009; Dincecco and Katz, 2014). We contribute to this strand of literature by emphasizing the interaction between local and ‘national’ institutions in shaping England’s institutional path. Our results complement those in Acemoglu, Johnson, and Robinson (2005), who find that where “initial” institutions before 1500 placed checks on monarchs and protected property rights, the gains from Atlantic trade post-1500 were particularly large. Also, our findings on the English Civil War complement those in Jha (2015), who shows that financial innovations – i.e., stock ownership in overseas companies – fostered MPs’ support for Parliament during the English Civil War, which in turn strengthened parliamentary control over sources of revenues.

Our paper is also related to the literature on the determinants of franchise extensions. One leading explanation is that democratization serves as a commitment device for redistribution under the threat of revolution (see Acemoglu and Robinson (2000) for a theoretical contribution and Aidt and Franck (2015) for empirical results that support this channel). We contribute to this

governments may well find it to their advantage to strike bargains with citizens whose assets they seek to tax. [...] Such bargains may become more beneficial...the more mobile the assets the citizens hold.”

⁹The inverse argument has been used to explain the *absence* of parliaments in other regions: “But there was no institution akin to a parliament in the Ottoman Empire. No organized groups of elites met regularly to constrain the sultan. This was in part because there were no independent cities with which to negotiate [...]” (Rubin, 2017, p. 189).

literature by investigating the historical determinants of the political power of urban elites. Our results emphasize the importance of local institutions in explaining the Great Reform Act of 1832. We complement the framework developed in [Lizzeri and Persico \(2004\)](#), whereby oligarchies (that included merchants) may voluntarily extend the franchise to enable a more efficient provision of public goods. Our results regarding the Civil War and the Great Reform Act contribute to the literature on the historical roots of political institutions ([Persson and Tabellini, 2009](#); [Giuliano and Nunn, 2013](#); [Guiso, Sapienza, and Zingales, 2016](#)).

Finally, our conceptual framework makes use of building blocks from organizational economics. Farm Grants were agreements in which the king ‘loaned’ decision-rights over local institutions to communities of merchants (e.g., [Baker, Gibbons, and Murphy, 1999](#)). In turn, the granting of administrative autonomy to these communities gave them ‘real authority’ in Parliament ([Aghion and Tirole, 1997](#)). We are also connected to the literature that investigates the trade-off between adaptation and coordination (e.g., [Alonso, Dessein, and Matouschek, 2008](#); [Rantakari, 2008](#)). Farm Grants achieved superior adaptation, and Parliament coordinated these autonomous administrative units. Finally, we are related to the literature on incomplete contracts ([Grossman and Hart, 1986](#); [Hart and Moore, 1988, 1990](#)). Farm Grants were incomplete agreements that failed to describe appropriate levels of taxation during extraordinary events (e.g., wars). Parliament acted as a court of justice in which monarch and representatives deliberated whether the levying of these taxes was lawful. This contract-theory angle has also been highlighted by economic historians: “Administrative power leads to political representation because constitutional and other rules specifying rights are inherently incomplete contracts” ([Greif, 2008](#), p. 30).

3 Historical Background

This section summarizes the historical background of institutions in England from the Norman Conquest to the 14th century, with a focus on the emergence of Farm Grants and the representation of boroughs in Parliament.

3.1 The Norman Conquest

In 1066, William the Conqueror landed at Pevensey, heading a large French-Norman army that defeated the Anglo-Saxons. The conquest resulted in a dramatic change in land ownership, as documented in the Domesday Book of 1086.¹⁰ The Normans replaced the entire lay and ecclesiastical Anglo-Scandinavian elite as well as the local administration ([Barlow, 1961](#), pp. 94-96). Compared to the Anglo-Saxon period, the Normans strengthened the control over the territory by

¹⁰The Domesday Book was an exhaustive survey of all English lands (landholders, tenants, inhabitants, etc) conducted in 1086. The main purpose of the survey was to assess the value of the land and its assets. As [Jenkins \(2011, pp. 38-39\)](#) observes, “The survey was...dubbed the Domesday Book by the Saxons, because its decisions, like those of the Day of Judgment, were unalterable. [...] It did more than record. It marshalled Norman England into an administrative whole.”

greatly diminishing the power of the earls and imposing a homogeneous feudal society (Brooke, 1961). Overall, the Norman Conquest resulted in relatively homogenous formal institutions across England and thus constitutes an ideal starting point for our analysis.

3.2 The Commercial Revolution: Boroughs, Markets, and Trade

Our analysis coincides with the Commercial Revolution – a boom in economic activity driven by events exogenous to England, such as regained access to Mediterranean trade (Pirenne, 1925), technological progress (Langdon and Masschaele, 2006), and population growth (North and Thomas, 1973). In England, the number of recorded urban settlements increased drastically: Boroughs went from 112 in 1086 to 554 by 1348. Around 150 fairs were established by the end of the twelfth century, and more than 1,000 newly licensed markets were recorded between 1200 and 1349 (Britnell, 1981; Masschaele, 1997; Langdon and Masschaele, 2006).

3.3 Territorial Administration and Taxation: Royal and Mesne Territories

Post-Norman-Conquest England was divided into 39 shires (counties), each composed of manors within which rural and urban settlements – villages and boroughs – coexisted. Boroughs were characterized by the presence of a market and a trading community.¹¹ After the Conquest, approximately 25% of boroughs belonged to the king, 50% to lay mesne lords, and 25% to ecclesiastical mesne lords.¹² Figure 1 illustrates the administration of royal and mesne boroughs throughout the kingdom. The most important administrative tasks were tax collection and the provision of justice. Shires – which comprised both royal and mesne territories – played a central role. The extent of the shire administration’s fiscal and judicial oversight depended on i) borough ownership (royal vs. mesne), ii) the type of taxation, and iii) whether boroughs had obtained administrative autonomy – most prominently in the form of Farm Grants. We begin by discussing taxation in ‘regular’ boroughs (i.e., without Farm Grants). In this context, it is important to note that the Medieval period distinguished between ‘ordinary’ and ‘extra-ordinary’ taxation.

Ordinary Taxation. Ordinary taxation accrued to the lord of the borough (either the king or the mesne lord). To collect these taxes in the royal territory, the king delegated the appointment of local borough officials to the sheriff.¹³ The contractual arrangement between the king and his tax-collecting officials was known as *tax farming*. The *farm* of a territory was a fixed amount of money

¹¹We focus on boroughs because these were the main locations of merchant activities in Medieval and early modern England. Land tenure in boroughs was known as *burgage* tenure, which was similar to freeholding (Ballard, 1913; Tait, 1936, p. 134). Burgesses could sell, mortgage, and leave their land property in the borough in inheritance. They could also move as part of their trading activity. However, acquiring the status of burgess in a borough other than that determined by birth was difficult.

¹²Throughout the text, we refer to both lay and ecclesiastical lords as mesne lords. “Mesne” means “middle” in Medieval French, referring to the position of mesne lords, who had vassals, but were themselves vassals of the king.

¹³See Ballard (1913) and Green (1989). In particular, the sheriff presided over the shire court. In royal boroughs he appointed bailiffs who ran borough courts that dealt with trespassing, debts, and disputes between merchants (Cam, 1963). In Farm Grant boroughs, the sheriff’s oversight was restricted, as we discuss below.

representing the sum of all tax revenues from that territory – revenues from land, market tolls, and court fees (Ballard, 1904; Masschaele, 1997). Farms were customarily fixed for each borough right after the Norman Conquest, based on the Domesday survey of 1086. With the booming economic activity, the king began to auction off the right to collect the farm at the shire level. The official who won the auction became sheriff and retained any revenue in excess of his bid (Ballard, 1913). Sheriffs were often drawn from the royal court; they thus had limited knowledge of local economic conditions and lacked the knowledge necessary to administer justice over commercial contracts (Poole, 1955; Harris, 1964; Carpenter, 1976; Green, 1989). Due to the frequent bidding for the office, sheriff positions also had a relatively high turnover, with typical term lengths of 3-5 years (Heiser, 1997). The short tenure invited widespread predatory behavior (see Appendix B.1). In mesne territories, the local lords were entitled to ordinary taxes. Accordingly, mesne lords appointed the officials who collected ordinary taxes and presided over local courts (Denholm-Young, 1964).

Extra-Ordinary Taxation. Monarchs could request an extra-ordinary ‘aid’ from *all* subjects in specific situations that affected the whole realm (e.g., wars), known as ‘cases of necessity’ (Harriss, 1975). Until the mid-13th century, the king and lords alone acknowledged ‘cases of necessity’ and collected taxes known as *tallage* on their demesnes. These taxes were fixed at customary levels and thus did not require local wealth assessment. This changed after 1250, when the king introduced proportional taxes on assessed movable wealth in order to tap into the rising incomes at the height of the Commercial Revolution (Mitchell, 1951). As we explain in Section 3.6, this change in the base of extra-ordinary taxation required that local communities also consented to ‘cases of necessity,’ giving rise to their representation in Parliament. These taxes on movables were uniform across boroughs – that is, royal and mesne boroughs contributed at the same tax rate (c.f. Willard, 1934, p. 10 and Mitchell, 1914, p. 351-2). For instance, “in 1296 all towns alike paid an eight [of their movable goods]” (Pasquet, 1964, p. 152).¹⁴ The shire court coordinated the assessment and collection of extra-ordinary taxes for *both* royal and mesne boroughs, and the sheriff enforced their collection alongside royal assessors of movable wealth (Pasquet, 1964, p. 143). Farm Grant boroughs represented an important exception, as we discuss next.

3.4 Farm Grants in Royal Territories

Because of the size of his territory, the king had no choice but to delegate administrative control over his boroughs. Initially, borough administration was fully entrusted to the sheriffs. During the Commercial Revolution, the rise in boroughs’ trading activity created the need for a more

¹⁴In the early 13th century, a selected subset of “taxation boroughs” (both royal and mesne) occasionally paid a higher rate. We discuss this in Appendix C.9 and show that our results hold when focusing only on these boroughs, or when excluding them.

specialized administration.¹⁵ The key to achieve the necessary efficiency improvements laid in allowing urban merchant communities to run borough administrations themselves (c.f. Kiser and Barzel, 1991).

Starting under the reign of Henry I, many boroughs obtained “Farm Grants” – the right to appoint borough officials and collect ordinary taxation themselves. Lincoln was the first borough to receive a Farm Grant in 1130.¹⁶ Boroughs paid the king in exchange for these liberties. Payments included a one-time lump-sum (*fine*) and/or an *increment* on the farm (which had previously been collected by the sheriff). The fine was often used to quickly raise money during wars (Tait, 1936). This can explain the close association between Farm Grants and external wars (see Appendix B.2). The Charter of Andover (granted in 1205) illustrates the *increment* on the annual farm implied by Farm Grants:

“Know ye that we have granted [...] to our burgesses of Andover our manor of Andover with all its appurtenances at fee farm, to hold to them and their heirs of us and our heirs by the ancient farm, to wit, at £80 a year, and as increment £15 which they formerly gave us for having the said manor at farm during our pleasure, and in addition £10 which they afterwards added for having the said manor at fee farm, and this farm, to wit, £105 in the whole, they shall pay at our Exchequer yearly to us by their own hands.” (Ballard, 1913, p. 228)

The Charter first notes that Andover was worth a farm of £80 a year (collected by royal officials). Andover then agreed to pay an increment of £15 per year for the right of self-administered tax collection, and an extra £10 per year for the right to keep this contract in perpetuity.¹⁷ Where detailed records survived, they suggest that Andover’s grant is representative, and that Farm Grants typically constituted a net gain in tax revenue to the king (c.f. Ballard, 1913, pp. lxxvi-lxxvii). This gain for the king arguably compensated for the (expected) loss of administrative control and future information about local economic conditions.¹⁸

¹⁵Accordingly, several statutes sought to address the need for registered commercial contracts and more potent dispute resolution (e.g., the Statute of Acton Burnell in 1283, the Statute of Merchants in 1285, and the Statute of Westminster II in 1285). The Statute of Merchants states that i) speedy justice is needed to support trade, ii) the sheriffs meant to provide it abused their position, and iii) justice to merchants is therefore the responsibility of mayors elected by burgesses (where relevant). For further detail see Ballard and Tait (1923); Tait (1936); Poole (1955); Powicke (1962); Cam (1963).

¹⁶Farm Grants were only introduced after the Norman Conquest; they did not exist during Anglo-Saxon times, as documented by Maitland (1921, p. 204), Tait (1936, p. 71), Barlow (1961, p. 25), and Reynolds (1977, pp. 95-6). Also, towns were not directly represented in Anglo-Saxon assemblies (*witans*) – see Appendix C.11 for a detailed discussion. Besides Farm Grants, there were also other Charters of Liberties granted after the Norman Conquest; for instance, the right to hold a market, to prevent the entry of royal officials, or freedom from tolls throughout the realm. We predominantly use Farm Grants, but also explore other charters in our empirical analysis.

¹⁷Farm Grants – even those issued in perpetuity – were subject to revocation: In case burgesses failed to pay the agreed-upon farm, the king would temporarily remove these liberties and send royal officials into town.

¹⁸One may presume that sheriffs would oppose Farm Grants because they were the losing party. Even though sheriffs tried to oppose early legislation that limited their judicial prerogatives (Holt, 1981), their position was much too weak – as shown by their wholesale dismissal in several occasions (Maddicott, 1981) – to stage successful opposition to Farm Grants, and no such incidences are documented.

Farm Grants were not imposed; they were an option for burgesses. This implies that burgesses must have benefited as well. Bristol's petition to the King in 1283 illustrates that merchants were well-aware of the benefits of Farm Grants:

“Since none can know so well as those whose work is concerned with merchandise, and who earn their living by it, how to regulate the affairs of merchants properly and honestly, the Commonalty of Bristol entreats the Lord King that, if he should wish to grant his town at farm to anyone, he should concede it to them, since they would be prepared to give as much for it as any outsider. For an outside farmer would not seek it except for his own personal gain, which would be to the serious loss of the Commonalty. And the Commonalty seeks it to farm, not for the sake of profit, but to safeguard, according to the law merchant, both themselves and others coming there.” (Cronne, 1946, pp. 42-3).

From the perspective of local merchant communities, Farm Grants achieved two purposes. First, they transferred the right to appoint the entire borough administration from the sheriff to the burgesses (Gross, 1906; Ballard, 1913; Tait, 1936). Second, Farm Grants made borough communities ‘collective tenants-in-chief’ of the Crown – comparable to the status of feudal lords, with the associated rights and duties (e.g., contribution to war effort; see Pollard, 1920, p. 157, and Hartrich, 2019). Farm Grants separated a borough's jurisdiction from that of the surrounding shire, thereby curbing the sheriff's fiscal and judicial oversight (see Figure 1). In the words of Tait (1936, p. 346), Farm Grants made boroughs “areas locally within but administratively outside the counties.” Boroughs with Farm Grants developed significant administrative capabilities; they typically handled their own legal disputes and selected a more commercially specialized administration. In principle, all male burgesses had a say in the election of a borough's officials. For example, the Ipswich Dom-Boc of 1291 states that “...the whole town of the borough of Ipswich gathered in the churchyard of St. Mary at Tower to elect two bailiffs and four coroners for the town, according to the specifications of the charter of the aforesaid lord King [John].”¹⁹ In practice, councils composed of wealthy individuals – mostly merchants – were often in charge of choosing officials (Evans, 1974). Nevertheless, local interests (e.g., those of merchants and craftsmen) were represented to a larger extent than in royal boroughs without Farm Grants, where the sheriff appointed local officials.

3.5 (The Absence of) Farm Grants in Mesne Territories

Farm Grants were almost exclusively granted to boroughs in royal territories – despite the fact that these merely accounted for one-fourth of all boroughs, and despite the economic importance of many mesne boroughs.²⁰ For example, Rigby and Ewan (2000, pp. 293-4) observe that “although

¹⁹Original text (in Latin) from Gross (1890, pp.116-123). Translation adapted from “History of Medieval Ipswich” (<http://users.trytel.com/~tristan/towns/ipswich2.html>).

²⁰Note that Farm Grants in mesne boroughs could only be granted by their mesne lords. Because the Crown was not the residual claimant of mesne boroughs' ordinary revenues, it did not interfere with their local administrative arrangements.

the seigneurial borough of Boston ranked fifth amongst English towns in the taxation of 1334 [...], it could not compare with even a minor royal borough such as Grimsby [...] in its formal liberties.” As shown in Figure 2, 90 out of 554 boroughs that existed in 1348 received Farm Grants. Among the 145 royal boroughs in our sample, 74 received Farm Grants (51.0%). In stark contrast, among the 409 boroughs owned by mesne lords, only 16 obtained Farm Grants (3.9%).²¹ These differences were likely due to mesne lords exerting a more direct control over their administration (Tait, 1936). Mesne lords owned much smaller territories than the king. Many of them also had castles or other dwellings in their boroughs and thus possessed detailed local knowledge. Consequently, lords had less need to delegate the control over borough administrations to either private individuals or communities of burgesses – in contrast to the king who had no choice but to delegate administrative control.²² Trade was therefore less likely to lead to administrative autonomy for mesne borough communities, and they rarely developed the capacity to organize local taxation independently.

The Role of Territory Size. We argue that owners of larger territories – in particular the king – had greater need to delegate administrative control at the local level. If this logic can explain the issuance of Farm Grants, it should also apply to relatively large mesne territories. Figure 3 shows that this is indeed the case: Among the lords with the smallest territories (seigneurs, abbots, and nunneries), there are essentially no Farm Grants. Boroughs in territories administered by bishops (which were of intermediate size) received some Farm Grants. Finally, among the largest mesne lords (earls and archbishops), the proportion of boroughs with Farm Grants was significantly larger – albeit still only one-fifth of the frequency in the much bigger royal territories.

3.6 Farm Grants, Extra-Ordinary Taxation, and Parliament

The Crown could legitimately collect extra-ordinary taxes in ‘cases of necessity.’ Following the Magna Carta in 1215, consent to these taxes was given in assemblies to which only lords and the higher clergy were summoned (Post, 1943; Maddicott, 2016). In the second half of the 13th century, the king changed the system of extra-ordinary taxation from customarily fixed sums to proportional taxes on movable wealth that yielded larger amounts (see Section 3.3). The assessment of wealth required the cooperation of local communities with royal officials. Consequently,

²¹Figure A.2 in the appendix provides a map of Farm Grants, showing that there is no apparent clustering; Farm Grant boroughs are spread relatively evenly across England.

²²As Bailey (2007, p. 136) notes: “Mesne boroughs often possessed a narrower range of privileges than royal boroughs, and the freedom of their burgesses to run their own affairs was usually more restricted. The latter was particularly true if the landlord was also resident in the town, and therefore likely to assume an active interest in the town’s affairs. These burgesses might have some involvement in the day-to-day administrative tasks, but most of the executive management was vested in the landlord’s own officials.” A concrete example is the borough of Arundel in south England. The borough was under the control of the Fitzalan mesne lord dynasty, who resided in Arundel Castle. Arundel did not receive a Farm Grant, despite the fact that it “as the trading centre of the honour, had by [the early 14th century] developed to quite substantial proportions” (<http://www.historyofparliamentonline.org/volume/1386-1421/constituencies/arundel>).

the king summoned assemblies that also included representatives from the shires (knights of the shire) and from selected boroughs, both royal and mesne (Mitchell, 1951; Harriss, 1975). In 1295, Edward I called what would become known as the ‘Model Parliament.’²³ The composition of Parliament was meant to be representative of all freeholders because they were all affected by the taxation of wealth (Jolliffe, 1937; Power, 1941). In the words of (Cam, 1953, p. 23), “the house of commons, when it finally comes into existence, is not a house...of the non-noble, but a house of communities, urban and rural.” Parliament represented the various territorial subdivisions of the realm, including royal and mesne boroughs – the English monarchy was sufficiently strong to impose extra-ordinary taxes also in the latter, effectively by-passing mesne lords (Willard, 1934, p. 10; Mitchell, 1951). Accordingly, the procedure of summoning representatives to Parliament was the same for royal and mesne territories.²⁴

In principle, all sufficiently wealthy property owners – including those living in mesne territories – could participate in the election of their shire representatives (Pasquet, 1964, pp. 140-3). Therefore, all burgesses were represented in Parliament via their knights of the shire. In addition, burgesses whose boroughs were directly enfranchised (i.e., separately from their shire) could elect their own MPs and had a separate voice in Parliament. We argue that Farm Grants played an important role in the selection of boroughs for direct representation.

Farm Grant boroughs were effectively outside the control of shire officials and thus capable of resisting wealth assessment and tax collection.²⁵ In addition, in contrast to most other boroughs, Farm Grant towns had the administrative capability to collect extra-ordinary taxes from their burgesses. In order to coordinate and facilitate ‘nationwide’ extra-ordinary taxation, it made sense for the king to summon representatives of administratively autonomous royal boroughs to Parliament, separately from their shire (see Holdsworth 1909, p. 250; Pollard, 1920, p. 112; Jolliffe, 1937, pp. 323-6).²⁶ In sum, the handling of extra-ordinary taxation in self-governing

²³In 1265, Simon de Montfort had set the precedent of summoning boroughs to a general assembly in an attempt to expand his coalition against the king during the Second Baronial Revolt. Towns’ cooperation in the revolt was needed because De Montfort’s rule over England was not supported by either a legitimate claim to the Crown or an effective control over local administrations. The list of towns that attended De Montfort’s parliament has not survived – only York and Lincoln, two Farm Grant boroughs, are known to have participated (Ambler, 2015).

²⁴The king instructed sheriffs to summon boroughs to Parliament. Sheriffs then delivered parliamentary *writs of summon* to selected boroughs within their shire. These writs did not distinguish between royal and mesne boroughs – c.f. McKisack (1962, p. 7), and Pasquet (1964, pp. 137-8). Sheriffs likely enjoyed some discretion over which boroughs to summon. Unfortunately, no evidence exists regarding the criteria used by sheriffs. Arguably, the Crown and the sheriffs – who were personally responsible for the orderly collection of extra-ordinary taxes in their shire – had aligned incentives in summoning to Parliament those boroughs over which they exerted less administrative control. For a discussion see Tait (1936, pp. 356-7) and McKisack (1962, pp. 16-7).

²⁵It is worth noting that Farm Grants put borough administrations not only outside the reach of the sheriff, but also of the knights of the shire, who were elected in county courts to consent and assist royal officials with the assessment and collection of extra-ordinary taxes (Pasquet, 1964, pp. 186-92).

²⁶In the words of Russell (1937, p. 13), in the 13th century: “[...] there existed many local courts [...] in which hundreds of lesser folk were learning self-government. [...] In the county courts and borough councils they gained experience and often handled affairs of considerable importance. [...] To have excluded these men from participation

boroughs effectively by-passed the shire administration (c.f. Mitchell, 1951, pp. 210-20), and this separation contributed to their enfranchisement (Rigby and Ewan, 2000).²⁷ The link between administrative separation and enfranchisement is also highlighted by Elton (1974, p. 41):

“[...] mainly because consent to taxes was required, the Crown summoned both knights for the shires and burgesses and citizens for the towns; that is to say, the concept of communities of the realm was extended beyond the administrative divisions [i.e., the shires] to the embedded lesser units [i.e., the boroughs]. Both shires and towns were, in fact, real communities in the sense that they had self-consciousness, self-government, and self-purpose; and the composition of the House of Commons in the later middle ages quite exceptionally reflected the reality.”

Giving direct representation to boroughs was not only in the interest of the king; burgesses also profitted from the possibility of collective negotiations with the Crown over a uniform rate of taxation: “It was the interest of the burgesses to send their representatives to Westminster equipped with full powers to resist all taxes which the general opinion of the commons held to be excessive” (McKisack, 1962, pp. 77-8).

Why were boroughs without Farm Grants – among these numerous mesne boroughs – also summoned to Parliament separately from their shire? The historical literature offers a variety of explanations. For some towns, other forms of administrative power led to their enfranchisement. For example, many enfranchised boroughs without Farm Grants were the administrative centers of mesne lords’ lands (c.f. Tait, 1936, p. 356). Occasionally these also enjoyed some degree of jurisdictional separation from the shire administration (Willard, 1934, pp. 31-2).²⁸

In the context of summoning boroughs to Parliament, two issues come to mind that are relevant for our empirical strategy: First, would our argument not also imply that most mesne boroughs should be called to Parliament? After all, their ordinary administration was appointed by a lord rather than the sheriff, and in this sense they were also separated from the shire court – at least for the purposes of ordinary taxation (see Figure 1). However, the shire court did have oversight

in the great council would have resulted in the elimination of an exceedingly able group.” This reasoning is also related to the argument by Barzel (1997) that boroughs were summoned to Parliament after receiving charters that granted autonomy and made the local burgesses the residual claimants of their revenues. On the capability of Farm Grant boroughs to collect extra-ordinary taxes, Mitchell (1951, p. 257) notes that “it would seem probable that the official who accounted for the farm would account for the aid [the extra-ordinary tax] of the same year.”

²⁷In particular, Rigby and Ewan (2000, p. 292) note: “[a]s shire officials were excluded, the scope of government in such self-governing towns was extremely broad, including the levying and expenditure of royal revenues [...]. It was these self-governing royal boroughs which were most likely [...] to be called upon to provide representatives at parliaments...” Crowley (1989, p. xii) in his detailed study of the county of Wiltshire explicitly points to the role of administrative separation: “the parts of Wiltshire with or formerly with systems of self-government based on burghal tenure which were outside hundredal jurisdiction [i.e., the sheriff’s jurisdiction] ... had been summoned to the model parliament of 1295, presumably as such.”

²⁸Examples of administratively important mesne boroughs include Bletchingley, Lostwithiel, and Downton – the administrative centers of the Clare Family’s lands in Surrey, of the Duky of Cornwall, and of the ‘liberty’ of Downton Hundred, respectively (information from <https://www.historyofparliamentonline.org>). All three boroughs were summoned to Parliament by Edward I. Examples of boroughs which were separated from their surrounding shire include Bury St. Edmunds, which belonged to an abbot and was included in Parliament in 1301.

of *extra-ordinary* taxation of mesne boroughs, by effectively bypassing the local lords' officials (Mitchell, 1951).²⁹ In addition, since mesne boroughs could (typically) not obtain Farm Grants, they did not become autonomous administrative units. Thus, in the context of extra-ordinary taxation, mesne boroughs resembled 'regular' royal boroughs without Farm Grants – both lacked the administrative capacity to assess wealth and levy extra-ordinary taxes on their burgesses independently (i.e., without the supervision of shire officials). Second, to what extent could our analysis be affected by rich boroughs 'buying' seats in Parliament? This is historically unlikely: During the late Medieval period, seats in Parliament were not perceived as a highly valuable asset (McKisack, 1962). Boroughs did not demand to be enfranchised, and likewise, the Crown did not sell parliamentary seats.³⁰

3.7 Additional Liberties

Liberties that further separated boroughs from the shire administration. Boroughs that obtained Farm Grants often obtained additional Charters of Liberties that further restricted the entry of royal officials and thus reinforced the separation of Farm Grant boroughs from the shire administration. These included i) the right to forbid the sheriff from entering the borough to perform judicial tasks (*non-intromittat clause*), ii) the right to circumvent the sheriff, by handing over the farm and all other debts owed to the king directly to the Exchequer (*direct relation with the Exchequer*), and iii) the right for burgesses to execute royal orders themselves within the borough (*return of writs*).³¹ These rights complemented Farm Grants by strengthening the independence of local officials and thus the extent of self-governance (Jolliffe, 1937, p. 323-4).

Other liberties. In Appendix C.10 we code additional frequently awarded liberties: the right

²⁹As Mitchell (1951, pp. 7-8) notes, referring to extra-ordinary taxation in mesne territories: "In this struggle between the central government and the local taxpayer the king seems to have come off victorious; at the beginning the local baron or his steward was present when the assessment was made and was also allowed to collect the tax, but ultimately the council put the whole work of assessment and collection in the hands of the county commissioners, the village jurors, and the knights of the hundred." Similarly, Denholm-Young (1964, p. 2) underlines the "similarity of method in private and public administration...in the thirteenth century," where local officials appointed by mesne lords often acted also as officials in the shire administration: "Those who administer seignorial households or estates are the men who become judges or sheriffs under the Crown." Overall, this reasoning is in line with the fact that, by the middle of the 13th century, England was unique in the degree of control exercised by the Crown over the feudal lords' territories in matters of extra-ordinary taxation and common law. As Glaeser and Shleifer (2002, p. 1194) write, "[b]y that time, the English kings had clearly prevailed over the nobles." In fact, it was not uncommon for mesne boroughs to be the seats of shire courts (with Leicester, Warwick and Buckingham as prominent examples). Thus, when it came to extra-ordinary taxation, (regular) royal and mesne boroughs were equally integrated in the shire system. This is an important prerequisite for our use of mesne boroughs in the 'placebo' exercises below.

³⁰This practice emerged after the 15th century, when "[a]ttendance is becoming less of a duty and more of a privilege" (McKisack, 1962, p. 45). During this later period, numerous boroughs were enfranchised because their local patrons struck mutually beneficial deals with the Crown (Clark and Slack, 2007). Patrons directly appointed MPs in these boroughs and the king ensured support for his policies in the Commons. We discuss this further in Section 6 and Appendix B.9.

³¹The vast majority of these rights were obtained by boroughs that already possessed Farm Grant – conceivably because these had the organizational capabilities necessary to handle important administrative tasks independently from the shire administration. For further detail see Ballard (1913) and Ballard and Tait (1923).

to collect special taxes to repair walls (“Murage”) or pave streets (“Pavage”), and the right to elect local officials (other than those involved in the collection of the farm, e.g., mayors). These liberties provided a lower degree of self-governance than Farm Grants; we use them as proxies for burgesses’ capacity to organize.

4 Data

In this section, we describe the construction of the variables that are novel to the literature: borough level data on Medieval Farm Grants, parliamentary franchise, influence of the king on local politics, and geographic features. We also discuss the division into royal and mesne boroughs, and the extent to which these are comparable. The remaining outcome variables (e.g., votes for the Great Reform Act) are described briefly in the respective empirical sections below and in Appendix B.

4.1 Borough-Level Data in Post-Norman Conquest England

We collect data on the number of English boroughs, their foundation date, the nature of their ownership (royal vs. mesne), taxation, and local liberties between 1066 and 1348. This information comes mostly from the digitized version of original Medieval documents (e.g., charters and letter patents collected in the Pipe Rolls, Charter Rolls, Fine Rolls, Close Rolls, and Patent Rolls).

Borough Ownership: Royal vs. Mesne. To obtain the number of boroughs in existence by 1348, we use the primary data collected by Beresford and Finberg (1973) and Letters, Fernandes, Keene, and Myhill (2003). We know of 554 boroughs as of 1348, and we obtain information on whether these were owned by royal or mesne lords from the British History Online (<https://www.british-history.ac.uk>), Ballard (1913), and Ballard and Tait (1923). Our coding yields 145 royal and 409 mesne boroughs.³²

Data on Charters of Liberties Granted to Boroughs. We use the information on different Charters of Liberties (e.g., judicial, commercial, financial) contained in the collection of borough charters reported in Ballard (1913), Ballard and Tait (1923), and Weinbaum (1943). We further expand on the information in these datasets by coding liberties contained in the Charter Rolls, Close Rolls, Fine Rolls, and Patent Rolls of the reigns of Henry III, Edward I, Edward II, Edward III, and Richard II.³³ For every borough, we document the Charters it received with the date of the grant. Farm Grants were the most important liberties that boroughs could obtain.³⁴ Figure 2 provides an

³²Appendix B.3 describes the ownership coding in more detail and explains how we address changes in ownership.

³³These sources are digitized and available at <http://www.medievalgenealogy.org.uk/sources/rolls.shtml>. To identify the Charters of Liberties granted to each borough, we read through the text in all Charter Rolls. We interpret the non-observance of a grant in a given borough as evidence for the absence of a grant. This approach is warranted by the high data quality and survival rate of historical data on Charters of Liberties (e.g., Pipe Rolls, Quo Warranto records). In addition, grants are often recorded in multiple documents because they were repeatedly confirmed by successive lords or by the king, which reduces the probability of missing them.

³⁴The vast majority of boroughs either obtained Farm Grants in perpetuity or renewed them successively. However, a few Farm Grant boroughs suffered temporary revocations, either because of their failure to pay their farm as promised,

overview of the Farm Grants obtained by royal and mesne boroughs. We also code whether a borough obtained restrictions on the entry of royal officials in judicial functions (*non-intromittat*), to enforce royal orders (*return of writs*), and in financial functions (*direct access to the Exchequer*).

Parliamentary Franchise. Beginning with the first English Parliaments summoned by Edward I, we record the date when boroughs gained parliamentary franchise. Until the 17th century, enfranchisement was a royal prerogative (Hawkyard, 1991). Enfranchisement was customary: If a borough was once summoned to Parliament, it could claim the right to representation forever after.³⁵ We collect information on boroughs' parliamentary franchise from the series of volumes *History of Parliament: The House of Commons*, which covers the period from the 14th century to the Great Reform Act of 1832.³⁶

Royal Influence on Local Politics. To code the king's influence on local politics, we use election rules contained in boroughs' Charters of Incorporation. Weinbaum (1943) provides this information for 157 boroughs in our dataset that were incorporated between 1345 and 1641. We create an indicator variable for strong royal influence that takes on value one if two conditions hold: i) the king appointed the first members of the governing body right after the borough's incorporation, and ii) subsequent members of the governing body were selected by co-optation, thus perpetuating the initial influence of the king (see Appendix B.10 for detail). This coding yields 66 boroughs (42.0%) with strong royal influence. This approach is similar in spirit to that discussed by Root (1994), pp. 26-8, for the case of France.

Taxable Wealth in 1086, Geography, and Commercial Importance. We code the taxable wealth of urban settlements in 1086, which was assessed by the Normans and recorded in the Domesday Book. Appendix B.5 provides detailed information on the source and our coding. Taxable wealth is available for 354 boroughs in our sample, 85 royal and 269 mesne. As a proxy for borough size towards the end of our sample period, we code the number of tax payers in the 1377 poll tax, as described in Appendix B.6. To obtain geographic characteristics, we geocode the location of all boroughs as well as Medieval navigable rivers and Roman roads in use in the 11th and 12th centuries. We also consult historical sources for each of these trade variables – for example, to confirm the navigability of rivers in Medieval times or the survival of Roman roads after the 5th century (see Appendix B.7 for detail and sources). We also compute soil quality in a radius of 10

or because they failed to uphold Common Law. In Appendix C.12 we show that our main results also hold when using the duration of each borough's Farm Grant over the period 1066-1348 – even within the subsample of the 90 boroughs that received Farm Grants by 1348.

³⁵However, boroughs that let their franchise expire (e.g., by failing to return members for long periods of time) could be denied re-enfranchisement. In our baseline analysis, we only code boroughs as enfranchised that retained their seats in Parliament until 1830. In Appendix C.12 we show that our results are nearly identical when coding also those boroughs as enfranchised that were later denied re-enfranchisement.

³⁶In particular, Roskell (1993), Bindoff (1982), Hasler (1981), Ferris and Thrush (2010), Henning (1983), Cruickshanks, Handley, and Hayton (2002), Sedgwick (1970), Namier and Brooke (1964), Thorne (1986), and Fisher (2009).

km around each borough. We code the commercial importance of Medieval boroughs based on two variables: whether a borough was among the 51 commercial centers in the mid-14th century listed by Masschaele (1997) and whether a borough had obtained “freedom from tolls” – a grant that exempted its merchants from taxes on trade throughout the realm (see Appendix B.8 for detail). Finally, we also geocode the four historic pre-Norman kingdoms (Mercia, Wessex, Northumbria, and East Anglia) by relying on Hill (1981b).

5 Empirical Results: Farm Grants and Representation in Parliament

In this section we present our first set of empirical results. We begin by examining which boroughs received Farm Grants and then show that these are strong predictors of representation in Parliament.

5.1 Determinants of Farm Grants

We have already documented that Farm Grants were given almost exclusively to royal boroughs (see Section 3.5 and in particular Figure 2). We now show that this finding is extremely robust and not driven by observable differences between royal and mesne boroughs. We run the following regression for a cross-section of boroughs i , where the dependent variable is an indicator for a Farm Grant received before 1348:

$$FarmGrant_i = \alpha + \beta Royal_i + \gamma Trade_i + \delta Royal_i \times Trade_i + \tau \mathbf{X}_i + \varepsilon_i \quad (1)$$

where α is a constant term, $Royal_i$ is a dummy for royal ownership of borough i , and $Trade_i$ denotes different geographic characteristics of a borough that favor trade: location on a navigable river, location on the sea coast, and location on a Roman road.³⁷ We use $Trade_i$ and its interaction with $Royal_i$ in a subset of our regressions. \mathbf{X}_i is vector of control variables and ε_i is the error term.

Table 1 presents the first set of results. Column 1 shows that royal boroughs were 47 percentage points (p.p.) more likely to receive Farm Grants, relative to an average of 16 percent across all boroughs. The (highly significant) coefficient corresponds to the difference shown in Figure 2. Column 2 shows that the coefficient remains almost identical when we control for soil suitability and include fixed effects for the four kingdoms that existed in England before the Norman Conquest (Wessex, Mercia, Northumbria, and East-Anglia). In fact, all dummies for the pre-Norman kingdoms are individually statistically insignificant, and they are also jointly insignificant (with a p-value of 0.66). This suggests that there are no relevant regional differences dating back to the

³⁷As Michaels and Rauch (2017) point out, the collapse of the Western Roman Empire in the 5th century AD temporarily ended urbanization in Britain. After the recovery in late Medieval times, towns in Britain were less frequently located on Roman roads, as compared to continental Europe. Instead, British towns often located on navigable waterways. Thus, our three proxies for trade capture both pre-existing infrastructure, as well as natural geography. Our main results hold when we use only navigable rivers and sea coast as proxies for trade.

division of England before 1066 that later affected Farm Grants. Farm Grants are also unrelated to agricultural productivity – the coefficient on soil suitability is small and statistically insignificant. In column 3 we include fixed effects for the 39 Medieval English counties (shires). The coefficient on *Royal* is unchanged, implying that our finding is not confounded by (unobserved) regional characteristics.

Accounting for Differences in Royal and Mesne Boroughs. Could it be that royal boroughs obtained Farm Grants more frequently because they differed from mesne boroughs, for example in terms of wealth or trade geography? We address this concern in several ways, showing that such differences do not affect our results. Royal boroughs had slightly higher taxable wealth in 1086 (driven by the three richest boroughs, which were all royal – see Appendix C.3 for detail). In column 4 of Table 1, we control for taxable wealth, which is available for 354 boroughs in our sample. We find that the coefficient on $Royal_i$ is unchanged. The same holds in column 5, where we exclude boroughs in the top and bottom 10 percentiles of the wealth distribution. Next, we perform a variety of exercises that achieve balanced characteristics for royal and mesne boroughs. In column 6 we use entropy weights from the balancing algorithm by Hainmueller and Xu (2013) so that the mean and variance of taxable wealth are the same for both types of boroughs (intuitively, in this exercise wealthier mesne boroughs receive a higher weight – see Appendix C.3 for detail). In column 7 we use propensity score matching, comparing royal vs. mesne boroughs with very similar or identical taxable wealth. In both cases, the coefficient on *Royal* is almost exactly the same as in our baseline specification in column 1. In terms of geographic location, Figure 4 shows that royal and mesne boroughs were distributed relatively evenly across England. At the same time, there was a tendency for royal boroughs to be located on rivers or Roman roads (see Appendix C.3 in the appendix). However, *overall* there were more mesne boroughs on rivers and Roman roads, allowing us to balance the sample by entropy weighting or propensity score matching. Column 8 in Table 1 balances royal and mesne boroughs along both wealth and trade geography. We find that the coefficient on $Royal_i$ remains unchanged. Overall, these results suggest that differences in wealth or trade geography across royal and mesne boroughs are not responsible for the fact that Farm Grants are almost exclusively observed in royal territories.

Trade Geography and Farm Grants. We now turn to the role of trade as a predictor of Farm Grants. Following our discussion in Section 3, we expect positive coefficients on our trade variables because the potential efficiency gains of self-administration were particularly strong for merchant towns.³⁸ Table 2 shows that all three proxies for trade are significantly positively associated with Farm Grants (col 1). The coefficients are even larger when we restrict the sample to royal boroughs (col 2). In contrast, column 3 shows that there is no relationship between trade geography

³⁸This finds further support in Appendix C.2, where we show that Farm Grant boroughs were more likely to be involved in commercial activities in the 14th century.

and (the few) Farm Grants in mesne territories. Each individual coefficient is small and statistically insignificant, and even all three coefficients together are far from statistical significance (with a p-value of 0.73). We obtain almost identical results in column 4, where we use Entropy weights to create balanced geographic characteristics in royal and mesne boroughs. The non-result for mesne borough is in line with the historical evidence discussed in Section 3.5 that the link between trade and administrative autonomy was muted for mesne boroughs. We further underline the royal-mesne difference in column 5, where we use interactions of our three trade variables with the status as royal borough. The interaction terms are highly significant and positive, while the trade proxies themselves are small and insignificant. The same result holds when we introduce county fixed effects (col 6), or when we use Entropy balancing by trade geography (col 7) or by trade geography and taxable wealth in 1086 (col 8). The interaction results underline that trade-favoring geography boosted the odds of obtaining Farm Grants only in royal boroughs.

5.2 Farm Grants and Representation in Parliament

We now turn to the second step of our argument: The relationship between Farm Grants and representation in Parliament. We focus on the House of Commons, where boroughs and shires were represented. The historical background discussed in Section 3.6 highlights a close relationship between self-governance of boroughs and their enfranchisement. We present empirical results that strongly support this interpretation, and we discuss the extent to which our findings allow for a causal interpretation.

We regress enfranchisement on Farm Grants, both variables being borough-level indicators measured in 1348:

$$Enfranchised_i = \alpha + \beta FarmGrant_i + \gamma \mathbf{X}_i + \varepsilon_i, \quad (2)$$

where α is a constant term, \mathbf{X}_i is a vector of control variables for borough i , and ε_i is the error term. Table 3 presents the results. Column 1 shows that there is a quantitatively large relationship in the raw data: Boroughs that had received Farm Grants were 46.6 percentage points more likely to be represented in Parliament – relative to an average share of 23 percent enfranchised among all boroughs. We also control for the status as royal borough; the coefficient is statistically significant but quantitatively much smaller than the one for Farm Grants. Column 2 shows that the results are almost identical when we control for county fixed effects and soil quality, and they also hold within the subset of royal boroughs (col 3).

5.3 Is the Link between Farm Grants and Enfranchisement Causal?

The historical evidence presented in Section 3.6 suggests a causal link between administrative autonomy and enfranchisement. In this section, we provide empirical evidence that supports this interpretation. We also discuss the underlying assumptions and caveats of our approach and pro-

vide numerous robustness checks. The table at the end of the online appendix provides a summary of potential concerns and explains how we address them.

Trade, Farm Grants, and Enfranchisement To gauge causality, we need an instrumental variable that predicts Farm Grants but is otherwise unrelated to representation in Parliament. Our argument is that royal trading boroughs obtained Farm Grants, and that the resulting administrative autonomy led to their representation in Parliament. We have already provided evidence that is coherent with these two steps: Table 2 shows that trade geography is a strong predictor of Farm Grants in royal boroughs, and columns 1-3 in Table 3 established the relationship between Farm Grants and enfranchisement. Next, in column 4, we present reduced-form results for royal boroughs, regressing enfranchisement directly on trade-favoring geography. All three variables are positive predictors, and they are both individually and jointly highly significant with a p-value below 0.001.

The next step is to check the exclusion restriction – that trade geography affected boroughs’ direct representation in Parliament only via Farm Grants, but not via other channels such as borough wealth. We already discussed historical evidence in support of the exclusion restriction in Section 3.6: The role of Parliament was not directly tied to merchants or specific economic interests; instead, it was a ‘general assembly’ that served as a representative institution of *all* property holders, meant to facilitate the collection of extra-ordinary taxes.³⁹ We also note that our argument does not require trade in general to be unrelated to *nationwide* institutional development. In particular, the fact that the Commercial Revolution coincided with the emergence of parliaments across Europe does not violate our exclusion restriction because we focus on the *composition* of Parliament in a cross-section of all English boroughs.

To show that the exclusion restriction holds in our data, we use mesne boroughs as a ‘placebo,’ because these almost never obtained Farm Grants and thus did not become independent administrative units. We can thus examine if trade geography is related to boroughs’ enfranchisement in the absence of Farm Grants. Column 5 in Table 3 shows that there is essentially no relationship between trade geography and boroughs’ enfranchisement: Each trade geography variable is quantitatively small and statistically insignificant. Note that the standard errors are small, i.e., we find relatively precisely estimated zero results that are several standard deviations below the coefficient sizes for royal boroughs in column 4. The three trade variables are also far from joint significance in column 5, with a p-value of 0.366. A very similar result holds in column 6, where we use Entropy weights to create balanced trade characteristics in royal and mesne boroughs. Thus, in the absence of Farm Grants, trade-favoring geography does not predict boroughs’ direct representation

³⁹In fact, when tax matters that specifically concerned merchants were to be discussed (e.g., taxes on wool), the Crown often summoned ad hoc assemblies outside of Parliament, such as the Estates of the Merchants (Power, 1941). After the 14th century, these ad hoc assemblies disappeared and Parliament became the exclusive forum in which taxation was discussed.

in Parliament. This gives rise to a 2SLS strategy in the full sample that uses our trade geography variables interacted with *Royal* (as well as these variables in levels) to predict Farm Grants in the first stage. Column 7 shows a highly significant coefficient in the second stage that is similar in magnitude to the OLS results. In column 9, we perform a particularly restrictive exercise: To predict Farm Grants, we use *only* the interaction terms of trade geography with *Royal*, and we include all level variables (i.e., navigable river, sea coast, Roman road, and *Royal*) as controls. This specification is akin to a difference-in-differences setup, with differences in trade geography as well as in the possibility to obtain Farm Grants (see Appendix C.4 for an illustration). The small and insignificant coefficients on the trade geography variables (with a joint p-value of 0.398) suggest that trade did not affect enfranchisement via channels other than Farm Grants. At the same time, the coefficient on Farm Grants is highly significant and of similar magnitude as in our main results. This lends support to a causal effect of Farm Grants on boroughs' representation in Parliament, subject to the caveats that we discuss next.

Are Mesne Boroughs a Valid Comparison Group? Our test of the exclusion restriction assumes that royal and mesne boroughs are comparable – both in terms of the process by which they were enfranchised and in terms of their economic and geographic characteristics. Regarding the former, we discussed that extra-ordinary taxation and summoning to Parliament followed the same procedure in royal and mesne boroughs (see Sections 3.3 and 3.6). Regarding the latter, we now provide numerous balancing and matching exercises, as well as sample restrictions, to show that our results are not driven by different characteristics of royal and mesne boroughs.

One obvious concern is that our results may be confounded by borough wealth – for example, it is conceivable that the king “cherry-picked” wealthy towns after the Norman Conquest, and that wealth fostered both Farm Grants and enfranchisement. To address this issue, we use information that was available to the king when borough ownership was assigned after the Conquest: taxable wealth in 1086. Figure 5 shows the distribution of (log) taxable wealth for royal and mesne boroughs for various samples. When using all boroughs with available data in Sample 1 (85 royal boroughs and 269 mesne boroughs), royal boroughs are slightly wealthier (with a p-value of 0.098). To see whether this difference affects our results on enfranchisement, we create three subsamples. Sample 2 includes only boroughs between the 10th and 90th percentile of the taxable wealth distribution; sample 3 includes only the 10th to 50th percentile. In both these samples, wealth of royal and mesne boroughs is statistically indistinguishable, and actually smaller for royal boroughs in sample 3. Finally, sample 4 is particularly restrictive, using only the *poorest* 50 percent of royal boroughs and the *wealthiest* 50 percent of mesne boroughs. As shown in the lower right panel of Figure 5, the two distributions barely overlap, creating two distinct sets of ‘poor’ royal boroughs and ‘rich’ mesne boroughs.

Figure 6 visualizes our regression results on enfranchisement for each sample. The left panel

reports the OLS results, showing a remarkably stable relationship between Farm Grants and representation in Parliament across the four samples.⁴⁰ The right panel visualizes the reduced-form results, showing that there is a strong, significant, and stable relationship between trade geography and enfranchisement in royal boroughs, while the coefficients are close to zero and statistically insignificant for mesne boroughs in all samples.⁴¹ These remarkably stable results – even for the ‘extreme’ sample 4 – make it very unlikely that our findings are confounded by borough wealth.

In the appendix we present numerous additional exercises showing that our results are not driven by systematic differences between royal and mesne boroughs. Appendix C.6 applies propensity score matching to create balanced ‘control’ groups for Farm Grants boroughs. We use two different matching variables, spanning a three-century horizon: Taxable wealth in 1086 (before Farm Grants were issued and before the Commercial Revolution took off in England), and the number of taxpayers in the poll tax of 1377 (i.e., shortly after the end of the period that we consider for the issuance of Farm Grants). For both matching variables, we confirm the magnitude and significance of the coefficient on Farm Grants, and the results are almost identical when we use either mesne boroughs or (non-Farm Grant) royal boroughs as the matched ‘control’ group. Figure A.6 illustrates the quality of the matching exercise, showing a tight overlap in the distributions of the matching variables for Farm Grant boroughs and the ‘control’ group.

Appendix C.7 examines whether possible differences other than borough wealth or population drive our results. In particular, one may worry that trade geography had different effects in royal and mesne boroughs, for example because the king had more effective means to promote trade than local lords, or because the king had chosen trade locations with higher potential in the first place. We address this possibility in several ways, presenting both historical and empirical evidence that speak against it. For example, if this concern was fully responsible for our results, one should expect trade geography in mesne boroughs to be unrelated to economic outcomes. Table A.7 shows that this is not the case: Trade-favoring geography predicts economic activity and population in *both* royal and mesne territories. Table A.8 addresses a related potential issue: uneven trade potential in royal vs. mesne boroughs. We restrict the sample to boroughs with identical trade characteristics (e.g., only boroughs on a navigable river, or only boroughs that had obtained Freedom from Tolls) and then compare royal Farm Grant boroughs to matched mesne boroughs with the same wealth in 1086 (Figure A.7 shows the corresponding distributions). Even within these highly restricted subsamples, we fully confirm our results on enfranchisement.

Sample splits using Domesday boroughs. The various exercises above have shown that our

⁴⁰The coefficients correspond to our baseline regression from column 1 in Table 3. Table A.4 in the appendix reports the corresponding regressions and also shows the 2SLS results for each sample.

⁴¹For illustrative purposes, the reduced-form results in Figure 6 are based on a dummy for ‘any trade geography’ (i.e., location on navigable river or sea coast or Roman road). Table A.5 reports the results with all three trade geography variables separately, showing that in each sample, the p-value for joint significance is below 0.01 for royal boroughs, while it is always larger than 0.5 for mesne boroughs.

results are unlikely to be driven by differential wealth, population, or trade potential. In order to remain skeptical about our placebo exercise, one would have to argue that other (unobservable) differences affected the division into royal vs. mesne boroughs, and that these differences, in turn, are also related to Farm Grants and enfranchisement. In Appendix C.8 we address this remaining possibility by using historical information on the 106 locations that were explicitly listed as ‘boroughs’ in the Domesday Book in 1086. These boroughs were the most important economic, military, and administrative centers of the time (Brooke, 1961, p. 127; Darby, 1977). If the king cherry-picked royal boroughs, Domesday boroughs would certainly have been the most attractive targets. In Table A.9, we show that our results on enfranchisement hold when i) we use only Domesday boroughs (62 royal and 44 mesne boroughs), ii) when excluding all Domesday boroughs from the full sample, iii) and even in a particularly restrictive exercise, using only non-Domesday royal boroughs and Domesday mesne boroughs. The third exercise *excludes* the most important royal boroughs, while *including only* the most important mesne boroughs. If our findings were driven by systematic selection of royal boroughs, the correlation between Farm Grants and enfranchisement should disappear (or at least be much weaker) in this subsample. Instead, we fully confirm the magnitude and statistical significance of our main results; we also confirm the reduced-form relationship between trade geography and enfranchisement in royal boroughs and the zero-result for mesne boroughs. Consequently, even when excluding the most important royal boroughs, a strong relationship between trade geography and enfranchisement remains; and conversely, even when looking only at the most important mesne boroughs, there is no such relationship. Finally, the sample in the third exercise is fully balanced for royal and mesne boroughs along all relevant observable characteristics (see Table A.10). That is, we obtain balancedness without having to rely on weighting or matching techniques – and we fully confirm our main results.

5.4 Additional Results and Robustness Checks on Enfranchisement

Further sample splits. In Appendix C.9 we show that our results on enfranchisement hold within the subsample of 144 “taxation boroughs” – commercially important urban settlements (73 royal and 71 mesne) that were occasionally selected by royal assessors to pay a higher rate of extra-ordinary taxation (Willard, 1933). Moreover, our results hold even when we drop all royal “taxation boroughs” while including only mesne “taxation boroughs.” These results render it unlikely that our findings are confounded by other features of extra-ordinary taxation (e.g., the commercially most important boroughs being summoned to Parliament because they occasionally paid higher rates of extra-ordinary taxation).

Liberties that reinforced the separation from the shire administration. We argue that Farm Grants made enfranchisement more likely because they forged autonomous bodies with whom the king could (and often had to) cooperate to collect extra-ordinary taxes. We expect this to be particularly true for boroughs that did not only have Farm Grants but also additional liberties that explicitly

restricted the entry of royal officials and thus reinforced these boroughs' separation from the shire administration (see Section 3.7). Figure 7 analyzes this dimension. By 1348, 90 boroughs held Farm Grants, and among these, 39 had obtained additional liberties that restricted the entry of shire officials – all of these were obtained after the Farm Grant (or, in a few cases, in the same year as the Farm Grant). In these 39 towns, it was in practice very difficult for the king to levy extra-ordinary taxes without the local community's cooperation. Correspondingly, we find that 87.1% of the boroughs with Farm Grants *and* restrictions on royal officials were represented in Parliament by 1348. Among the 51 boroughs that had Farm Grants but no restrictions on entry by shire officials, 58.8% were represented in Parliament.

Organizational capacity and other results. In Appendix C.10 we examine whether our results may be driven by (unobserved) organizational capacity. For example, well-organized merchants may have been more successful at lobbying the king for both Farm Grants and representation in Parliament. We use two types of Charters of Liberties as proxies for the organizational capacity of boroughs: the right to elect officials (other than via Farm Grants) and rights to collect Murage or Pavage (funds used to repair town walls and streets). Controlling for these variables does not change our results on enfranchisement, and the coefficients on the two proxies are significantly smaller than those for Farm Grants. These results fit a broader context, in line with [González de Lara et al. \(2008\)](#), where the capacity to organize and obtain liberties increased the autonomy of boroughs, with Farm Grants being the most important rights of self-administration (and thus also the strongest predictor of enfranchisement). Appendix C.11 shows that our results are robust to controlling for pre-Norman fortified towns and for towns that already had the status of 'borough' at the time of the Norman Conquest. Finally, Appendix C.12 provides additional results on parliamentary representation. It shows that our results also hold for boroughs' representation in the 'Model Parliament' of 1295 and for enfranchisement in 1700. In addition, we show that longer duration of Farm Grants before 1348 was strongly associated with enfranchisement.

6 Empirical Results: Farm Grants and Institutional Outcomes after 1500

After the 15th century, royal income from taxation and customs became insufficient to cover the accumulated debts and the rising cost of war. The Crown sought consent on additional extra-ordinary taxes from Parliament, even in times of peace. This amounted to enlarging the old definition of a 'case of necessity,' effectively eliminating the distinction between ordinary and extra-ordinary taxation ([Hill, 1981a](#); [Lindquist, 1985](#)). The Commons constantly resisted these constitutional changes ([Alsop, 1982](#); [Harriss, 1993](#)). As a result, the Crown attempted to weaken Parliament, mainly by installing friendly oligarchies in boroughs' governing councils and by restricting their parliamentary franchises. These attempts met with resistance from many boroughs, both inside and outside of Parliament ([Bushman, 1963](#); [Plumb, 1969](#); [Patterson, 2005](#)). This process culmi-

nated in the constitutional crises of the 17th century, which ultimately strengthened Parliament and improved the finances of the realm.

We now examine the role of Farm Grant boroughs in these national institutional dynamics. We first show that towns with Medieval Farm Grants continued to enjoy independent and relatively open local institutions. We then show that these towns played a key role in the gradual strengthening and modernization of the English Parliament until the Great Reform Act of 1832. We use the same regression setup as in (2), but replace the dependent variable with different institutional outcomes. To disentangle potential direct effects of trade from those of local institutions we conduct a placebo exercise at the end of this section that exploits negative shocks to boroughs' trade potential. Appendix A complements our findings with a case study of two trading towns, one royal and one mesne, that were ex-ante similar but took different institutional paths.

6.1 Independence of Borough Politics in the 15-17th Century

We begin by examining the independence of boroughs from the king in appointing their local officials between the 15th and 17th century. During this period, many boroughs acquired the status of Municipal Corporations. Formally, both royal and mesne boroughs paid to receive a Charter of Incorporation from the king (in the case of mesne boroughs, with the approval of the local lord). These charters made boroughs legal entities and sanctioned the new local governance structure, which typically consisted of a mayor, a council of aldermen, and a larger common council (Tait, 1936). Charters of Incorporation often confirmed previously-issued liberties (Weinbaum, 1943). The administration in municipal corporations was typically in the hands of an oligarchy, who also had influence over the selection of MPs (Evans, 1974). In the 15th and 16th centuries, the governing oligarchies were relatively open and accountable to the wider body of freemen, with some variation across boroughs (Rigby and Ewan, 2000; Patterson, 2008; Liddy, 2017). We exploit this variation in our empirical analysis.

Using information from the original Charters or Incorporation (which were often used by the Crown to meddle with towns' election rules – c.f. Clark and Slack, 2007), we construct the dependent variable *influence king* as described in Section 4.1. Table 4 presents our results. The sample includes only those 158 boroughs that received Charters of Incorporation by 1660 (77 royal and 81 mesne). We find that boroughs with Farm Grants were 22 p.p. less likely than other boroughs to be subject to strong influence of the king (col 1). For comparison, the average proportion of boroughs with strong influence of the king is 42%. Since Charters of Incorporations were granted by the king, we control for royal ownership of boroughs. This variable is quantitatively small and statistically insignificant – a likely explanation is that the distinction between Medieval royal and mesne boroughs lost importance with the decline of feudalism in the early modern period (Cam, 1940). Our results are robust to controlling for county fixed effects and soil quality in column 2. Column 3 presents 2SLS results, using the trade geography variables and their interaction with

Royal to predict Farm Grants. The coefficient is statistically significant and somewhat larger than its OLS counterpart. However, due to the reduced sample size of incorporated boroughs, a weak first stage is a concern, so that the coefficient size must be interpreted with caution.

Why were boroughs with Medieval Farm Grants willing and able to resist the Crown's meddling with their internal affairs? The Crown's intentions amounted to installing a system in which a few local oligarchs farmed taxes and ran their town's administration to both their private benefit and that of the Crown. This system would have allowed the Crown to strike bilateral deals with towns' friendly elites and to bypass collective negotiations in Parliament. Very narrow elites were arguably easier to install in towns that had not experienced self-governance. In contrast, in Farm Grant boroughs, the governing elite was broader and more inclusive (c.f. Britnell, 1986, pp. 218-9). There is ample historical evidence that members of these broad elites opposed a narrowing of the municipal governing body (c.f. Sweet, 1998). In fact, many towns legally challenged the Crown's attempt by explicitly invoking their ancient liberties (see the case of Bridport in Appendix A and the numerous additional cases discussed in Appendix B.10). Arguably, their experience with self-governance also helped Farm Grant boroughs to organize resistance against royal interference. Finally, because they often shared identical charters, Farm Grant boroughs communicated and cooperated with each other to resolve common legal disputes with the Crown, often acting collectively in Parliament (see Hartrich, 2019, and the historical evidence in Appendix B.10). This suggests that Parliament was an important institution for Farm Grant boroughs to defend their liberties against the Crown, which – in turn – implies that Farm Grant boroughs had incentives to support and strengthen Parliament. This leads over to our next empirical analysis.

6.2 The Civil War

As a direct consequence of the Crown's inability to control the Commons, by 1629 Charles I no longer summoned Parliament and instead resorted to the granting of monopolies, the sale of offices, and the use of prerogative taxation – such as Ship Money, forced loans, customs, and purveyance (Ashton, 1979; Hill, 1981a; Root, 1994, pp. 147-9). Charles also introduced highly controversial religious measures, which raised suspicions that he was reintroducing Catholicism. Subsequently, the disastrous outcome of the first Bishops' War (1639) triggered a chain of events that escalated into the English Civil War (1642-1646 and 1648-49). The events following it ultimately strengthened the English Parliament, paving the way to an institutional divergence between England and most of Europe (Van Zanden et al., 2012). In the events leading up to the Civil War, Parliament issued the *Militia Ordinance* without royal approval to raise troops in support of its cause. As a response, the king issued the *Commissions of Array* to raise his own men. The choice whether to obey the *Militia Ordinance* or the *Commissions of Array* often forced local officials, lords, and burgesses to pick a side. The parliamentary records from 1642 mention 30 boroughs whose volunteer troops (in support of parliamentarians) were sufficiently important to be explicitly discussed

in Parliament. We create the dummy variable *Volunteers* for these boroughs.⁴² Appendix B.12 provides further detail on the data and historical background for the Civil War.

The raw numbers on volunteer troops in support of Parliament reveal a stark difference: Among the boroughs with Farm Grants, 23% raised volunteers, while less than 2% of all other boroughs did so. Table 5 presents the corresponding regression results. We begin with the full sample in column 1. We find that boroughs with Medieval Farm Grants were 20 p.p. more likely to raise pro-parliamentarian troops, relative to a sample mean of 5.5%.⁴³ In column 2 we control for county fixed effects and soil quality; in column 3, we restrict the sample to royal boroughs. Both specifications confirm the strong positive coefficient on Farm Grants. Because incentives to support Parliament may have been larger for enfranchised boroughs, we next restrict the sample to those 189 boroughs in our dataset that existed by 1348 *and* had seats in Parliament by 1640. Out of these, 28 raised volunteers. The coefficient on Farm Grants is almost identical to the full sample (col 4); it is also similar in the (even smaller) subsample of 91 royal boroughs that were enfranchised by 1640 (col 5). Thus, results for enfranchised boroughs reflect those in the full sample, and we use the latter for our final analysis: Column 6 reports 2SLS results that use trade geography (and its interaction with *Royal*) to predict Farm Grants; column 7 uses only the interaction terms to predict Farm Grants, controlling for the variables in levels. Both specifications confirm the magnitude and significance of the OLS results.⁴⁴

Why did Farm Grant boroughs support Parliament during the Civil War? One important motivation was the concern that the Crown would increase its power relative to the other members of the dominant coalition in Parliament, which included merchant towns (North et al., 2009, p. 183). A weakening of Parliament would also have jeopardized towns' liberties by making them

⁴²At the same time, many towns were reluctant to openly fight the king, since their liberties could have been revoked by the Crown in case of defeat. This ambivalence may in part explain why burgesses were divided during the Civil War, even within boroughs (Howell, 1979, 1982). In addition, previous research has shown that individual MPs often followed their private interests (such as overseas stock holdings or personal monopolies issued by the king) when deciding to support the king or parliamentarians during the Civil War (Jha, 2015). This often led to MPs from the same borough supporting opposite sides: Among the 194 boroughs with more than one MP, 80 saw split support (we are grateful to Saumitra Jha for sharing his data with us). Consequently, individual MP behavior is not a strong indicator for *borough*-level preferences during the Civil War.

⁴³We also control for *Royal* as a potentially important determinant for support for the king. However, the coefficient is small and insignificant, which is coherent with the declining distinction between royal and mesne boroughs in the early modern period (Cam, 1940). Note that the sample size is 550 boroughs in the 17th century. This is because four boroughs disappeared or were merged with other settlements after 1348 (see Appendix B.3). We do not include locations that obtained borough status *after* 1348 in any of our regressions.

⁴⁴Note that we only present the second 2SLS specification for outcomes that use the full sample of boroughs (i.e., results for enfranchisement and Civil War). All other long-run outcomes examine subsamples – those boroughs that received Charters of Incorporation (Table 4) or were represented in Parliament (Tables 6 and 7). In these cases, the first stage based on interactions only lacks power. Similarly, we only present the reduced form results separately for royal and mesne boroughs in the full sample (for enfranchisement in Table 3 cols 4-6, and for the Civil War in Table A.19 in the appendix). For the other long-run outcomes, the reduced form is less informative because it effectively involves two 'steps' – i.e., geography first predicting enfranchisement itself, and second, the parliamentary outcomes within the subsample of enfranchised boroughs.

vulnerable to royal interferences and limiting their ability to collectively negotiate taxation with the Crown. In addition, the administrative autonomy of Farm Grant boroughs restricted royal interference and enabled them to organize military action against the king (c.f. Lindley, 1992; Forster, 2000; Hillmann, 2008).

6.3 Voting Rights in MP Elections

During the early years of Parliament, enfranchised boroughs had elected their MPs with broad participation: Until the 14th century, in principle all male householders doing “watch and ward” (i.e., participating in the local system of peace-keeping) were entitled to vote (Porritt, 1909, p. 5). During the subsequent centuries, the franchise narrowed due to growing patronage – the ability to nominate and control MPs by the king and his allied landed elites (Porritt, 1909, p. 371). Yet, numerous boroughs resisted patronage and maintained relatively open franchises (Pollard, 1920, pp. 164-5; Clark and Slack, 2007). We show that boroughs with Medieval Farm Grants had wider franchise rules until the 19th century, and that their MP elections were less subject to patronage.

We first present results for 1820-31 – the period with the most complete data. We then study earlier periods, going back to the early 17th century. We use several indicators for broad voting rights over the period 1820-31: i) *Openness Index*: an index from 1-3 for how “open” MP elections were for candidates to run – the extent to which a borough’s choice of MP candidates was subject to the control of a patron; ii) *Contested Elections*: the number of contested elections (out of a total of four) over the period 1820-31, i.e., MP elections for which there were more candidates than seats for a borough; iii) *Broad Franchise*: a dummy variable that takes on value 0 if the borough had a “narrow franchise” where the right to vote for MPs was attached to land holdings or titles, and value 1 otherwise. This variable reflects the breadth of the electorate that voted for MPs; iv) *Patronage Index*: This index ranges from 0 (closed constituency, controlled by a local patron) to 2 (open constituency without patronage). The third and fourth variable are from Aidt and Franck (2015). All four variables are coded such that higher values indicate MP elections with broader voting rights; Appendix B.11 provides further detail. All regressions use only the subset of 184 boroughs from our dataset that had seats in Parliament in 1820-31 and for which data are available.

Results for 1820-31. Columns 1-4 of Table 6 show that Medieval Farm Grants are a strong predictor of all four indicators for broader voting rights. The coefficients on Farm Grants are statistically highly significant. In terms of magnitude, Farm Grants account for about one-third of the average of the various measures. In columns 5-9, we combine the four measures into their first principal component and run a number of additional checks. Column 5 shows a strong positive coefficient on Farm Grants, corresponding to 0.67 standard deviations of the dependent variable. In column 6 we include several controls used by Aidt and Franck (2015).⁴⁵ In column 7 we restrict the

⁴⁵We thank Toke Aidt and Raphaël Franck for kindly sharing their data. The controls include market integration (travel distance between any given constituency and the 243 other constituencies weighted by the population), distance

sample to royal boroughs, and in column 8 we include county fixed effects and soil quality. Finally, in column 9 we present 2SLS results using the trade geography variables and their interaction with *Royal* to predict Farm Grants. All specifications yield highly significant coefficients of similar magnitude.

Results for 1604-1831. In Appendix D.1 we show that the relationship between Farm Grants and broader voting rights in MP elections holds with continuity between the early 17th and 19th century. The available historical sources allow us to extend the *Openness* measure back to 1690, and the *Broad Franchise* measure back to 1604.⁴⁶ Throughout the various time periods, we find that among the boroughs that were represented in Parliament, those with Medieval Farm Grants were significantly more open in terms of nominating candidates for MP seats (Table A.17), and had a broader electorate that voted for MP candidates (Table A.18).

What explains the positive relationship between Farm Grants and broad parliamentary franchise rules in the 17th-19th centuries? In accordance with our reasoning in Section 6.1, the broad elites in Farm Grant boroughs had strong incentives to oppose restrictions of their voting franchise. This is also supported by Sweet (1998, p. 84), who observes that in many boroughs ancient charters (e.g., Farm Grants) had fostered a “*civic ideology of independence*” and were used as legal arguments against attempts to restrict the franchise during the 18th century. In addition, Farm Grant boroughs’ administrative independence greatly diminished the ability of the Crown and other landed patrons to meddle with MP elections (c.f. Houghton, 1966).

6.4 The Great Reform Act of 1832

The rules governing Parliament and its composition were largely unchanged from the 17th century to the Reform Act of 1832 (Porritt, 1909). The beginning of the 19th century was marked by profound discontent with local governance and MP elections (Lizzeri and Persico, 2004). Many newly industrialized boroughs lacked direct representation (e.g., Manchester), which also led industrialists and financiers to ‘buy’ seats in Parliament, typically from rotten boroughs. Moreover, franchise rules were open to manipulations, for instance through the creation of non-resident voters (Salmon, 2005). As a result, the parliamentary system was perceived as corrupt (Brock, 1973, pp. 25-8). The Great Reform Act of 1832 – a milestone towards the modernization and democratization of the UK Parliament – addressed these issues by implementing major changes: i) disenfranchising smaller “rotten” boroughs, while enfranchising the newly industrialized ones, and ii) implementing a virtually uniform franchise across boroughs based on property and residency requirements. These measures resulted in an extension of the franchise from 3% to more than 6% of the population.

to urban center (travel days from each constituency to the nearest of the 13 largest towns in 1831), and Connection to London (geographical, economic, and informational connections to London). Aidt and Franck (2015) also control for borough population. Since this is an endogenous outcome of commercial activity that is also predicted by trade-favoring geography (see Table A.7), we do not include this variable.

⁴⁶See Appendix B.11 for detail on the sources and the coding of *Openness* and *Broad Franchise*.

The first Bill for the Great Reform Act was proposed in March 1831. Although approved by the House of Commons by a narrow margin, it was then rejected by the House of Lords. This event prompted the collapse of the Government and new MP elections (held in April 1831). Importantly, the MPs that voted in March 1831 had been appointed by their constituencies to vote on a variety of other major issues such as Catholic emancipation, slavery, and the Corn Laws (Fisher, 2009; Brock, 1973). In contrast, the general elections of April 1831 were effectively a referendum on the parliamentary reform, closely tying MPs to their constituencies' preferences on the Reform Act. A new bill for the Reform Act was voted in December 1831 and finally approved in March 1832. Appendix B.13 provides further historical detail.

We focus on the two voting rounds on the Reform Act in March and December 1831. For these two voting rounds, we record the voting behavior of each borough's MPs from the Parliamentary Papers (available at <https://parlipapers.proquest.com/parlipapers>) and compute the share of votes in favor of the Reform Act. We also record whether the borough was to be totally or partially disenfranchised (Section A and B boroughs). In addition, we control for borough-level characteristics and a dummy for whether a borough was located in proximity to the peasants' Swing Riots (as coded by Aidt and Franck, 2015).

Table 7 presents our empirical results. Column 1 shows that there is essentially no relationship between Farm Grants and pro-reform votes in March 1831, i.e., for the vote by MPs who had been elected based on other issues, before the Reform Act became the major topic. Starting from column 2, we focus on the decisive vote in December 1831, when MPs had been specifically appointed to vote on the Great Reform Act, so that their mandate was closely tied to their borough's preferences on parliamentary reform. Column 2 shows that Medieval Farm Grants are a strong predictor of voting behavior of MPs. The coefficient is also quantitatively important: Support was about 16 p.p. higher among Farm Grant boroughs, relative to an average level of support of 56 percent among the boroughs with representatives in Parliament in 1831. We also control for whether a borough was to be disenfranchised; as expected, the coefficient is strongly negative.

Next, in column 3 of Table 7 we also control for the vote in March 1831. Thus, we effectively exploit the *change* in voting behavior after the newly appointed MPs were closely tied to their borough's preferences on the reform. This specification implicitly controls for unobserved political preferences that were already reflected in the appointment of the MPs that had voted in March. While the coefficient on the March vote is large and significant, the coefficient on Farm Grants remains almost unchanged. This suggests that omitted variables related to other political preferences do not confound our results. We also add a control for whether a borough was located in proximity to rural Swing Riots and thus felt a "threat of revolution" (Aidt and Franck, 2015). The coefficient is very similar to the one on Farm Grants. In column 4 we restrict the sample to boroughs that were royal in Medieval times. All previous results hold. The same is true in column

5, where we add county fixed effects and additional controls for borough characteristics. Columns 6 and 7 present 2SLS results, using trade geography interacted with the Medieval status as a royal borough to predict Farm Grants. We confirm the OLS results in both magnitude and significance.

What explains the higher support for the Great Reform Act by boroughs that had received Farm Grants in Medieval times? The change in the franchise rules affected boroughs with closed and open voting rights in different ways. In boroughs with a narrow franchise, the reform resulted in broader voting rights, thereby making patronage costly and largely unfeasible. In boroughs with a history of relatively open franchises – i.e., Farm Grant boroughs – the reform made the franchise significantly less vulnerable to manipulations. The open elites within these boroughs had a natural interest in supporting the reform to stop patronage in rotten boroughs, curtail corruption within their own boroughs, and – more generally – bolster the representativeness and legitimacy of Parliament (see Section 6.3 and Lizzeri and Persico, 2004).

6.5 Evidence on the Mechanism using Obstructions to Trade

We have documented that self-governing towns had more open local institutions and supported Parliament in subsequent centuries. While this finding in itself is important (and novel), the underlying mechanism is of interest for the political economy implications of our findings. In particular, one may ask whether trade affected long-run institutional outcomes directly, and not only via Medieval self-governance. For representation in Parliament we have addressed this concern by using mesne boroughs as a ‘placebo.’ For some of our long-run outcomes, there are limitations to this approach (see footnote 44). We now provide an additional placebo exercise, showing that Farm Grants predict long-run institutional outcomes after 1348 even in the absence of trade.

We code an indicator for boroughs in which exogenous shocks obstructed trade *after* they had received Farm Grants. We focus on two types of shocks to transportation infrastructure: First, natural disasters – the silting up or destruction of harbors located on the sea coast (in the spirit of Jha, 2013), and second, the obstructions of parts of navigable rivers due to watermills (and the associated milldams) that were erected upstream or downstream of boroughs. Particularly severe shocks or obstructions of trade triggered petitions by burgesses asking for subsidies for repairs or tax reductions. Nevertheless, these obstructions often proved irreversible (Clark and Slack, 2007, p. 7). Information on these petitions is available from the History of Parliament. Among the 90 boroughs with Medieval Farm Grants, 17 suffered trade obstructions between the 13th and 17th centuries – all occurred *after* these boroughs had received a Farm Grant. Appendix D.3 provides further detail and robustness checks.

In Table 8 we split boroughs with Medieval Farm Grants into those with and without trade obstructions. The first four columns perform a plausibility check: Columns 1 and 2 show that in Medieval times (i.e., before trade was obstructed), Farm Grant boroughs with and without (later) trade obstructions had higher taxable wealth and commercial importance. The coefficient sizes for

the two types of Farm Grant boroughs are statistically indistinguishable. In contrast, in the 18th and 19th century, only Farm Grants without trade obstructions predict commercial employment (col 3) and borough population (col 4). In other words, the boroughs that later suffered trade obstructions started off with very similar wealth and commercialism as all other Farm Grant boroughs, but they lost their commercial and population lead in the centuries after their trade was obstructed. Thus, if trade had a direct effect on long-run institutional outcomes, this channel should be switched off in those boroughs.

Columns 5-7 in Table 8 re-examine our long-run outcomes after the 17th century. We find that even when trade was obstructed, Farm Grants predict volunteer troops during the Civil War in 1642, broad franchise of MP elections in 1820-31, and support for the Great Reform Act. The coefficient sizes are statistically significant and similar in magnitude for both Farm Grants with and without trade obstruction – despite the fact that there are fewer boroughs in the former set. These results make it unlikely that trade-related unobservables confound our long-run results. In combination with the historical evidence discussed above, the most plausible mechanism is that the experience of self-governance itself shaped the political behavior of towns in the long run, with important implications for ‘national’ institutional outcomes.

6.6 Robustness of Long-Run Results: Matching, Spatial Correlation, Taxable Wealth

In the appendix, we perform a number of robustness checks of our results for the various outcome variables from Tables 3-7. Appendix D.4 accounts for possible spatial dependence of error terms. Appendix D.5 controls for taxable wealth in 1086 (also using the subsample of boroughs with wealth between the 10th and 90th percentiles). Appendix D.6 provides matching estimates by trade geography. All specifications confirm our results, both in terms of magnitude and significance.

7 Taking Stock: Municipal Liberties and Assemblies in Western Europe

To what extent were the dynamics described in Sections 5 and 6 relevant in other regions of Western Europe? In this section, we present an overview of the institutional dynamics of France, Spain, Flanders, Northern Italy, and Sicily, and compare them to the case of England. Appendix E provides a detailed discussion and additional historical background for each of the countries and regions under consideration.

We distinguish between two channels: First, the “merchants entering parliament” channel – whereby, in the context of the Commercial Revolution, rulers delegated administrative control of towns to merchants and summoned them to parliaments; and second, the “strengthening parliament” channel – whereby these towns supported local and national institutions against patronage by kings and landed elites after the 16th century. We document historical evidence that elements of the “merchants-entering parliament” channel were at play throughout Western Europe – albeit to a varying degree, depending on monarchs’ administrative control over their territories. Compared to

Continental Europe, post-Norman Conquest England was unique in the firm control that the Crown exerted over lords, towns, and the territory more generally (Post, 1943; Root, 1994; Epstein, 2000; North et al., 2009). We conclude that these differences contributed to an institutional divergence between England and Continental Europe by the end 17th century (c.f. Van Zanden et al., 2012).

Merchants entering parliament. In both France and Spain, following the Commercial Revolution, monarchs granted some administrative autonomy to merchant towns and summoned them to general and regional assemblies during the 13th and 14th centuries. As Procter (1980, p. 161) points out, in 13th century León and Castile, the royal “cities and towns summoned to send representatives to the cortes were only those [...] which had an autonomous municipal organization and jurisdiction over the surrounding tierra.” The monarchs, however, were still in the process of consolidating their territories and therefore enjoyed less military and administrative control, as compared to their English counterpart (Barzel and Kiser, 1997). This had important consequences. The power of the local landed and military nobility prevented merchants from gaining full control of municipal offices (Sanz, 1994; Ladero Quesada, 1994; Hilton, 1995, pp. 88-92). In the words of Hilton (1995, p. 101), the “predominance of mercantile interests in the late medieval English towns is not found, for the most part, in French towns.” Urban communities could gain autonomy – and subsequently access to parliaments – because of their military strength (e.g., the *communes*) and/or that of their elites (Petit-Dutaillis, 1947; Grafe, 2012). Monarchs supported these elites’ control over municipal offices as a way to distribute rents and ensure their loyalty (see the reasoning in North et al., 2009). The bilateral deals between local elites and the Crown created an environment of heterogeneous interests that undermined the functioning of central assemblies (Strayer and Taylor, 1939; Root, 1994; Barzel and Kiser, 1997; Major, 1980, pp. 12-15).

In Flanders and Northern Italy, militarily strong *independent* cities – ruled by a combination of military and commercial elites – emerged in the presence of very weak central rulers. In Flanders, the three main cities (*Trois Villes*) gained jurisdiction over their surrounding towns and countryside, and power in parliament was concentrated in their hands. In Northern Italy, cities became *fully* independent from the monarch, and therefore did not even gather in (his) parliament (Blockmans, 1978). Finally, we analyze Sicily, where the local lords were very strong relative to the Crown. Because lords controlled relatively small territories, towns rarely obtained administrative autonomy, which stifled merchants’ representation in general assemblies.

We conclude that the “merchants entering parliament” channel operated only when the Crown exerted sufficiently strong jurisdiction over its towns. When these conditions were at least partially met – i.e., in France and Spain – monarchs exerted some control over the process by which towns became self-governing and summoned their representatives to assemblies that organized ‘national’ taxation.

Self-governed towns strengthening parliaments. All over Europe, the period between the 16th

and the 18th centuries was characterized by monarchs' recurrent attempts to impose higher taxes to finance the increased cost of warfare (Major, 1980, p. 203). Regional and 'national' assemblies tried to resist these demands (Russell, 1982). Monarchs sought to circumvent this opposition by establishing patron-client networks with the local town oligarchies, giving them lucrative positions as tax farmers in exchange for their loyalty and credit. This system of patronage was successfully installed in the dominions of the French and Spanish Crowns (which included Sicily), where local landed and military elites were relatively strong (Mack Smith, 1968; Kettering, 1986; Root, 1994; Kwass, 2006; Irigoien and Grafe, 2008; Grafe, 2012). The strong local elites had weakened 'national' assemblies since their inception – e.g., by resisting the implementation of a uniform system of direct taxation (c.f. Barzel and Kiser, 1997; Grafe, 2012). In contrast to England, the elites' bilateral deals with the Crown led to a system in which different towns paid different tax rates (Irigoien and Grafe, 2008). This created incentives to seek individual favors rather than coordinating tax policy with other towns. The nobility increasingly monopolized towns' local governments (alongside royal officials), and France and Spain converged towards 'absolutism' – effectively a system of tax farming of the predominantly indirect taxes, with local oligarchies shifting the burden of taxation onto the poorer strata of the population (Major, 1980). Because both the king and the towns' closed oligarchies benefited from this 'tax agreement,' representative assemblies became obsolete and tended to disappear (Jago, 1981; Beik, 2005). However, the reliance on individual deals hampered the coordination of taxation across the realm. As a result, the overall ability to raise funds was lower relative to England's parliamentary system. According to Root (1994), in France, the absence of a central assembly in which the elites could peacefully negotiate property rights paved the way to the revolution.

In England, in contrast, the local nobility and the towns had little military power – nobles were not exempt from extra-ordinary taxation and towns did not strike individual deals with the Crown (Major, 1980, p. 199; Hilton, 1995, p. 53). In contrast to France and Spain, a situation in which relatively few extremely wealthy individuals lent money to the Crown and monopolized municipal offices did not materialize (Power, 1941; Root, 1994; Grafe, 2012). Instead, relatively broad and open elites governed English towns – especially those with Medieval Farm Grants (Rigby and Ewan, 2000). As we documented above, these elites could rely on their municipal institutions and presence in Parliament to protect their independence from the king and local patrons, and they contributed to strengthening Parliament during the 17th century. Thus, Medieval Farm Grants arguably contributed to the unique strength of the English Parliament during the 17th and 18th century.

8 Conclusion

We have documented an important interaction between municipal self-governance and national representative institutions over the course of several centuries. We began by explaining how the Commercial Revolution led to the emergence of self-governing towns in England and more broadly in Western Europe, to accommodate the need for a more specialized administration. While municipal self-governance allowed for significant efficiency gains due to an “exceedingly able group” of local administrators (Russell, 1937, p. 13), it also limited rulers’ ability to assess local wealth and enforce tax collection without the cooperation of local communities. Consequently, monarchs often called autonomous towns to parliaments where taxation was negotiated and coordinated with other stakeholders.

The local elites that governed autonomous towns differed across Europe. In England, the Norman Conquest had created a relatively homogenous environment with a strong central authority and militarily weak elites in towns. In this political landscape, the emerging autonomous towns were predominantly governed by a relatively broad merchant class, and their control over municipal institutions was an important stepping stone for their ascent to the “coalition of power holders.” In contrast, in most of Continental Europe, monarchs had weaker control over their territories at the time of the Commercial Revolution. Relatively narrow local landed and military elites had a strong influence on municipal institutions. These differences in local governing bodies mattered for the evolution of ‘national’ institutions throughout the subsequent centuries.

By the 16th century, the increasing need for royal revenues (e.g., to finance wars) led to frequent clashes with parliaments throughout Europe. Monarchs attempted to weaken parliamentary resistance by cooperating with friendly local oligarchies and strengthening their hold over towns. The French and Spanish Crown managed to circumvent parliaments by entering bilateral deals with these narrow elites, whereby the latter ‘farmed’ taxes from which they were themselves largely exempt: in 17th century France, “society took the form of a late, recharged feudalism” (Beik, 2005). In England, in contrast, the relatively broad governing bodies of autonomous merchant towns resisted attempts of royal interference. Parliament was vital in this power struggle because it allowed the self-governing entities to coordinate in defending their municipal liberties. Self-governed towns also had a natural interest in a strong Parliament because it ensured their ability to *collectively* negotiate taxation with the monarch. This inhibited the rise of patronage with its dispersed individual tax arrangements and favors.

An important insight of our study is that municipal self-governance in the hands of a broad group with aligned interests throughout the realm (merchants) – in combination with a venue for them to coordinate (Parliament) – can impose significant constraints on central rulers. In England, self-governing merchant towns successfully opposed the trend towards absolutism, strengthening Parliament and constraining the power of the Crown. Our results can thus help to explain the

institutional divergence between most of Continental Europe and England over the early modern period (Van Zanden et al., 2012).

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FIGURES

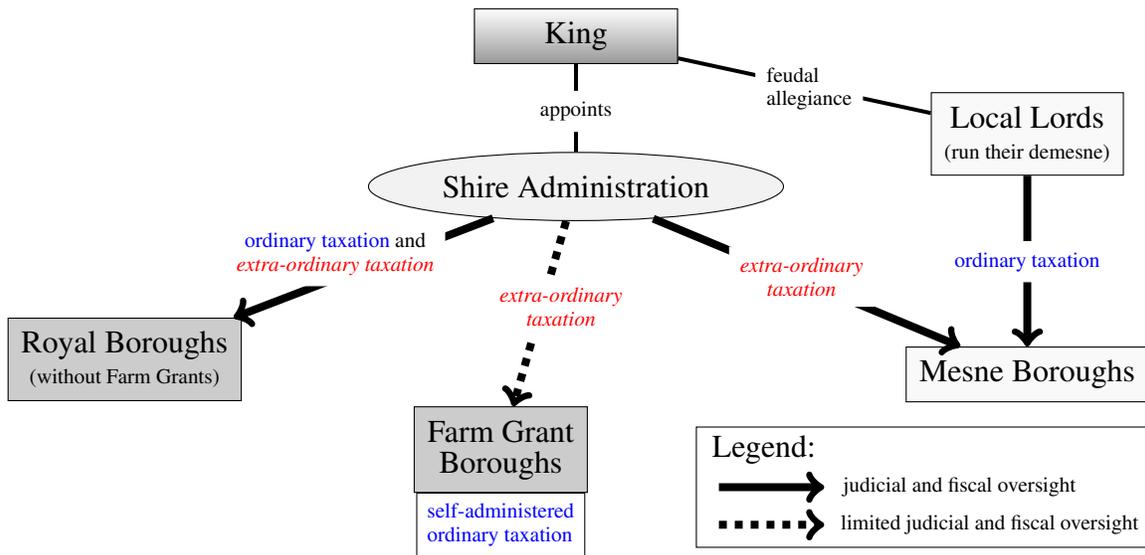


Figure 1: Administration in Royal and Mesne Territories

Note: The figure illustrates the main administrative layers in royal and mesne territories for the case of boroughs without Farm Grants. See Section 3.3 for a description of ordinary taxation (tax farming) and extra-ordinary taxation (typically for warfare). For boroughs with Farm Grants, local officials were elected by the borough's burgesses, and tax collection was self-administered by elected officials. This enhanced their administrative power and effectively separated them from the shire administration.

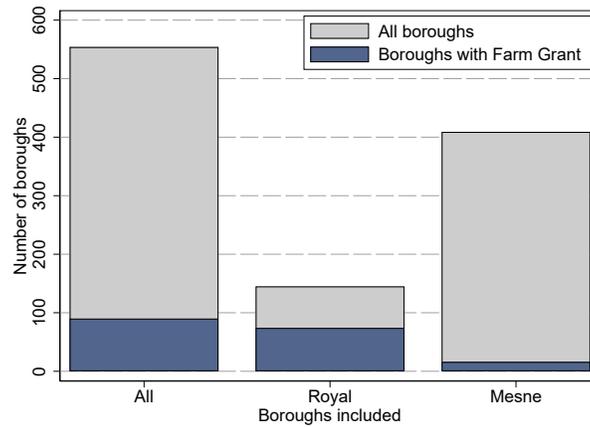


Figure 2: Farm Grants before 1348, by Borough Ownership

Note: This figure shows that Farm Grants were granted almost exclusively to boroughs in royal territories, and to a much lesser degree to boroughs owned by mesne lords (who owned smaller land areas). Overall, 90 out of 554 boroughs that existed in 1348 received Farm Grants. Among the 145 royal boroughs, 74 received Farm Grants (51%); among the 409 boroughs owned by mesne lords, only 16 (3.9%).

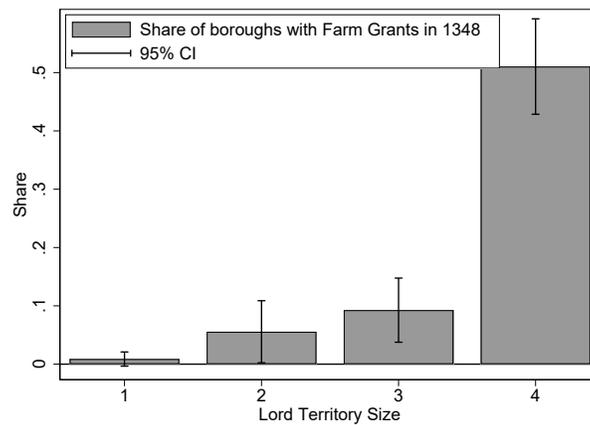


Figure 3: Farm Grants before 1348, by Lord's Territory Size

Note: The figure shows that boroughs owned by lords with larger territory were more likely to receive Farm Grants by 1348. The x-axis reflects the size of lord's territory, from smallest to largest: 1=seigneur/abbot/nunnery (overall 229 boroughs); 2=bishop (72 boroughs); 3=earl/archbishop (108 boroughs); 4=king (145 boroughs). The y-axis plots the proportion of boroughs in a lord's territory that received Farm Grants. Appendix B.3 describes the categorization of boroughs by the size of their lords' territories.

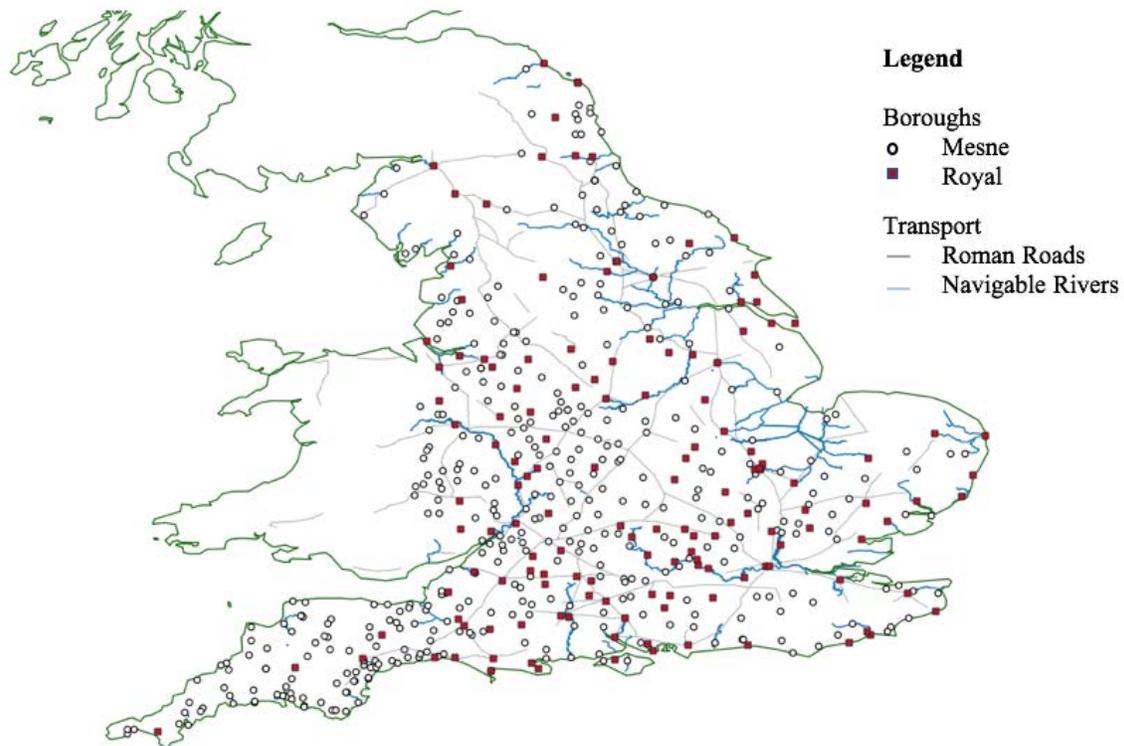


Figure 4: All Boroughs in the Dataset, by Royal and Mesne

Note: This figure shows the location of the 554 boroughs in our dataset that existed by 1348. Solid squares indicate the 145 royal boroughs, and hollow dots, the 409 mesne boroughs (owned by local lords). The figure also shows the location of navigable rivers and of Roman roads.

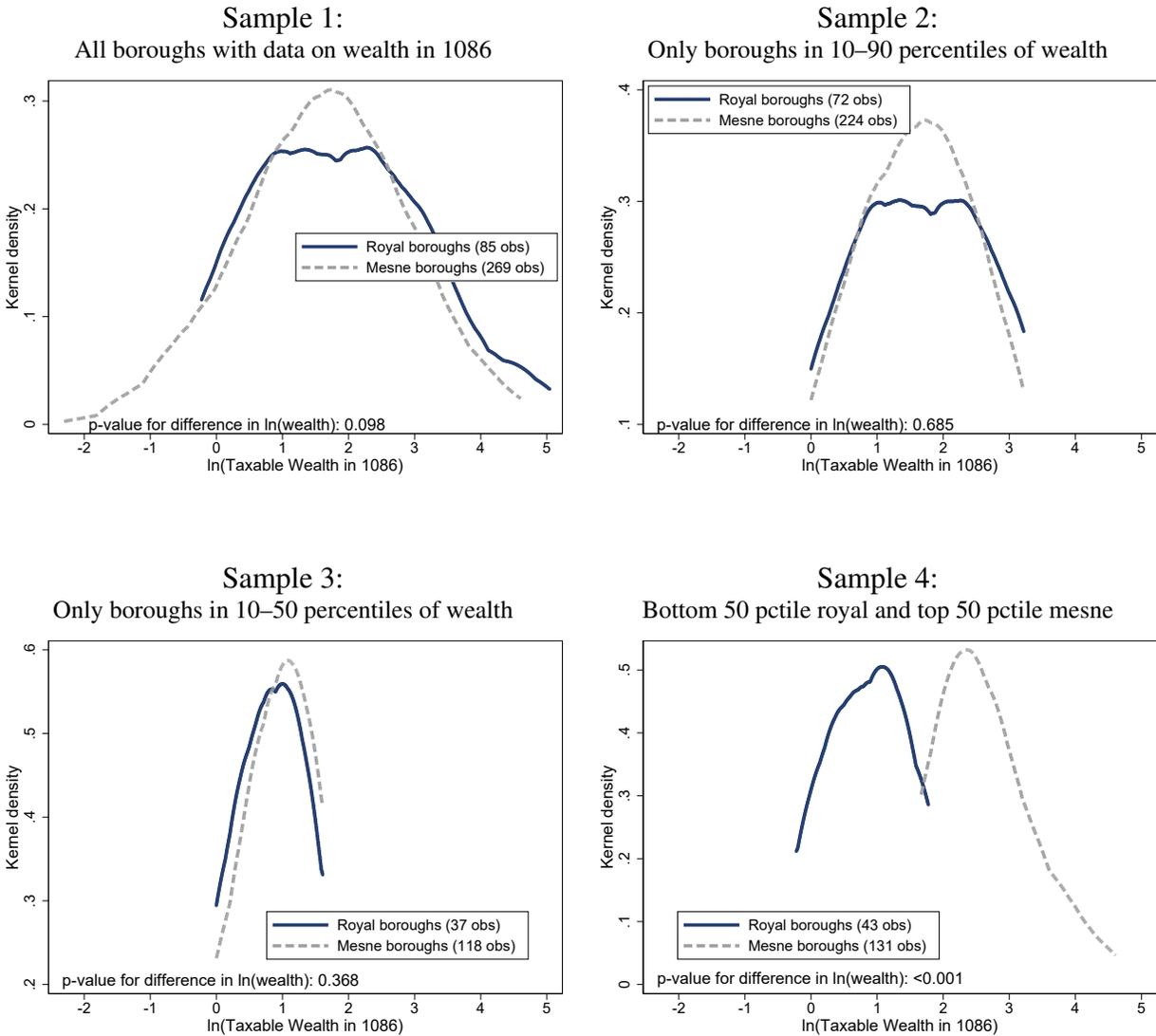


Figure 5: Distribution of Taxable Wealth in 1086 in Different Samples

Note: The figure shows the distribution of (log) taxable wealth in 1086 from the Domesday Book for different subsamples of the wealth distribution across boroughs. Sample 1 includes all 354 boroughs with data on taxable wealth; sample 2 excludes the top and bottom 10 percentiles of the overall wealth distribution; sample 3 excludes the bottom 10 and the top-50 percentiles; sample 4 uses only royal boroughs with below-median wealth and mesne boroughs with above-median wealth.

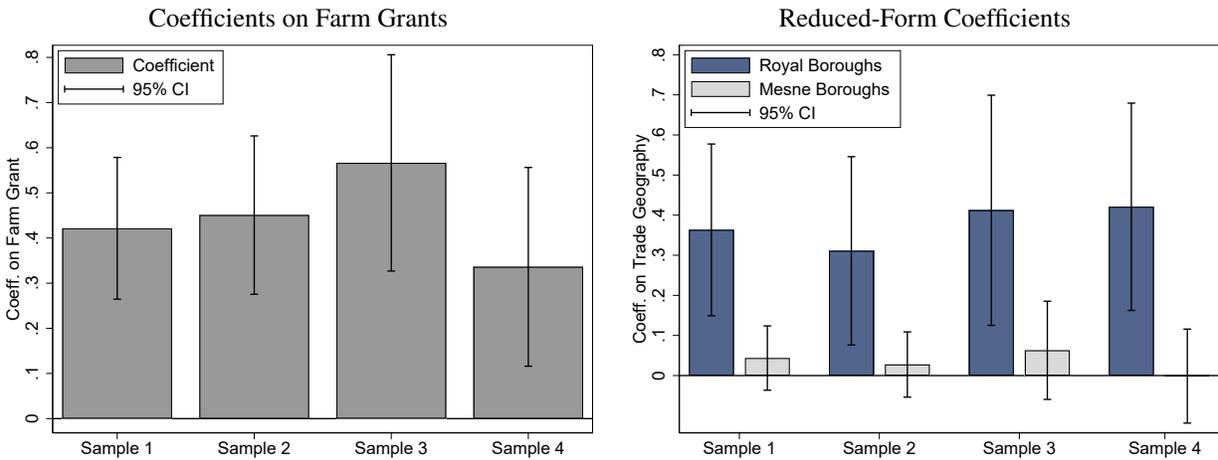


Figure 6: Estimation Results for the Different Samples from Figure 5.

Note: The left panel of the figure shows the coefficients on Farm Grant in our baseline regression for enfranchisement (column 1 in Table 3), for the four subsamples depicted in Figure 5. The right panel shows reduced-form regressions of enfranchisement on a dummy for any trade geography (boroughs located on a navigable river, the sea coast, or an ancient Roman road), separately for royal and mesne boroughs. The corresponding regression results are reported in Appendix C.5.

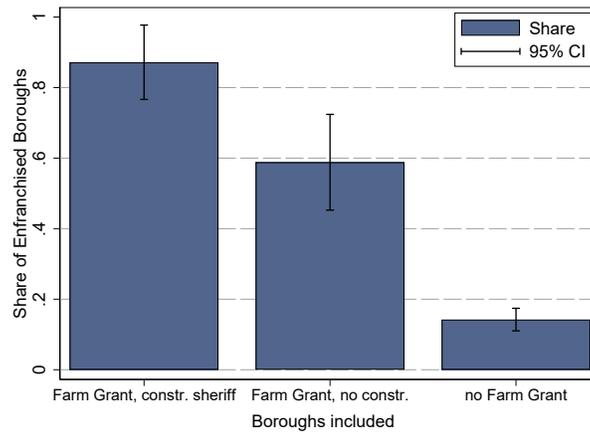


Figure 7: Enfranchisement: The role of Farm Grants and Restrictions on Entry by Shire Officials

Note: The figure shows that boroughs with Farm Grants were significantly more likely to be represented in the English Parliament by 1348. This relationship is particularly strong for boroughs that also had constraints on shire officials entering the borough (and thus reinforcing these boroughs' separation from the shire administration). Restrictions on entry comprise a borough's liberties that prohibited shire officials from entering the borough in their judicial functions (*non-intromittat*), in financial functions (*direct access to the Exchequer*), or to enforce royal orders (*return of writs*).

TABLES

Table 1: Farm Grants: The Role of Royal Boroughs and Taxable Wealth

Dependent variable: Indicator for boroughs that obtained Farm Grants by 1348									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Boroughs included:	— all boroughs —			— boroughs with data on Taxable Wealth in 1086 —					
Notes:				Taxable Wealth in 10-90 pctile		Balancing Royal and Mesne Boroughs by: Taxable Wealth		Wealth and Trade Geography	
						E-weights [‡]	PS Matching [†]	E-weights [‡]	PS Matching [†]
Royal borough	0.471*** (0.043)	0.469*** (0.043)	0.475*** (0.045)	0.450*** (0.055)	0.417*** (0.060)	0.456*** (0.054)	0.469*** (0.060)	0.465*** (0.055)	0.459*** (0.065)
Soil suitability		0.009 (0.013)	0.017 (0.016)						
ln(Taxable wealth in 1086)				0.044*** (0.013)	0.026 (0.020)	0.068*** (0.020)	[mv]	0.061*** (0.020)	[mv]
Pre-Norman Kingdom FE p-value for kingdoms		✓ [0.66]							
County FE			✓						
Mean Dep. Var.	0.16	0.16	0.16	0.16	0.14	0.28	0.16	0.27	0.16
R ²	0.32	0.32	0.37	0.32	0.27	0.30		0.30	
Observations	554	554	554	354	296	354	354	354	354

Note: The table shows that royal boroughs were significantly more likely to receive Farm Grants, and that this pattern is not driven by differences in geography or wealth between royal and mesne boroughs. All regressions are run at the borough level. Robust standard errors in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Regarding fixed effects (FE): There are 39 counties, and 4 pre-Norman kingdoms: Wessex, Mercia, Northumbria, and East-Anglia.

[‡] Entropy balancing generates weights for mesne boroughs such that the (weighted) mean and variance of the following variables are the same as in royal boroughs: in col 6, ln(Taxable Wealth); in col 8, ln(Taxable Wealth) as well as the three trade geography indicators (navigable river, sea coast, and Roman road). See [Hainmueller and Xu \(2013\)](#) for detail.

[†] Propensity score matching with one nearest neighbor. Matching variable is taxable wealth in col 7 (indicated by “mv”); in col 9, the three trade geography indicators (navigable river, sea coast, and Roman road) are used as additional matching variables.

Table 2: Farm Grants: Geography-Based Proxies for Trade

Dependent variable: Indicator for boroughs that obtained Farm Grants by 1348								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Boroughs included:	all	royal	mesne	mesne	all	all	all	all
Note on Balancing Royal and Mesne Boroughs:				Balanced by Trade Geo [‡]			Balanced by: Trade Geo [‡]	Trade & Wealth [‡]
Navigable River	0.210*** (0.050)	0.289*** (0.079)	0.002 (0.028)	0.012 (0.032)	0.002 (0.028)	0.012 (0.037)	0.012 (0.032)	0.021 (0.043)
Sea Coast	0.143*** (0.043)	0.422*** (0.081)	-0.009 (0.023)	-0.005 (0.024)	-0.009 (0.023)	-0.011 (0.029)	-0.005 (0.024)	0.006 (0.040)
Roman Road	0.104*** (0.035)	0.207*** (0.076)	-0.020 (0.019)	-0.015 (0.020)	-0.020 (0.019)	-0.013 (0.024)	-0.015 (0.020)	-0.044** (0.021)
<i>p-value joint significance</i> <i>River, Coast, Road</i>	[<0.001]	[<0.001]	[0.730]	[0.687]	[0.732]	[0.866]	[0.688]	[0.064]
River x Royal					0.288*** (0.083)	0.289*** (0.088)	0.278*** (0.084)	0.278** (0.116)
Sea Coast x Royal					0.431*** (0.084)	0.416*** (0.088)	0.428*** (0.084)	0.537*** (0.122)
Roman Road x Royal					0.227*** (0.078)	0.258*** (0.080)	0.222*** (0.078)	0.259** (0.103)
Royal borough					0.171*** (0.062)	0.161*** (0.060)	0.175*** (0.062)	0.173** (0.081)
County FE						✓		
Mean Dep. Var.	0.16	0.51	0.04	0.04	0.16	0.16	0.27	0.16
R ²	0.09	0.21	0.00	0.00	0.42	0.46	0.41	0.40
Observations	554	145	409	409	554	554	554	354

Note: The table shows that boroughs at locations that favored trade were more likely to receive Farm Grants. However, this relationship holds only for Royal boroughs. All regressions are run at the borough level. Robust standard errors in parentheses. * p<0.1, ** p<0.05, *** p<0.01.

‡ Entropy balancing generates weights for mesne boroughs such that the (weighted) mean and variance of the following variables are the same as in royal boroughs: in cols 4 and 7 the three trade geography indicators (navigable river, sea coast, and Roman road); in col 8, the three trade indicators as well as ln(Taxable Wealth). See Hainmueller and Xu (2013) for detail.

Table 3: Farm Grants and Representation in Parliament

Dependent variable: Indicator for borough enfranchised in Parliament by 1348

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Boroughs included:	all	all	royal	royal	mesne	mesne	all	all
Notes:						E-weights [§]	2SLS [†]	2SLS [‡]
Farm Grant 1348	0.466*** (0.063)	0.451*** (0.064)	0.558*** (0.069)				0.718*** (0.162)	0.639*** (0.174)
Royal borough	0.154*** (0.050)	0.159*** (0.049)					0.035 (0.091)	0.063 (0.092)
Navigable River				0.197** (0.084)	-0.006 (0.052)	-0.024 (0.048)		-0.002 (0.041)
Sea Coast				0.264*** (0.094)	0.078 (0.048)	0.031 (0.044)		0.055 (0.041)
Roman Road				0.280*** (0.080)	-0.021 (0.036)	-0.058 (0.037)		0.039 (0.033)
<i>p-value joint significance</i> <i>River, Coast, Road</i>				[<0.001]	[0.366]	[0.291]		[0.398]
County FE		✓						
Soil Quality		✓						
Mean Dep. Var.	0.23	0.23	0.51	0.51	0.14	0.13	0.23	0.23
R ²	0.26	0.36	0.31	0.13	0.01	0.01		
Observations	554	554	145	145	409	409	554	554

Note: The table shows that boroughs with Farm Grants were significantly more likely to have seats in Parliament by 1348. All regressions are run at the borough level. Robust standard errors in parentheses. * p<0.1, ** p<0.05, *** p<0.01.

[§] Entropy balancing reweights the observations in mesne boroughs to match the mean and variance of navigable river, sea coast, and Roman road in royal boroughs. See Hainmueller and Xu (2013) for details.

[†] Two-stage least square regression that uses the following variables to predict Farm Grants by 1348 in the first stage: location on the sea coast, on a navigable river, and on Roman roads, and the interaction of these three variables with status as royal borough, as well as the status as royal borough itself. The first-stage F-statistic is 6.7.

[‡] Two-stage least square regression that uses only the three interaction terms and controls for the variables in levels. The first-stage F-statistic is 10.6.

Table 4: Farm Grants and Influence of the King on Boroughs' Local Institutions in 15-17C

Dep. Var.: Dummy for strong influence of the king on appointment of local officials				
	(1)	(2)	(3)	(4)
Note:			royal only	2SLS [†]
Farm Grant 1348	-0.222** (0.104)	-0.277** (0.128)	-0.345*** (0.122)	-0.539** (0.215)
Royal borough	0.120 (0.103)	0.164 (0.133)		0.316** (0.158)
County FE		✓		
Soil Quality		✓		
Mean Dep. Var.	0.42	0.42	0.42	0.42
R ²	0.03	0.28	0.10	
Observations	158	158	77	158

Note: This table shows that after being incorporated (in the 15th-17th century), boroughs with Farm Grants saw significantly less influence of the king on the appointment of their local public officials. Influence of the king is a dummy variable that takes on value one if, at the time of incorporation of a borough, the following two conditions held: i) *First appointment*: the king appointed the first members of the newly formed corporation's governing body (mayor, aldermen, and councilmen), and ii) *Co-Optation*: the initial council appointed subsequent council members – a process that maintained closed governing bodies. All regressions are run at the borough level. Robust standard errors in parentheses. * p<0.1, ** p<0.05, *** p<0.01.

[†] Two-stage least square regression that uses the following variables to predict Farm Grants by 1348 in the first stage: location on the sea coast, on a navigable river, and on Roman roads, and the interaction of these three variables with status as royal borough. Since the dependent variable reflects royal influence, the status as royal borough is included as a control. The first-stage F-statistic is 9.16 (corresponding to a max. 10% relative bias)

Table 5: Support for Parliamentarians during the Civil War

Dependent variable: Indicator for pro-Parliamentary volunteer troops raised by borough in 1642

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Notes:			royal only	Enfranchised by 1640 royal only		2SLS [†]	2SLS [‡]
Farm Grant 1348	0.201*** (0.045)	0.188*** (0.042)	0.242*** (0.053)	0.224*** (0.066)	0.244*** (0.068)	0.259*** (0.065)	0.275** (0.126)
Royal borough	0.019 (0.022)	0.014 (0.025)		-0.022 (0.055)			-0.033 (0.052)
County FE		✓					
Soil Quality		✓					
River, Coast, Road							✓
Mean Dep. Var.	0.055	0.055	0.139	0.148	0.209	0.055	0.055
R ²	0.12	0.24	0.12	0.08	0.08	0.12	
Observations	550	550	144	189	91	550	550

Note: The table shows that boroughs with Farm Grants were significantly more likely to raise pro-Parliamentary volunteer troops at the beginning of the Civil War in 1642. All regressions are run at the borough level. Robust standard errors in parentheses. * p<0.1, ** p<0.05, *** p<0.01.

[†] Two-stage least square regression that uses the following variables to predict Farm Grants by 1348 in the first stage: location on the sea coast, on a navigable river, and on Roman roads, and the interaction of these three variables with status as royal borough, as well as the status as royal borough itself. The first-stage F-statistic is 20.5 (corresponding to a max. 5% relative bias).

[‡] Two-stage least square regression that uses only the interaction terms and controls for all level variables. The first-stage F-statistic is 13.5 (corresponding to a max. 5% relative bias).

Table 6: Openness of MP Elections at the Borough Level in the 1820s

Dependent variables: Various indicators for openness of MP elections at the borough level in the 1820-31

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Dependent Variable:	Openness Index	Contested Elections	Broad franchise	Patronage index	— First Principal Component of (1) – (4) —				
Notes:					royal only				2SLS [†]
Farm Grant 1348	0.381*** (0.112)	0.652*** (0.206)	0.194*** (0.066)	0.444*** (0.099)	0.674*** (0.148)	0.664*** (0.149)	0.535*** (0.166)	0.847*** (0.209)	0.929*** (0.196)
Additional Controls [#]						✓	✓	✓	✓
County FE							✓		
Soil Quality							✓		
Mean Dep. Var.	1.54	1.35	0.69	0.91	— [Principal Component: Mean 0, Std 1] —				
R ²	0.07	0.06	0.04	0.09	0.10	0.16	0.41	0.20	
Observations	184	184	184	184	184	184	184	81	184

Note: This table shows that Medieval Farm Grants are a strong predictor of more open borough-level elections of Members of Parliament in the 1820s. All regressions are run at the borough level. Robust standard errors in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

[#] Additional controls include the following variables constructed by [Aidt and Franck \(2015\)](#): market integration (travel distance between any given constituency and all other 243 constituencies in their sample, weighted by the population); Distance to urban center (travel days from each constituency to the nearest of the 13 largest towns in 1831); Connection to London (geographical, economic, and informational connections to London).

[†] Two-stage least square regressions that use the following variables to predict Farm Grants by 1348 in the first stage: location on the sea coast, on a navigable river, and on Roman roads, and the interaction of these three variables with status as royal borough, as well as the status as a royal borough itself. The first-stage F-statistic is 52.5 (corresponding to a max. 5% relative bias).

Table 7: MP Votes Supporting the Great Reform Act

Dependent variables: Share of votes in favor of the Reform Act at different points in 1831

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Vote in:	March 1831			— December 1831 —			
Notes:				royal only		2SLS [†]	2SLS [†]
Farm Grant 1348	0.023 (0.062)	0.157** (0.070)	0.117** (0.055)	0.176** (0.078)	0.111* (0.064)	0.231** (0.096)	0.158** (0.075)
Disenfranchise	-0.286*** (0.060)	-0.304*** (0.073)	-0.168*** (0.058)	-0.098 (0.092)	-0.189*** (0.071)	-0.283*** (0.076)	-0.179*** (0.063)
March 1831 votes			0.737*** (0.057)	0.686*** (0.091)	0.735*** (0.076)		0.734*** (0.066)
Swing Riot within 10km			0.107** (0.053)	0.180** (0.078)	0.098 (0.112)		0.096 (0.096)
County FE					✓		✓
Soil Quality					✓		✓
Additional Controls [#]					✓		✓
Mean Dep. Var.	0.47	0.56	0.56	0.70	0.56	0.56	0.56
R ²	0.13	0.16	0.57	0.56	0.64		
Observations	175	175	175	79	175	175	175

Note: This table shows that Medieval Farm Grants are a strong predictor of voting behavior of MPs in favor of the Great Reform Act in the decisive vote of December 1831. The earlier vote in March 1831 serves as a placebo, as explained in the text. All regressions are run at the borough level. Robust standard errors in parentheses. * p<0.1, ** p<0.05, *** p<0.01.

[#] Additional controls include the following variables constructed by [Aidt and Franck \(2015\)](#): market integration (travel distance between any given constituency and the 243 other constituencies weighted by the population); Distance to urban center (travel days from each constituency to the nearest of the 13 largest towns in 1831); Connection to London (geographical, economic, and informational connections to London).

[†] Two-stage least square regressions that use the following variables to predict Farm Grants by 1348 in the first stage: location on the sea coast, on a navigable river, and on Roman roads, and the interaction of these three variables with status as royal borough, as well as the status as royal borough itself. The first-stage F-statistics are 69.1 in col 6 and 25.4 in col 7 (both corresponding to a max. 5% relative bias).

Table 8: Obstructions of Trade after Farm Grants

Dependent variable as indicated in table header							
Dependent variable:	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Plausibility checks				Long-run institutional outcomes		
	Pre-1348 outcomes		Post-1348 outcomes		Volunteer troops during Civil War	Openness of MP elections 1820-31 [‡]	Vote share for Great Reform Act 1832
In(Taxable Wealth in 1086)	Commercial Im-portance 14C [†]	Trade employment share in 1831	Population in 17th century				
Trade not obstructed after Farm Grant	0.592*** (0.211)	1.546*** (0.185)	0.086*** (0.021)	1.027*** (0.150)	0.230*** (0.052)	0.731*** (0.171)	0.252*** (0.073)
Trade obstructed after Farm Grant	0.987*** (0.353)	1.632*** (0.279)	0.004 (0.032)	0.093 (0.263)	0.157* (0.093)	0.488** (0.202)	0.246* (0.130)
<i>p-value: test for equality of coefficients</i>	[0.323]	[0.796]	[0.020]	[0.002]	[0.488]	[0.303]	[0.966]
Mean Dep. Var.	1.69	[s.d.=1] [†]	0.39	6.89	0.05	[s.d.=1] [‡]	0.56
R ²	0.04	0.33	0.09	0.17	0.13	0.11	0.07
Observations	354	554	190	403	549	184	175

Note: The table provides suggestive evidence that Farm Grants affected institutional outcomes in the long run, even if trade was obstructed (after boroughs received Farm Grants) by exogenous events such as silting of rivers and harbors, or the construction of watermills up/downstream that hampered transport. The dependent variable in column 3 – the share of employment in trade-related professions – is from the 1831 census, and has been collected for enfranchised boroughs by [Aidt and Franck \(2015\)](#). Robust standard errors in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

[†] First principle component of two indicators for commercial importance: “Freedom from tolls” (a grant of liberty that exempted a borough’s burgesses from tolls throughout the realm) and an indicator variable for whether a borough was a commercial hub during the 14th century, based on [Masschaele \(1997\)](#). The variable has mean zero and standard deviation 1.

[‡] First principle component of the four proxies for open MP elections used in Table 6. The variable has mean zero and standard deviation 1.