

Colonial Autonomy and State-Capacity: Evidence from Brazilian Capitaniás

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- We plan to answer the question in Iyer (2010): what had better (less worse) consequences, direct or indirect rule by a colonizing power.
- We will exploit quasi-random variation stemming from the way that Brazil was colonized. When Brazil was subdivided in *capitanías*, the borders between subdivisions were drawn as straight parallel lines. For this we rely on Cintra (2013).
- Identification comes from a fuzzy-RDD (Cattaneo, Idrobo and Titiunik 2019a; Cattaneo, Idrobo and Titiunik 2019b): the lines drawn in the 1530s subdivide the land into capitaniás, some of which return to direct-rule by the Portuguese Crown, while others remain semi-autonomous until the late 18th century. This identification strategy is similar to Michalopoulos and Papaioannou (2014).
- We hypothesise that colonial autonomy had a positive effect on long-run economic development through higher state capacity (Besley and Persson 2009), because capitães had to distribute land more equally (to white settlers) and raise taxes, while the Crown could rely on its coffers to provide public goods.
 - I.e. capitães behaved like *stationary bandits* à la Olson (1993).
 - This raises the question: are there records of the Crown’s investments in Brazil? Or some kind of “balance of payments” we could tease out capital flows during the colonial era.
- Historical data sources:
 - Naritomi (2007) and Naritomi, Soares and Assunção (2012)
 - Fujiwara, Laudares and Valencia Caicedo (2017)

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