

Bourbon Reforms and State Capacity in the Spanish Empire

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Abstract: We study the impact of a large-scale administrative reform on state capacity in the Spanish empire in the Americas. During the late 18th century, the Spanish Crown entirely overhauled the provincial colonial government, introducing a new corps of Intendants to replace the existing body of local Crown representatives (Corregidores). Our empirical strategy leverages the staggered timing of this reform across different parts of the empire, extending from modern-day Mexico to Argentina, and yields three main findings. First, using granular administrative data from the network of royal treasuries, we show that the reform led to a sizable increase in public revenue (i.e. fiscal capacity). Second, the reform also led to a reduction in the incidence of acts of insurrection by the indigenous population, which had been harshly exploited by the Corregidores (i.e., legal capacity). However, we show in third place that the reform reduced the legitimacy of the colonial state by heightening tensions with the local creole elites, as reflected by naming patterns, potentially contributing to the subsequent demise of the colonial system.

Keywords: State Capacity, Administrative Reform, Bureaucracy, Intendencies, Latin America, Colonialism

JEL codes: D73, H70, N46, O23, O43

PRELIMINARY AND INCOMPLETE.
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1 Introduction

The state's ability to perform basic functions (e.g., raise revenue, protect life/property) is a major contributor to long-run development (Besley and Person, 2011; Dincecco and Katz, 2016; Johnson and Koyama, 2017). Understanding the factors that affect the state's ability to fulfill its various duties has been a perennial topic of interest in the social sciences. Raising tax revenues ranks among the most important foundations to develop these abilities and is central in narratives of the origins and consolidation of the state (Besley and Persson, 2009, 2011; Berwick and Christia, 2018, Acemoglu, García-Jimeno and Robinson, 2015). On the other hand, there is a growing interest in studying how the administrative reform of bureaucracies can lead to shaping and increasing the capacities of the state, thus fostering economic development (Besley et al., 2021). However, there is little evidence on the interaction between administrative reforms and state capacity.

Developing a recipe for building a strong, well-functioning state remains a puzzle. Despite efforts to understand historical state formation, the most influential narratives -in particular, war-making- largely focus on Western Europe and lack external validity to other settings, such as the colonial Americas (Tilly, 1990). Here, the limited role for inclusive political institutions, the extension and diversity of territories, the prevalence of internal conflicts, and the notion of state-building from the outside could have impaired the incentives to sustain investments in state capacity. In that sense, historical efforts to increase state capacity under some dimensions can be insufficient when dismissing the importance of consensual/reciprocal state building (Acemoglu and Robinson, 2020). This makes the case for "successful" colonial states that faced political backlashes in the medium-run (Garfias and Sellars, 2021) and less long-run success (Acemoglu, Johnson and Robinson, 2001, 2002). Some of these insights can be useful to understand present-day state consolidation in the developing world.

In this paper, we study the impact of the Bourbon reforms on state capacity in the Spanish colonial empire in the Americas during the late 18th century. We focus on the introduction of the system of Intendencias by the Spanish Crown in its American empire, among the most ambitious administrative reforms ever attempted in the Colonial world and a cornerstone of the broad project of the Bourbon reforms. The system of Intendencias radically transformed the colonial bureaucracy by concentrating executive power in a new sub-national authority, the Intendant. This corp of provincial governors constituted a new administrative layer that replaced the previous form of local government embodied by the abusive *corregidores*. The intendants were well remunerated, carefully selected and endowed with fiscal, legal and executive powers to govern vast pieces of territory across the Spanish empire. This setting allows understanding the effects of administrative reforms to bureaucracies on state capacity.

Our identification strategy relies on the staggered adoption of the Intendencias reform across

different parts of the empire to conduct a difference-in-difference analysis. We exploit regional and time variation in the creation of Intendencias during the 1780s, extending from modern-day Mexico to Chile and Argentina. Out of the four Viceroyalties that comprised the Spanish Empire at the time, Nueva Granada -modern-day Colombia- was the only one to not eventually adopt the system. Several features of our setting allow us to empirically study the effects of the Intendencias reform. First, we focus on a territorial unit that, despite its extension, was governed by the same institutions and rules provided by the Spanish Crown. Second, the reform was externally imposed and responded to the urge of the Spanish Crown to increase revenue to fund their military apparatus in Europe. Third, Intendencias were introduced in a short span of time that relied mostly on the endeavor of its primary advocate, José de Galvez, to travel across the continent promoting the administrative overhaul and stalled after his sudden death. To support our claim we show that the timing of the reform is uncorrelated with location, demographic and social characteristics.

We rely on multiple data sources to paint a comprehensive outlook of the late Spanish empire. We focus primarily on the 1770-1800 period. To study the effects of the reform on fiscal capacity, we compile a continental dataset with fiscal data for revenue and expenditure -and their underlying categories- for 85 royal treasuries located in corresponding colonial municipalities. We build a continental dataset on indigenous rebellions and uprisings to account for the prevalence of conflict around the implementation period. To dig into the bureaucratic and operational mechanisms of the reform we code detailed biographical information for all Intendants in office during the period as well as institutional and geographical characteristics of the royal treasuries. To account for public good provision, we assemble a dataset of yearly colonial postal offices across the Spanish empire. We gather data on the names of over 700,000 people born in the colonies during the period to measure the name-driven sentiment towards the Spanish Crown. Finally, we build a novel municipal dataset on modern taxation outcomes to study the long-run effects of the reform. To our best knowledge, we are the first to harmonize these datasets for the continental Spanish Empire.

Our main results examine the effects of the Intendencias reform on state capacity. First, we evaluate if the reform increased fiscal capacity, the building block of state capacity. Our results indicate that the adoption of Intendencias led to a 30% increase in total collected revenue in the royal treasuries under their jurisdiction. This effect persisted up to ten years after the reform was introduced. We test the robustness of these results to the inclusion of geographic, location, demographic and rebellion controls and show that there are no pre-existing differential trends in revenue collection between territories with and without Intendencias. We address recent concerns about the use of two-way fixed effects estimators by presenting the robustness of our results to alternative estimators. We also present our results under a synthetic control strategy. Finally, we show the robustness of our results to removing individual treasuries, Intendencias, Viceroyalties

and sources of revenue, to inference choices, and to possible SUTVA violations in which treated treasuries contaminate non-treated ones by aggregating the unit of analysis to the Intendencia level and incorporating prevailing network controls. We also rule out alternative explanations, such as the influence of the Viceroys, parallel events such as the liberalization of trade or the creation of the Viceroyalty of Rio de la Plata in the late 1770s, and the prevailing intensity of rebellions.

We then explore the mechanisms underlying the operation of the reform that led to improved fiscal capacity. In particular, we focus on the roles of monitoring, namely improving agency and informational frictions, and extending the territorial reach of the state. First, we document an increase in state capacity where it was absent: by decentralizing the Colonial state, the reform conduced to a reduction in the average distance to administrative centers led by the creation of Intendencia capitals. This change brought the state apparatus closer to the locals. Focusing on fiscal capacity, we observe that revenue collection increased in previously isolated, low initial-fiscal capacity treasuries. However, this gains are conditional on being close to the newly created Intendencia capitals. In that sense, the reform introduced a sub-national centralization within Intendencias. Fiscal capacity also increased in non-traditional sources of revenue: we observe a shift of revenue collection from indirect taxes, such as mining, trade and monopolies, to direct taxes, such as indigenous poll taxes and a Colonial equivalent of wealth taxation: *Donativos*. The nature of royal treasuries plays an important in understanding the shift in sources of revenue: We observe negative or no effects in treasuries whose revenue is linked to specific economic activities, such as ports and mining sites.

Our second mechanism focuses on the disruption of the local elite capture to correct selection and agency problems in the Colonial local administration. Intendants were carefully selected, well paid, and had an indefinite period in office. We agree that peninsular Intendants that came to the Americas and those that were able accumulate experience in office drive revenue collection in their corresponding royal treasuries. In contrast, Intendants that had been appointed as governors in the past, and thus were entrenched with the local elite, exhibited a subpar performance. Finally, we document how the additional revenue that was collected after the reform was spent. Using different classifications of expenditure items, we show that the Intendencias reform increased military and bureaucratic spending without significant changes in public good provision. We also document an increase in investment-related items, in contrast to current expenses. This increase in the coercive and productive capacities of the state, along with a lack of public goods, sheds light on the limited ability of the reform to overcome the state building from the outside framework.

To expand our understanding of state capacity under the Intendencias reform we turn to a measure of legal capacity: the absence of internal conflict. Studying internal conflict is useful in our setting because: i) the empirical literature relies mostly on narratives in which external, rather than internal, war threats shape the consolidation of the state; and ii) the abusive relationship

between the indigenous population and extractive Corregidores makes the case for examining how Intendants disrupted it. We find that the introduction of Intendencias reduced indigenous rebellions and uprisings by at least 10%, thus reflecting improved governance. However, we take this finding with caution given that it is not clear whether it is driven by an improvement in the perceived legitimacy of the colonial bureaucracy or coercion towards the indigenous population.

We finally review the aftermath of the reform, which has been historically linked to the independence wars across the Americas. Even though we cannot identify the causal effect of the reform on independence, we find two pieces of suggestive evidence on the intersection between both events. First, we document a sharp erosion of fiscal data availability during the early 1800s. Second, we find that the sentiment towards the Spanish Crown, measured by naming patterns that resemble the names of top colonial officials (e.g. Viceroy, Intendants), drops by at least 7% after the introduction of the reforms. Third, we present evidence that the reforms did not increase the availability of local public goods, such as postal offices. We argue that the tension between local creole elites and Intendants, as well as the push from the Spanish Crown to finance its warfare ventures in Europe, threatened the sustainability of the colonial state in the Americas after the reforms. Furthermore, the effects of the reform may have been inherited by the independent new republics. In that sense, we evaluate the long-run effects of the reform and document a long-run erosion of fiscal capacity in places where there was a larger change in revenue collection due to the Intendants. This finding is especially relevant given the weakness of modern-day Latin American states (in particular their fiscal systems).

Contribution to the Literature. Our paper contributes to a large body of literature on the origins of state capacity. Most of this literature has focused on state building efforts in Europe, highlighting the role of external threats, fiscal development and inclusive political institutions (Tilly, 1990; Gennaioli and Voth, 2015; Angelucci et al., 2017; Cantoni et al., 2022; Becker et al., 2020). We study the origins of state capacity in a colonial setting, where the challenges to increase state capacity have a different nature.

More specifically, our paper contributes to recent literature that studies the interaction between state capacity, bureaucracy and administrative reform (Arias, 2013; Guardado, 2018; Garfias, 2018; Xu, 2018, 2019; Voth and Xu, 2022; Ornaghi, 2019; Perez and Moreira, 2021; Besley et al., 2021). Close to our paper is Marx et. al (2022), who study the medium and long-run effects of territorial reform in France after the French Revolution. We study a comprehensive administrative reform through the Spanish Empire of the Americas and document its immediate effects using fiscal data. More broadly, our paper contributes to the literature on contemporary efforts at state-building in the developing world (Dal Bo et al., 2013; Khan et al., 2016; Balan et al., 2021; Bandiera et al., 2021). We focus on the colonial world and study a top-level administrative overhaul amid large

technological constraints.

We also contribute to the historical literature of the royal treasuries and the Bourbon Reforms (Humboldt, 1808; Lynch, 1958; Navarro, 1959; Deustua, 1965; Fisher, 1970; Klein, 1994; Drelichman, 2005; Marichal, 2007; Graffe and Irigoien, 2012). Our paper takes stock on the efforts of historians to provide a continental assessment of the reform. We introduce novel data and subject our study to modern econometric techniques.

2 Historical Background

In this section, we first describe the structure of the colonial administration of the Spanish Empire in the Americas¹, with a lens on the levels of government prior to the reforms and the colonial fiscal apparatus. Next, we discuss the implementation of the Bourbon Reforms during the 18th century by the Spanish Crown. Finally, we outline the operation of the Intendencia system in the Americas.

Structure of the Colonial Government. The Spanish Empire in the Americas covered a vast piece of territory, spanning from modern-day California and Mexico to the Argentinian Patagonia. Also, it was a distant overseas empire: Madrid, the seat of the Spanish Crown, and Mexico City, the most important city of the empire, are separated by over 9,000 km. These characteristics challenged the governance and sustainability of the empire. For this reason, the Crown required a sufficiently strong and self-sufficient state overseas that was profitable enough.

The first piece of the colonial government was the Viceroyalties. These major territorial units of the colonial empire were entitled to the same rights and duties as the Spanish provinces in continental Europe. Viceroyalties were governed by viceroys, who were appointed by the Crown to represent it in these territories. The Viceroyalty of Las Indias, created with the arrival of the Spanish Conquerors, was divided into two Viceroyalties during the 16th century: Nueva España, covering all modern Central America, Mexico and the US West, and Peru, covering the non-Brazilian part of South America. During the 18th century, two additional Viceroyalties were created in the south: Rio de la Plata, covering modern Bolivia, Paraguay, Uruguay and Argentina, and Nueva Granada, covering modern Colombia, Panama, Venezuela and Ecuador. The Viceroyalty of Peru was narrowed to modern-day Peru and Chile.

Viceroyalties delegated specific duties to other administrative figures. The most important were Audiencias Reales and General Captaincies. Audiencias were judiciary organs that watched out for compliance with the law, both enforcing mandates of the Crown and solving conflicts or appeals. Audiencias comprised a network of bureaucrats and judges, always presided by the corresponding

¹We will refer to the Spanish Empire in the Americas as the empire or the colonial state. We will refer to the Spanish Crown as the head of the empire and will explicitly mention the Spanish Empire in Europe when needed.

viceroy. During the late 18th century, there were seven Audiencias across the empire. Captaincies were located in strategic places, such as the Caribbean Islands and continental coasts, where the army had a special mandate and powers to protect the territories. Modern-day Chile was both a Captaincy and part of the Viceroyalty of Peru. Venezuela also played this double role in the Viceroyalty of Nueva Granada.

At the local level, the public administration was centered on individuals with a wide range of duties. First Encomenderos and then Corregidores, the latter were in charge of providing justice, security, basic public goods and, importantly, collecting revenue in their Corregimientos, which grouped a set of towns. Corregidores were appointed by the Crown but often did not work in its best interest. They lacked the solemnity of viceroys and other colonial bureaucrats, which is illustrated by their low and stagnant wages. Figure B1 presents the distribution of wages in 75 Peruvian Corregimientos in 1610 and 1780. Although two centuries apart, both distributions look very similar. Moreover, Corregidores were appointed for a fixed term of five years, limiting their scope of action in office. Under these circumstances, during the mid 18th century Corregidores were enabled to complement their wages by managing the monopoly of trade with the indigenous population. Apart from overcharging the indigenous population for the sale of goods, Corregidores took advantage of their power to force them to buy the products. This practice was known as the “repartimiento de bienes” (O’Phelan, 1988).

Corregidores were well known for their abuses towards the indigenous population. Although nominally not profitable, this was a desired position to make easy money from the repartimiento de bienes. It was also the source of several rebellions and uprisings from the indigenous population. In words of John Lynch (1958):

“The corregidor, the very archetype of erring officialdom, whose repertoire included almost every device known in the history of administrative corruption - the farmed and unaccounted revenue, the holding of royal funds in deposit to be used as private capital, the forced Indian labour without pay, and above all the notorious repartimiento, or forced sale of merchandise at outrageous prices to the unfortunate natives.”

The colonial fiscal apparatus. After conquering America in 1492, the Spanish Crown rapidly established a fiscal system to supervise the economic interests of the Crown in the colonial world. The core of this system was the royal treasuries, which began to operate in 1501. The treasuries were located in municipalities naturally linked to the inflow of public revenue, such as administrative centers, ports, mines, and populous indigenous towns. Their role was to consolidate and disburse public funds. Treasuries collected taxes from different sources, such as mining proceeds, tariffs, the sale of agricultural and manufactured goods, monopolies, and indigenous poll taxes.

They also raised additional income from loans, fees and proceeds from other treasuries². On the flip side, the treasuries disbursed funds to sustain the local public administration and pay for military expenses. Any remaining balance was remitted to the principal treasuries³, which either redistributed the funds to support other treasuries (*situados*) and military strongholds (*militar situados*), or to send the proceeds directly to Spain (remittances to *Castille*).

An important feature of the royal treasury system was its monitoring. The Crown was interested in the smooth operation of the system, both to support the overseas empire and to send a fair share of the proceeds to Spain. Each treasury had a principal accountant and a treasurer. Under the in-person supervision of the viceroy or the corresponding governor (e.g., *corregidor*), they were the only ones allowed to authorize the inflow and outflow of funds from the treasury. Moreover, during the early 17th century, the Crown established an Accounting Tribunal which periodically audited every treasury and verified each account record before it was sent to the Accounting Office in Spain (Tepaske and Klein, 1980). Figure B2 presents the availability of these accounting records, focusing on revenue, for 85 royal treasuries across the colonial empire between 1569 and 1825. The figure documents the roll-out of treasuries over three centuries and the consolidation of the fiscal system by the mid 18th century.

Bourbon Reforms and Intendencias. The Bourbon Reforms were a broad package of transformations to the colonial state during the 18th century. The reforms responded to the need of the Spanish Crown to improve and regain control over the operation of the overseas empire. The supervision of the colonies had been weakened by the conflicted transition from the Hapsburg to the Bourbon house during the early 1800s and the constant wars with the European powers. This weakness reached its tipping point with the British capture of Havana in 1762, which pushed King Charles III to promote the reorganization of the empire in America.

The reforms affected different aspects of the political and economic landscape of the colonies. We can classify them into four dimensions. First, trade liberalization, which in 1778 allowed every port in the continental Americas to open their routes to exchange directly with the Spanish ports⁴. Second, territorial reform, which led to the creation of the Viceroyalty of Rio de la Plata in 1776⁵. Third, appointment reform, banning the sale of colonial offices during the 1750s to improve the selection of bureaucrats⁶. Finally, administrative reform, leading to the adoption of the *Intendencias* system.

²The royal treasuries also stored in specie goods and carryovers from past years, which we do not consider as revenue or income.

³These were the capitals of the Viceroyalties -Mexico, Lima, Santa Fe, and Buenos Aires- and major ports -Veracruz and Cartagena-.

⁴See Ellingsen (2021) for an empirical assessment of this reform

⁵A first stage of this reform had been taken in 1718 with the creation of the Viceroyalty of Nueva Granada

⁶The sale of colonial offices is widely studied by Guardado (2018)

Intendencias were introduced between 1783 and 1787. The reform was the result of the efforts of a Spanish bureaucrat, Jose de Galvez, who visited the Viceroyalty of New Spain during the late 1760s and advocated for the system. The Intendant figure had already been adopted in France and Spain, along with trials in colonial provinces such as Cuba, Louisiana and Arizpe in Northern Nueva España. The intendants were novel corps that replaced the corregidores and absorbed their administrative duties to govern consolidated territorial units equivalent to large provinces (grouping several Corregimientos). Intendants were carefully selected, offered high wages and appointed for an indefinite period. Figure B1 shows that the average intendant wage was six times that of the average corregidor. Apart from their basic duties (e.g., justice, security and public good provision), intendants were entrusted by the Spanish Crown to promote local development and raise more revenue.

Intendants challenged the structure of the colonial government. On the one hand, they became an additional authority in front of the viceroys, usually overlapping their governance interests. On the other hand, their figure consolidated the deprivation of power that the Spanish Crown imposed to the emerging local creole elites at the time. Additional to these tensions, the enthusiasm with the Intendencias reform stalled after the premature death of Galvez in 1787, limiting its adoption in every point of the empire. In words of Navarro-Garcia (1959):

“Acting at an ever faster pace, twelve years were enough for Galvez to profoundly alter the general outlook of the New World. His work had affected all the Spanish domain, with the sole exception of the Viceroyalty of Santa Fe [Nueva Granada]. And he had already taken the fundamental step against it when he was surprised by death, on June 17, 1787”

3 Empirical Strategy

3.1 Data

We use a longitudinal dataset that describes the general outlook of the late Spanish Empire. Our analysis combines municipal and sub-national data on fiscal capacity, rebellious activity and crown affinity with data on the adoption of the Intendencias system. We also provide a comprehensive dataset on modern-day taxation, attitudes towards taxation and economic activity -measured by night lights- in the former colonies to explore the long-run effects of the administrative reform.

Colonial Administration. Our main units of observation are municipalities where royal treasuries were located. We map the location of 85 royal treasuries and the boundaries of 31 Intendencias from the HGIS de las Indias project (HGIS) (Stangl, 2020). For each Intendencia, we assign a year of adoption based on the data provided by Navarro-Garcia (1959). We use the *de facto*

adoption date defined as the date in which the first Intendant started in office. Our data on treasuries, Intendencias and Intendencia adoption spans from modern day Mexico down to Chile and Argentina, covering the four Viceroyalties at the time: Nueva España, Nueva Granada, Peru, and Rio de la Plata. We assign royal treasuries to their corresponding Intendencias and Viceroyalties. For treasuries located in Nueva Granada, where Intendencias were not adopted, we assign nine provincial jurisdictions retrieved from HGIS (See Figure 1). To study mechanisms and control for idiosyncratic attributes across the empire, we provide a geographical, economic, institutional and demographic characterization treasuries and Intendencias.

Fiscal Accounts from the Royal Treasuries. We assemble annual fiscal data for 85 royal treasuries across the Spanish Empire of the Americas between 1770 and 1800. We rely on administrative fiscal accounts (*cartas cuenta*) that were periodically sent from the colonies to Spain. Key for our setting, these accounts were subject to several auditing steps before shipping them overseas. For each treasury-year we have granular revenue (*cargo*) and expenditure (*data*) data at the item level. For each treasury and year, we carefully assemble and harmonize raw item data and aggregate it into the categories proposed by Klein (1998). Figure B3 presents the richness of the data by counting the number of unique items in each category of revenue and expenditure. This data is based on the digitizing efforts of historians: Tepaske and Klein (1980) for the Viceroyalties of Nueva España, Rio de la Plata, Peru, and Ecuador, and Pinto (2016) for Nueva Granada. To our best knowledge, we are the first to compile this data for the continental Spanish Empire. We also provide an alternative hand-coded categorization for expenditure items with a focus on public goods provision, operational categories and current/investment items. Figure B4 presents the evolution of revenue and expenditure categories over the 1770-1800 period. The figures shows that, during this period, the colonial state increased its administered resources from 20 million pesos in 1770 to 80 million pesos at the end of the century. From these categories, we elaborate total revenue and expenditure measures, excluding non-fiscal categories. Appendix A1 provides a detailed description of the steps we follow to compile the data and to generate the relevant variables. From this process, we retrieve a longitudinal dataset with fiscal variables at the royal treasury-year level.

Bureaucrat Biographies. We characterize the careers and traits of the colonial bureaucracy, with a focus on Intendants. We collect and hand-code individual-level biographical data for all 85 Intendants that were in office until 1880. To do so, we combine different biographical website sources, the data in Fisher (2000) and the Actoz dataset compiled by (Dedieu 2017) (See Appendix A2 for details). We use this data to study the demographic and social origins of Intendants and to track their career paths, both before and during their appointments in the Intendencias. We also compile basic information for Viceroy and Corregidores.

Sub-national Conflict. We combine different sources to construct a longitudinal conflict dataset at the Intendencia (for treated unit) or province (for never-treated units) and year level between 1770 and 1800 across the empire. We focus on indigenous rebellions and uprisings, which point to the core of local unrest upon the colonial administration at the time. First, we retrieved rebellion exact locations and dates from HGIS for the Viceroyalties of Nueva Granada, Peru and Rio de la Plata. Second, we hand-coded rebellions at the provincial level and their dates based on O’Phelan (1988) and Golte (1980) for Peru and Bolivia, and on Taylor (1979) for Mexico. Finally, we harmonize all sources of data into the number of unique rebellions at the Intendencia-year level. We end up with 131 indigenous rebellions located in 26 out of 40 Intendencias/provinces (65%). Figure B10 presents the sub-national geography of rebellions across the colonies between 1770 and 1800.

Naming Patterns. To measure the sentiment towards the Spanish Crown before and after the Intendencias reform, we rely on naming patterns for newborns and their coincidence with those of colonial bureaucrats, namely Viceroy and Intendants. We first retrieve the full names, birth dates and birthplaces of 775,196 newborns across the empire between 1770 and 1880 from familysearch.com⁷. This website digitizes birth and baptism certificates and lists each record. Unfortunately, this data is not comprehensive for all newborns at the time; it is based on the available certificates. However, this data provides a general overview of naming patterns in a context of high alignment with catholic values -leading to the compliance with baptism records-, especially among elites, whose sentiment towards the Crown had higher *de facto* implications for the balance of power across the empire.

We harmonize names and assign Intendencias to the municipalities where individuals were born. Then, we match them with all Viceroy (Intendants) that have governed the Viceroyalty (Intendencia) to which their birthplace corresponds up to the year they were born. We then create an indicator that takes the value of 1 if at least one first name of a contemporary or past officer is contained in the name of a newborn. The unit of observation for this dataset is a newborn individual in a given year within an Intendencia. Additional variables and placebo name measures are discussed in Appendix A3.

Modern Taxes and Economic Activity. We explore the long-lasting effects of the Intendencias reform by compiling municipal revenue, tax collection and population data for Mexico, Colombia, Ecuador, Peru, Bolivia, and Chile in 2015. We retrieved this data -and requested when necessary-

⁷We include records for Mexico, Panama, Colombia, Ecuador, Peru, Bolivia, Chile, Paraguay, Argentina and Uruguay.

from national statistical agencies and treasury offices in each country. We harmonized this data to construct measures of per capita tax revenue, spanning 4,218 municipalities across the former colonies. We assigned municipalities to their corresponding Intendencia jurisdiction in the past as well as their nearest royal treasury. To our best knowledge, we are the first to compile and harmonize municipal tax statistics for various Latin American countries.

To account for the cultural effects of the reform on tax morale, we retrieve attitudes surveys for Latin American individuals from Latinobarometro between 2007 and 2016. Covering a broad set of municipalities that once belonged to the empire, we map individuals into their corresponding Intendencia and retrieve a variable that asks for preferences over tax evasion. This variable takes the values of 0 to 10, where 10 indicates the maximum acceptance of tax evasion.

We complement tax measures with data on average nightlights -as a proxy for economic activity- between 1992 and 2013 from the Defense and Meteorological Satellite Program's Operational Linescan System. (DMPS-OLS). Night lights take values between 0 and 63 and are measured in 1x1 km pixels. We project their average into 11,629 20x20 km grid cells across the former colonies. Each cell is then assigned to an Intendencia and their nearest royal treasury. We present a detailed description of our tax and night light data in Appendix A4.

We present summary statistics of our main variables of interest in Table 1. Table B1 summarizes additional controls and variables.

3.2 Research Design

In this section, we present a difference-in-difference research design to study the effects of the Intendencias reform. Under this framework, we compare the changes in outcomes (e.g. collected revenue) before and after the reform, between places that adopted and did not adopt Intendencias. We exploit quasi-experimental variation in the timing of the introduction of Intendants across different parts of the Spanish Empire in the Americas.

Figure 1 summarizes both our time and spatial variation. The polygons indicate the jurisdiction of the newly created Intendencias, which were adopted between 1783 and 1787. While the Viceroyalty of Nueva España (upper left part of the map) adopted the system as a whole in 1787, the Viceroyalty of Peru (lower left) did it first on the modern Peruvian side and later on the modern Chilean side. The provinces of the Viceroyalty of Rio de la Plata (south-right) adopted Intendencias with one year of difference in some cases. Key to our analysis, the Viceroyalty of Nueva Granada, in its modern Colombia side, did not adopt Intendencias at any time⁸. We include it in our analysis as a never-treated group. For symmetry, we draw the provinces of the Viceroyalty,

⁸The territory of modern-day Ecuador, which belonged to the Viceroyalty of Nueva Granada, established two Intendencias. We include them, and their royal treasuries, as treated units. The province of Jaen de Bracamoras in the Viceroyalty of Peru was assigned to the Viceroyalty of Nueva Granada and is included as a pure control.

which are comparable territorial units to Intendencias. The figure also illustrates the geographical distribution of the royal treasuries, which are our main unit of observation. Treasuries under the jurisdiction of an Intendencia become treated after its establishment. For some exercises we also use Intendencias as the unit of observation.

We assign an Intendencia adoption date based on its *de facto* establishment. We assume that an Intendencia starts to run when its first Intendant arrives in the territory. The time between an Intendencia creation mandate (Ordenanza) and the arrival of the first Intendant ranges between 1 and 3 years. The differential timing of both the Ordenanza mandate and the arrival of the first Intendant may be driven by differences in predetermined characteristics across places. To address concerns about the confounding effect of these differences we first examine their correlation with the timing of Intendencia adoption at the royal treasury level. Figure 2 presents a regression of multiple geographic, location and population characteristics on the timing of Intendencia adoption, as measured by the year of adoption in Panel a and an indicator of a late adopter (1786-1787) in Panel b. The figure shows standardized point estimates for each characteristic, which are, in most cases, uncorrelated with the timing of the reform. This is not the case for precipitation and pre-colonial population, for which we control in our specifications.

We include municipality fixed effects in our regressions to account for differences in time-invariant observable and unobservable characteristics between royal treasuries or Intendencias. We also include year effects to capture economy-wide shocks in a specific period, such as price increases or ongoing reforms. To account for the time varying confounding effect of the covariates, we include them in our regressions interacted with time fixed effects.

We estimate the follow econometric model:

$$y_{it} = \gamma_i + \delta_t + \beta \times \text{Intendencia}_{it} + Z'_{it}\psi + \varepsilon_{it} \quad (1)$$

where y_{it} is an outcome of interest in royal treasury i and year t , and γ_i and δ_t are royal treasury and year fixed effects. Intendencia_{it} is an indicator that takes the value of one after an Intendencia is established in the corresponding jurisdiction, covering all the treasuries that fall inside. Our coefficient of interest is β , capturing the average difference in the outcome y_{it} between treasuries in places that adopted Intendencias and treasuries in places that did not adopted Intendencias after the reform, relative to the difference in the outcome between both groups before the reform. ε_{it} represents the error term, which is clustered at the royal treasury and year level. Z'_{it} is a vector of predetermined characteristics interacted with time fixed effects that account for time-varying effects of cross-section differences across treasuries that can bias our coefficient of interest.

Our identification assumption is that, in the absence of the reform, the difference in outcomes between treasuries in places that adopted Intendencias and treasuries in places that did not -or we not yet treated- would not have changed after the implementation period of Intendencias, condi-

tional on the fixed effects and predetermined controls. To validate this assumption, we provide indirect evidence of parallel trends by estimating the difference in outcomes between both groups at each point in time, relative to the period before the adoption of Intendencias, which is omitted. We balance the estimation period +12 and -12 years around the reform. We also group the 12th period, before and after, with periods that go beyond.

Our flexible specification is as follows:

$$y_{it} = \gamma_i + \delta_t + \sum_{t \in \{-12, -2\}} \beta_t \times \text{Intendencia}_i + \sum_{t \in \{0, 12\}} \alpha_t \times \text{Intendencia}_i + Z'_{it} \psi + \varepsilon_{it} \quad (2)$$

To partially validate the parallel trends assumption, the leading point estimates of β_t must remain stable and close to zero. The point estimates of α_t after the reform allow us to examine the dynamics of the reform over the following decade.

4 Results: Fiscal Capacity

In this section, we provide evidence on the effects of the Intendencias reform on fiscal capacity, measured as the revenue raised by royal treasuries.

We begin by exploring the trends in total revenue collection during the 1770-1800 period across treated and untreated treasuries. Figure B6 illustrates the evolution of revenue for the average royal treasury in each group measured in million pesos de ocho. The shaded region indicates the implementation period of the Intendencias reform, between 1783 and 1787. This raw approach to the data suggests that revenue increased in a larger proportion for treated treasuries than for the never treated: while the average revenue for treasuries that never adopted the Intendencias system increased from 0.1 million pesos in 1770 to 0.4 in 1800, treasuries that adopted Intendencias after 1783 exhibited revenue growth from 0.5 million pesos at the beginning of the period to over 1 million pesos after the Intendencia reform.

4.1 Estimation Results

Figure 2 presents the point estimates and 95% confidence intervals for the β_t and α_t coefficients of Equation 2. The dependent variable is the logarithm of total revenue. The point estimates are close to zero before the establishment of an Intendencia and steadily increase after. These effects are visible two years after the reform and are sustained for the rest of the period. Overall, the results suggest that the Intendencias reform led to an increase of approximately 30% (up to 0.3 logarithmic points) in revenue for treasuries that ever adopted Intendencias relative to treasuries that did not adopt Intendencias and relative to the difference in the pre-reform period. This increase in revenue

persists beyond a decade after the adoption of Intendencias. Moreover, given the insignificance and stability of the lead point estimates shown in the figure, we can partially validate the parallel trends assumption required for our identification strategy.

Table 2 shows the results when estimating Equation 1. The table presents the estimates of β under different specifications. Column 1 shows that Intendencia adoption led to an increase in revenue of 0.296 logarithmic points (approximately 30%). This effect is equivalent to 22% of the sample mean ($0.3 \times \ln(718,607)$). We then sequentially include predetermined characteristics interacted with year fixed effects to account for correlates of Intendencia adoption that can have time-varying effects on revenue collection in royal treasuries. Each regression includes royal treasury and year fixed effects. The results do not change with the inclusion of different sets of geographic, location, population, and rebellion controls and, if any, exhibit a larger and more precise effect of the reform on revenue. This result lessens the concern that our estimates are biased by confounders of Intendencia adoption.

4.2 Robustness Checks

We subject our baseline result to different robustness tests in Appendix C. First, we focus on heterogeneous treatment effects, which can bias the coefficients in Equations 1 and 2 when estimated under the two-way fixed effects (TWFE) framework. We first provide the diagnostics in de Chaisemartin and d’Haultfoeuille (2020) to study treatment effect heterogeneity across royal treasuries. We assess the share of negative weights in our research design and the minimum standard deviation of the treatment effects under which the estimated average treatment effect of Intendencia adoption has an opposite sign to the one estimated by TWFE. Column 8 of Table C1 shows that only 8% of the treatment effects have a negative weight and that the required standard deviation in treatment heterogeneity across royal treasuries that changes the sign of the average treatment effects is around 0.3. This suggests that treatment heterogeneity across royal treasuries should be large enough to modify the sign of our estimates under TWFE.

We also show the robustness of our results to alternative estimation procedures for difference-in-difference settings where there is a staggered adoption of the treatment. Figure C1 presents event studies in which we compare our (TWFE) point estimates to those obtained when using four alternative estimators: i) Borusyak et al. (2021), ii) de Chaisemartin and d’Haultfoeuille (2020), iii) Callaway and Sant’Anna (2020), and iv) Sun and Abraham (2019). From this exercise, we observe that, under all the estimators, the positive effect of the Intendencias reform on revenue persists and that the parallel trends assumption can be partially verified. This suggests that our baseline estimates are unlikely to be biased by heterogeneous treatment effects. Moreover, the availability of several never-treated units (e.g. the royal treasuries of Nueva Granada) and the fact

that the treatment status is not reversed further reduce the concerns around this bias.

Second, we show the robustness of our results to changes in the sample composition. Figure C2 shows how the β coefficient in Equation 1 changes when excluding a particular unit, such as a treasury, an Intendencia or an entire Viceroyalty. For each unit exclusion, the effect remains stable and significant. We also check if the results are affected by groups of units with particular characteristics. For instance, the non-adoption of Intendencias in the Viceroyalty of Nueva Granada could be driven by rebellion intensity -as measured by indigenous uprisings- that blocked the reforms in their provinces. Column 4 of Table C1 shows that the results are unaffected when excluding treasuries in rebellious regions of Nueva Granada⁹. Our estimated effects can also be driven by the inclusion of remittance revenue in our total revenue measure. Column 5 of Table C1 shows that the results are robust to focusing only on non-remittance revenue. Finally, we address concerns regarding the effects of the implementation period of Intendencias on revenue collection dynamics. Column 7 of Table C1 shows that the effects are similar when excluding the implementation period in a non-staggered difference-in-differences setting. Focusing on the dates of Intendencia adoption, we provide a randomization inference exercise in which we randomize these dates for each Intendencia or group of Intendencias within a Viceroyalty and estimate the β coefficient of Equation 1 1,000 times. Figure C4 shows that our estimated effect in Table 2 is right to the distribution tails of the random date driven estimates.

Third, we account for the stability of the treatment units to validate the SUTVA assumption. Under this assumption, changes in revenue after the Intendencias reform respond to the individual exposition of treasuries to the Intendencia treatment and not to the previous adoption by other units. This assumption also applies to never-treated treasuries: treasuries in the Viceroyalty of Nueva Granada should not change their revenue collection as a spillover of Intendencia adoption in adjacent treasuries. Even though we can not rule out this possibility, we can cancel out spillovers between treated and not-yet-treated treasuries by aggregating our unit of observation to the Intendencia level. Table C2 presents the β coefficient from Equation 1 when the unit of observation is an Intendencia and year and revenue is summed across the treasuries within an Intendencia jurisdiction. The table suggests that the sum of revenue in the average Intendencia increased after the reform by approximately 30%. This result mimics the result when estimating Equation 1 at the royal treasury level. However, columns 2-5 in Table C2 suggest that accounting for predetermined treasury characteristics leads to larger increases in revenue, up to 50%¹⁰.

⁹We also rule out the effect of previous rebellions in every Intendencia or province by interacting Intendencia adoption with previous rebellions in Column 7 of Table 3.

¹⁰Figure C3 presents an alternative way of aggregating the treasuries in a synthetic control framework. We compare the evolution of revenue in the average Nueva Granada (untreated) treasury and a synthetic Nueva Granada that is built using the group of treated treasuries in the remaining Viceroyalties. We define the treatment period after 1783. The figure illustrates an average difference in revenue collection across both groups after the Intendencias reform of approximately 30%.

Finally, we explore alternative explanations for our results. First, the results could be driven by differences in viceroy performance that lead some Viceroyalties to benefit more from the reforms during given periods of administration. Viceroy performance premiums can also be a response to the authority challenges that Intendants placed on their administrations. Table C1 shows that our estimates are unaffected when including viceroy administration fixed effects (in exchange for year fixed effects). Second, simultaneous reforms within the broad package of Bourbon Reforms could confound the role of the Intendencias in our setting. This is the case of territorial reform with the creation of the Viceroyalty of Rio de la Plata in 1776 and the trade liberalization reform of 1778 that connected the ports across the empire with Spain. We control for both reforms by including a year fixed effect-interacted dummy for treasuries within the jurisdiction of the Viceroyalty of Rio de la Plata and a variable that indicates the distance to the nearest active port (before and after the trade liberalization of 1778) (See Columns 1 and 2 of Table C1)¹¹.

Third, our results could ignore the role of the Intendencia Ordenanzas by the Spanish Crown on revenue collected within the future Intendencias. Due to the time between Ordenanzas and the *de facto* arrival of Intendants, treasuries could anticipate and contaminate the effects of the Intendencia governance. Table C4 includes Intendencia Ordenanza announcements in Equation 1. The table suggests that the effects are driven by the *de facto* arrival of Intendants. Ordenanzas have an imprecise and, if anything, negative effect on revenue collection. Finally, our results could hide changes in reporting practices for the royal treasuries. Table C3 rules out this hypothesis by showing that the reform did not change the counts of missing revenue or expenditure data. More formally, we address this concern by testing for the Benford's Law in our revenue categories. Figure C5 presents event study graphs of Intendencia adoption on the p-value of Benford's Law tests for each 5-year period in a given revenue category. The figures suggest no evidence of changes in data anomalies after the reform.

5 Mechanisms

In this section, we present three mechanisms that explain the operation of the Intendencia reform. First, we show that the reform increased state presence, allowing fiscal capacity gains in places away from major economic and political centers and decreasing reliance on traditional sources of revenue. Second, we show that peninsular and outsider Intendants had a better performance in

¹¹We further investigate the role of both reforms by: i) presenting a difference-in-difference regression that estimates the effects of the creation of the Viceroyalty of Rio de la Plata on revenue and expenditure at the royal treasury level. The treatment is assigned to treasuries within the jurisdiction of the created Viceroyalty after 1776. Table C5 shows that the reform had no effect on revenue or expenditure; ii) presenting a difference-in-difference regression that estimates the effects of trade liberalization on revenue, external trade revenue and expenditure at the royal treasury level. The treatment is assigned to treasuries near the newly opened created ports after 1778. Table C6 shows that the reform had no effect on the fiscal variables.

raising revenue, with sizable returns to experience in the Intendencia office. Third, we show that despite revenue collection financed additional expenses, most of it was diverted towards military and bureaucratic expenses, not to public good provision.

5.1 Revenue Decentralization

The Intendencia reform brought the Colonial state closer to the average inhabitant of the Spanish Empire. Intendants operated in newly assigned Intendencia capitals, which were often previously consolidated provincial economic and administrative centers. Much of these Intendencia capitals remain as heads of the sub-national division of modern former colonies. Intendants played a double role in the colonial government. On the one hand, they disseminated the oversight of the public administration, initially concentrated in four Viceroyalty capitals, across 30 Intendencia all over the empire. This decentralization process allowed a customized engagement of Intendants with the territorial units they governed. On the other hand, Intendants absorbed the duties of Corregidores, which were scattered within provinces and were seldom held accountable by the distant colonial state in the Viceroyalty capitals. The centralization of duties within provinces gave Intendants a sizable amount of sub-national authority.

Figure 3 shows the gains of the reform in terms of state presence. Panel a plots histograms of distances from each royal treasury to Viceroyalty and Intendencia capitals. Before the reform, the nearest administrative center was the Viceroyalty capital, on average 871 km far from the royal treasuries. Some treasuries were even governed from up to 2,000 km - 3,000 km away. With the assignment of Intendencia capitals after the reform, the average distance to these provincial administrative centers averaged 205 km to the royal treasuries. This dramatic fall in the distance to the corresponding administrative center is confirmed by Panel b, showing an event study plot of the β_t and α_t coefficients in Equation 2, using this distance as the dependent variable¹². The plot suggests that this distance fell almost threefold after the reform.

We then test how the increased state presence brought by the reform led to the decentralization of revenue collection. An initial step is to focus on the characteristics of the royal treasuries and their connection to the fiscal apparatus before and after the reform. First, we divide the treasuries into quartiles of fiscal capacity during the years leading to the reform. For each treasury, we average revenue between 1770 and 1782 and take this as a measure of initial fiscal capacity. Treasuries in the first quartile have the lowest initial capacity. Panel a of Figure 4 presents a regression that introduces heterogeneous effects to Equation 1, where the dependent variable is the log of revenue in a treasury and year. We exchange the Intendencia variable for four dummies of initial fiscal capacity quartile interacted with the Intendencia variable. The figure plots the coefficients for

¹²We define the distance to the corresponding administrative center as the distance to the Viceroyalty capital before the reform for every unit and the distance to the Intendencia capital after the adoption of Intendencias.

these interactions, showing that treasuries in the first three quartiles of initial fiscal capacity exhibit higher revenue collection. Table B2 confirms these effects when both interacting the Intendencia variable with a dummy of high previous average taxation -given by the median- and the logarithm of previous average taxation: places with higher fiscal capacity before the reform benefited less from it.

Second, we present a similar exercise in which we divide treasuries by quartiles of distance to the assigned Intendencia capital. Panel b of Figure 4 shows that treasuries that were assigned as or were closer to Intendencia capitals exhibit higher effects from the reforms. This result speaks to the double role of Intendencias in shifting the colonial administration oversight away from the Viceroyalty capitals but also concentrating it around Intendencia capitals. Table B2 shows this effect in both a continuous and discrete form.

The effects of the reform are also driven by gains in non-traditional sources of revenue. First, we consider the economic or political activity of the royal treasuries. Treasuries were located in strategic places, though some were of more importance to the colonial state. Table 3 presents heterogeneous effects of Intendencia adoption by treasury institutional and economic characteristics. Columns 5 and 6 show that the reform was less successful in raising revenue in places with economic importance, such as ports and mining sites. We interpret this finding as a sign of the lack of incentives in these treasuries to increase state capacity due to the constant and extractive nature of the flow of resources that these places secured. Columns 2, 3 and 8 show that the reform had none or negative effects on major political and military centers of the empire, such as Archdioceses, Audiencias and forts, where the church, judges and army forces had higher stakes¹³. This finding has an ambiguous interpretation. On the one hand, the political and military centers had accumulated fiscal capacity before the reforms. On the other hand, these did not rely on fiscal capacity as on other dimensions of state capacity, such as legal capacity. Finally, Column 1 shows that the effects are higher in treasuries that were heads of dioceses. These were sub-divisions of the church where bishops were assigned to congregate the inhabitants. As Intendencia capitals, these places were relevant at the regional level but lacked importance for the colonial state.

Next, we focus on specific sources of revenue within our fiscal data. We exploit the revenue categories suggested by Klein (1999) to shed light on the re-composition of revenue. We split total revenue into its categories and find the share of total revenue accrued to each¹⁴. Table 4 presents

¹³Even though assigned Intendencia capitals were important political centers before the reform, their pre-reform scope was regional and less important for the colonial state. Although insignificant at conventional levels, the heterogeneous effect by Intendencia capital is positive and has a similar magnitude to the one found in Panel b of Figure 4.

¹⁴We use eight categories: Indigenous taxes, which were mostly taxes imposed on each indigenous family head; monopoly taxes, which were collected from the sales of government administered products, such as liquors or lotteries; trade, which were taxes on both internal sales and imports; mining, which was collected from the extraction of minerals and the products required for the extraction itself, such as azogues; officials, which were taxes accrued by the Colonial

the β coefficients from estimating Equation 1 using the revenue shares from a given category as the dependent variable. Columns 2, 3 and 4 confirm the findings discussed above: the reform decreased the reliance on traditional sources of revenue, such as indirect taxation on the economic and extractive activity. In contrast, the reform shifted revenue towards direct taxation, as shown by Columns 1 and 6: taxes on the indigenous population and voluntary or involuntary payments from the creoles to the colonial state increased their importance in the aggregate revenue. This expanded the scope of direct taxation, which was previously centered on colonial bureaucrats and Church officials (See Column 5). The effect on extraordinary and miscellaneous (other) revenue is ambiguous: Despite treasuries being more efficient in enforcing fines and government fees, it is not clear if this supposed a burden on the productive capacity of the state¹⁵.

5.2 Selection and Agency

The Intendencias reform introduced a corps of carefully selected governors. Intendants were held accountable by the Viceroy and the Spanish Crown; in exchange, they had plenty of autonomy to administer the newly defined territories performing a wide range of duties, from revenue collection to the promotion of local economic development and law and order. Moreover, Intendants had indefinite terms; this allowed them to advocate for investments that sustained the empire for the years to come. However, this imposed challenges to the interaction between the new corps and previous governing -and entrenched- local elites. We argue that both the selection of Intendants and the incentive design improved the governance of the sub-national colonial state.

First, we focus on the characteristics of Intendants. We draw on hand-coded biographical data for each Intendant in office since the adoption of the reforms. We exploit time and spatial variation in Intendant characteristics to estimate Equation 1 for each heterogeneous effect. Our exercise replaces the Intendencia variable for interactions between dummies for Intendencias with and without the characteristics in a year and the Intendencia variable. In that sense, we evaluate the collection of revenue in Intendencias with and without the particular Intendant characteristics after the reform.

Figure 5 presents point estimates of both interactions for each characteristic. The figure suggests that Spanish Intendants had a larger effect than non-Spanish in raising revenue in the treasuries that they governed. While Spanish Intendants increased revenue by more than 35%, the ef-

bureaucrats and Church officials on annual wages and office appointments; donativos, which were the equivalent to modern wealth taxation, both voluntary and involuntary, as well as loans; remittances included income collected and transferred from other treasuries; other includes extraordinary and miscellaneous revenue, such as the one collected from fines and fees to the Colonial government.

¹⁵Table B3 replicates these results using the levels of each variable. We observe a similar pattern of shifting towards direct taxation. Even though mining income reports a change of sign to that observed in Table 4, we prefer to show our results in shares since the levels of the categories are not defined in each period.

fect for non-Spanish Intendants is close to 5% and not distinguishable from zero. Also, Intendants without administrative experience as colonial governors (i.e., former provinces or Corregimientos) exhibited a higher performance. We interpret these results as evidence that the better selection of Intendants aligned with the interests of the Spanish Crown and not connected to the local elite and its governance practices was enough to improve fiscal capacity. We can also rule out the importance of other characteristics, such as being a member of the army, the colonial non-administrative bureaucracy or the nobility.

We then turn to the returns to experience within the Intendant administration. Intendants had an indefinite period, which alleviated the incentives to extract the most resources while in office. Moreover, amidst the increasing need for resources that the Spanish Crown faced during the last decades of the 18th century, Intendants had eyes laid on top of them to guarantee the sustainability of the overseas empire. We create a measure of the years of experience that an Intendant accumulates while in office. The average Intendant held office for almost 4 years, but there are cases of Intendants that went up to over 10 years. We translate this measure into dummies of years of experience, ranging from 1 to 6+. We replicate our heterogeneous effects analysis by presenting a regression of the interaction between each experience dummy and the Intendencia variable. Figure 5 presents the point estimates of this regression. It shows that the effects of Intendencia adoption are higher in places governed by Intendants that accumulated more than three years in office. The effect is approximately 40%, double the effect for Intendants with little cumulative experience. Table B4 presents regressions that interact the Intendencia variable with different measures of experience. Columns 4-6 show that the individual heterogeneous effects are negative for Intendants with little experience and large and positive for those with several years in office. This result remains when interacting with cumulative experience. Neither 1st Intendants or provisional Intendants exhibit a performance premium, confirming the importance of the returns to experience.

5.3 Expenditure and Public Good Provision

The sizable effects of the Intendencia reform on revenue collection raise questions about its allocation. Even though the colonial government shipped a share of the profit to Spain, it mainly had to attend the empire's requirements in the Americas. These spanned from military infrastructure and equipment to defend the continental coast and the Caribbean islands, to wages and the broad bureaucratic apparatus. As a first stage, Column 1 of Table 5 confirms that the adoption of Intendencias led to an increase in total expenditure of approximately 40%. Figure B8 validates the parallel trend assumption for this result.

We now study the composition of expenditure. We hand code alternative categories to those proposed by Klein (1999), focusing on three realms of colonial state spending. First, we classify

items into military and non-military spending. Columns 2 and 3 of Table 5 show that while military expenses increased almost two-fold, non-military expenses increased approximately 50%. Second, we classify items into bureaucratic and non-bureaucratic spending. Bureaucratic expenses group wages and administrative expenses of the state. The results in Columns 5 and 6 show that, under an operational lens, the colonial state diverted most of its funds towards its bureaucracy. From a public accounting perspective, when classifying expenditure as current, investment and debt, we observe in Columns 7, 8 and 9 that the effects are driven by additional investment. From these results we can conclude that the Intendencia reform increased the military and bureaucratic budget of the colonial state, part of it aimed to build capacities (investment) rather than to its day-to-day operation.

Despite this strengthening of the state, we do not find evidence that it offered non-defense public good provision, a crucial dimension of state building (Besley and Person, 2011) (See Column 4). Given that public goods is a broad category and that we are using a hand coded classification, we provide a tangible measure of public good provision: colonial postal offices. We define the number of colonial postal offices in each Intendencia and year and estimate Equation 1 at the Intendencia level. Table B5 shows that the adoption of Intendencias had no effect on the number or the logarithm of colonial postal offices.

6 Law and Order and Legitimacy

In this section, we explore additional dimensions of state capacity. We start by studying the ability of the state to maintain law and order as measured by the lack of conflict (Smith, 1755, Weber, 1918, Besley and Person, 2011). We then explore the role of the legitimacy of the state and its ability to preserve consensual agreements with its citizens (Acemlogu and Robinson, 2020). Relevant to our setting, the Intendencia reform affected the interests of the two major groups in the colonial society. On the one hand, the indigenous population, once abused and exploited by Corregidores, had to interact with the authority of the Intendants. On the other hand, the creoles, the major inhabitants of the colonial society, lost many of their privileges and participation in the government amidst the overhauling of the empire. This shift in the balance of power could have heightened tensions with the creoles and affected their sentiment towards the Spanish Crown. We provide two measures to account for the reaction of both the indigenous and creole population to the Intendencia reform.

Sub-national conflict. We first focus on the indigenous groups, who embodied their discontent by promoting uprisings and rebellions against the corregidores. We use our measure of indigenous rebellions in an Intendencia as a dependent variable. We estimate equation 1 and provide the es-

estimates of β in Table 6. Since rebellions were a rare event, we provide three measures of this variable: levels, dummy and logs. Columns 1, 3 and 5 show that the adoption of Intendencias led to a reduction in indigenous rebellions that ranges between 13% and 23%. When controlling for predetermined characteristics interacted with year fixed effects we observe effects that range between 6.5% and 10%. We interpret the reduction in indigenous rebellions as an effect of replacing Corregidores with Intendentes as the main spokespersons upon the indigenous population. However, the mechanism behind this is ambiguous. It can be driven by an improved governance and interaction with the indigenous population or by the deterrent effect of the administrative overhaul.

Naming patterns. Second, we study the response of the creoles to the reform as an indicator of the legitimacy of the colonial state. We measure the sentiment of the creole population towards the crown by analyzing how similar are the naming patterns of newborn children to those of the Spanish bureaucrats, namely viceroys. For each newborn in our dataset in a given year and location, we analyze if the first name of the corresponding current or past Viceroy is included in the newborn's full name. We create a dummy that takes the value of one if the newborn is named after the Viceroy. We estimate equations 1 and 2 at the newborn level using this dummy as the dependent variable and including Intendencia and year fixed effects. Figure 7 presents the point estimates of equation 2. We observe that after the adoption of Intendencias the probability of a newborn being named after a viceroy falls dramatically. Table 7 presents the estimates of equation 1 and shows that this probability fell approximately 8,9 percentage points. This effect corresponds to almost half of the mean of the dependent variable.

We now test for the robustness of this effect. First, Figure 7 verifies the parallel trend assumption by showing the stability of the leading coefficients around zero. Columns 2 to 4 of Table 7 include predetermined characteristics at the location level and newborn sex and name characteristics. Column 5 adds a control for the number of baptisms in a Intendencia and year. The effect is stable across these specifications. Table B5 includes the fully controlled specification but modifies the dependent variable. The result is robust to focusing on the first and exact name of the newborn (Columns 2 and 3) and to omitting common viceroy names (Column 4). Overall, we interpret this reduced sentiment towards the most salient representative of the Spanish Crown after the reforms as a sign of weariness of the colonial state. Key to our setting, the sample of newborns is elite-biased since the creole elites were the most complaint -and interested- groups with baptisms and birth registering at the time. The non-consensual nature of the imposition of the reforms and the displacement of the creole elite from the public administration can be a driving force of this sentiment.

7 Long-run Effects

The years after the Intendencia reform coincided with the demise of the Spanish Empire. During the first decade of the 19th century, the tensions between local creole elites and the colonial administration heightened across the empire, providing a fertile ground for independence movements. At the same time, the constant warfare between the Spanish Crown and the European powers was only exceeded by the French invasion of Spain in 1808, which shook the empire. During this period, the collapse of the fiscal system and the seeds of independence were interwoven. Figure 8 illustrates the shutdown of royal treasuries as measured by their reporting activity during this period: the share of active treasuries in 1800 fell to under 50% in the Viceroyalties of Rio de la Plata, Nueva España and Nueva Granada at the same time that the first independence attempts were taken. Altogether with our results on the growing animosity towards the Crown, these pieces shed light on the critical political juncture that was developing at the time.

It is likely that these elements conditioned the fate of the newly independent republics that were established during the following decades. Focusing on the fiscal system, the overhaul to the Colonial government after the Intendencias reform and its effects on fiscal capacity could have long lasting consequences on the former colonies. In this section, we take a look at the long-run impact of the reform using i) sub-national fiscal data, ii) survey responses from modern states in Latin America, and iii) satellite night light images. Taking a look at these effects allows us to understand modern patterns of local taxation, attitudes towards taxation and economic activity. Figure B11 presents the geographic distribution of our tax and survey data.

We estimate the following regression model:

$$y_{n,m,g,i,r,c} = \beta \Delta \text{Log}(\text{Intendencia Income})_i + \alpha \text{Log}(\text{Dist. to Nearest Treasury}) + \gamma_c + \psi X_{n,m,g,i} + \varepsilon_{n,m,g,i,r,c}$$

where n is an individual, m is a municipality, g a grid cell, i an Intendencia, r a region, and c a country. y is one of the following long-run outcomes: i) $\text{Log}(\text{Per Capita Tax Revenue})_{m,i,r,c}$, ii) $\text{Tax Evasion Approval}_{n,m,i,r,c}$, and iii) $\text{Log}(\text{Night Lights})_{g,i,r,c}$. Our variable of interest is $\Delta \text{Log}(\text{Intendencia Income})_i$: the logarithmic difference between the average treasury income of an Intendencia after and before the reform¹⁶. β indicates the correlation between the change in revenue collection after the reform in an Intendencia and the outcome defined for the municipality, individual or grid cell that belongs to the historical Intendencia jurisdiction. Our specification controls for $\text{Log}(\text{Dist. to Nearest Treasury})_i$, geographic, location, population, and individual -for individual level regressions- characteristics, and pre-reform average treasury revenue in an Intendencia. We include country fixed effects for all regressions and wave fixed effects for the survey

¹⁶This variable is defined for Intendencias in which at least one treasury has revenue data before or after the reform.

data. We cluster standard errors at the modern region level. We also provide a regression in which the variable of interest is only $\text{Log}(\text{Dist. to Nearest Treasury})_i$. We restrict our analysis to places in which Intendencias were adopted.

Table 8 presents the results. Columns 1 and 2 focus on modern fiscal data across the former colonies. First we test the relationship between the distance to the nearest royal treasury and municipal tax collection today. Column 1 shows that places far away from the colonial fiscal apparatus collect less revenue today. Accounting for this relationship, Column 2 estimates the effect of the change of revenue around the Intendencia adoption on modern taxation. This relationship is negative and significant, indicating that places that were subject to higher fiscal capacity around the reforms are places that collect less tax revenue today. Columns 3 and 4 replicate this analysis for attitudes towards taxation, as measured by the survey answer to the approval of tax evasion. The results suggest that higher revenue collection after the reforms is associated with a weak tax morale today. Finally, Columns 5 and 6 focus on night lights as a measure of economic activity. The results indicate that places with larger fiscal capacity after the reform exhibit more night lights today.

Taken together, these results are suggestive of a long-run erosion of local fiscal capacity and tax morale in localities most impacted by the reforms, pointing to the economic and cultural persistence of low tax collection and morale. These patterns are not incompatible with a story of initial extraction that enabled higher long-run growth.

8 Conclusions

We study the impact of one of the most ambitious efforts at administrative reform in the colonial world on state capacity. Focusing on the cornerstone of the Bourbon Reforms, the Intendencia system, we find that the renewed corps of provincial governors led to a sizable increase in fiscal capacity as measured by public revenue and a decrease in conflict, suggesting an increase in law and order. These findings are driven by a stronger state presence in areas far from the traditional economic and political centers of power and changes in selection and incentives for the Intendants that disrupted the local elite capture. Despite these effects, we document an increased creole antipathy towards the Crown amidst the collapse of the Spanish Empire.

These elements, combined with the independence efforts of the early 19th century, suggest that the Bourbon Reforms lead to a more capable, yet unsustainable, state. It is likely that these patterns of state building were inherited by the newly created republics after independence and persisted in the long-run. We find suggestive evidence of an economic and cultural persistence of low tax collection and morale in places that were subject to more revenue collection after the reforms. This finding is consistent with views emphasizing the importance of consensual/reciprocal state

building for development.

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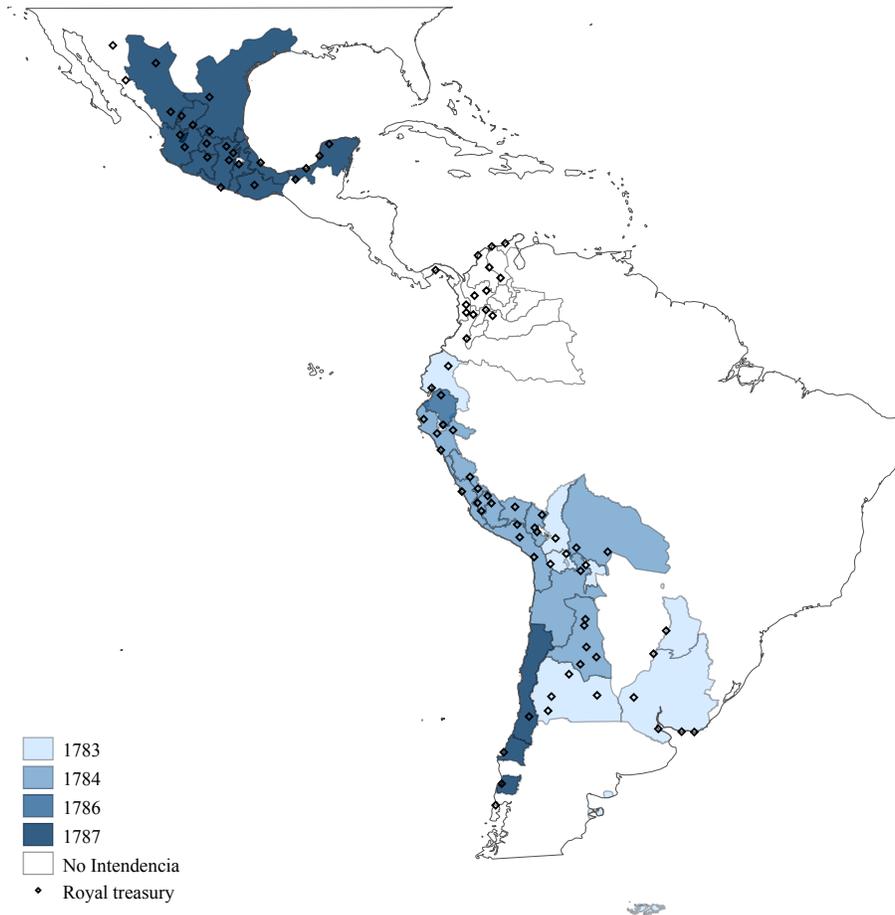
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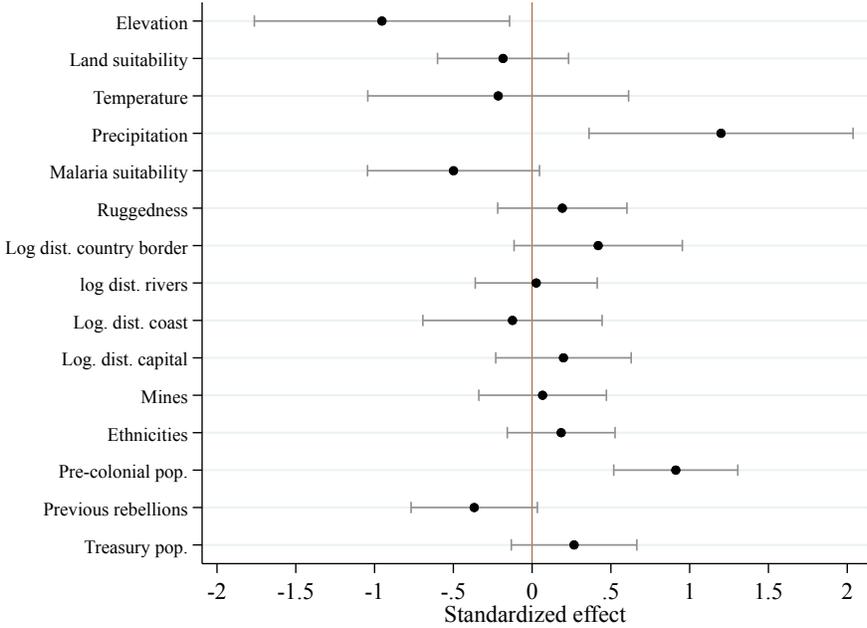
Figures and Tables

Figure 1: Treasury location and timing of Intendencia establishment

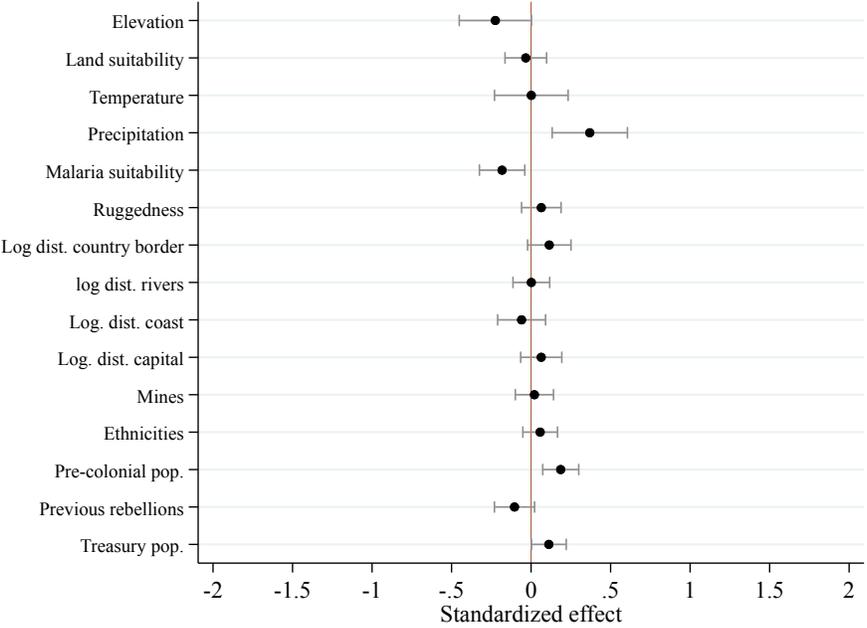


Notes: The figure presents the geographical extent of each Intendencia along with Royal Treasury locations across Latin America. It also displays the date in which each Intendencia was established. The Colombian territory of the viceroyalty of Nueva Granada was not subject to Intendencias and thus its provinces are displayed.

Figure 2: The timing of Intendencia establishment and locational fundamentals



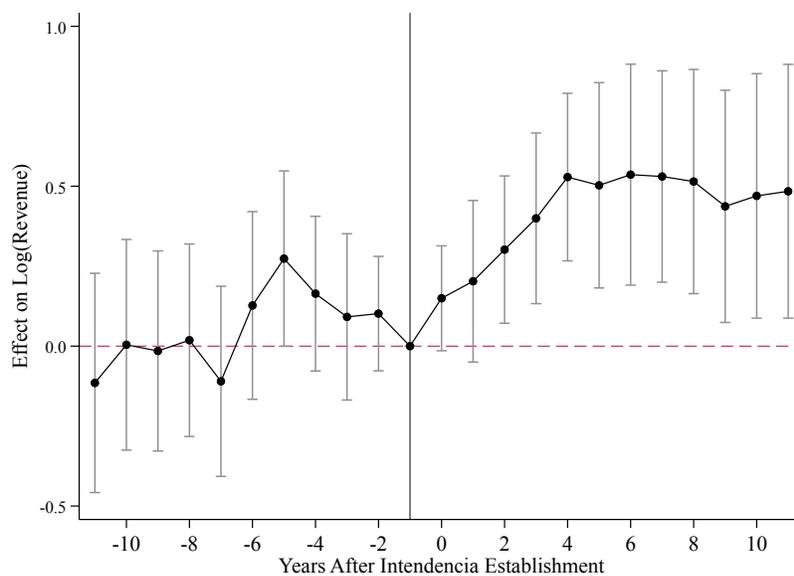
(a) Year of adoption



(b) Late adopter

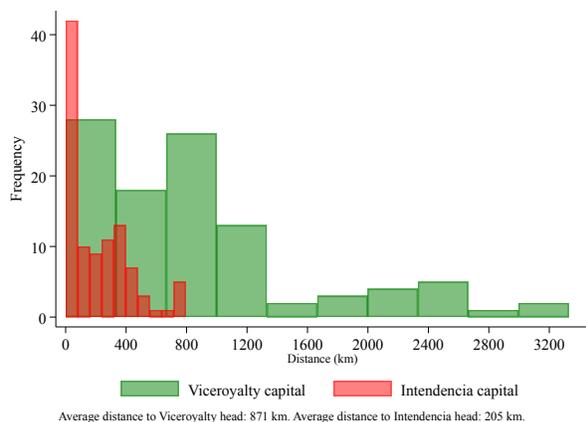
Notes: The figures present OLS estimates of the timing of Intendencia establishment on locational fundamentals at the royal treasury level. Year of adoption corresponds to the year the Intendencia to which a given treasury belongs was established. Late adopters is an indicator that takes the value of one for royal treasuries whose Intendencias were established in 1786 or 1787.

Figure 3: Intendencias and Fiscal capacity

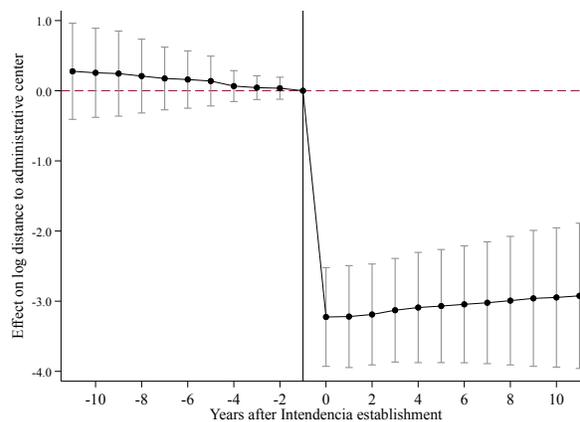


Notes: The figure presents event study estimates of Intendencia establishment on the logarithm of revenue for the royal treasuries. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls.

Figure 4: Intendencias and Distance to Administrative Centers



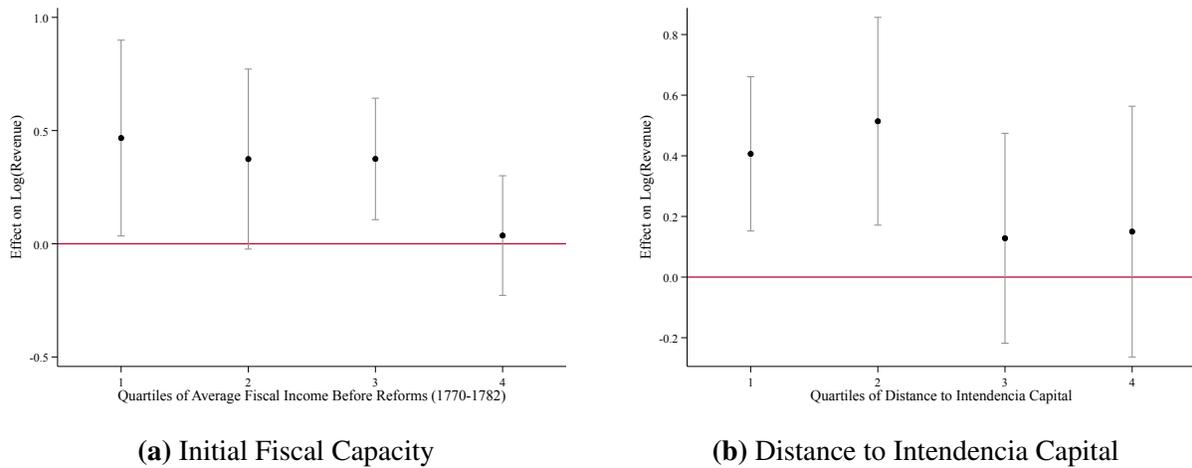
(a) Distance Histograms



(b) Event Study

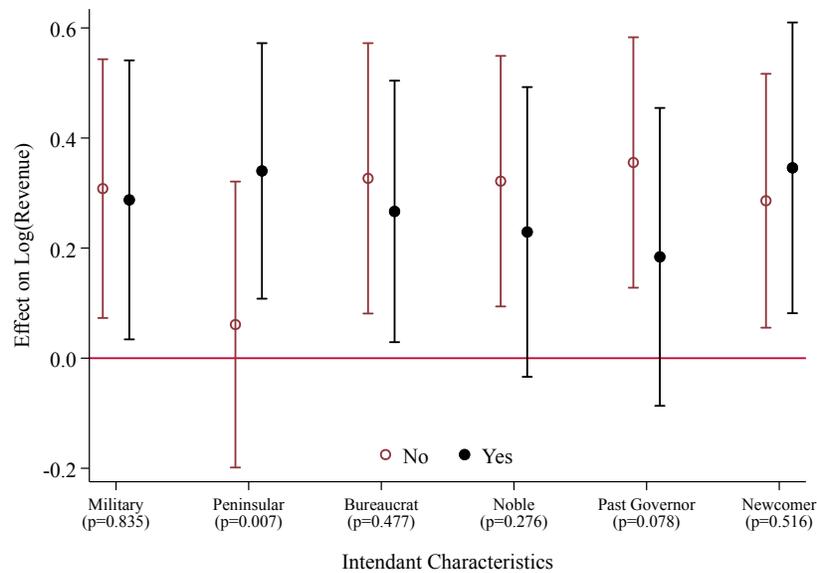
Notes: The left figure presents the histograms of distances from royal treasuries to Viceroyalty and Intendencia capitals. The figure on the right presents event study estimates of Intendencia establishment on the logarithm of the distance to the corresponding administrative center for the royal treasuries. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls.

Figure 5: Intendencias and Fiscal Capacity, Revenue Decentralization



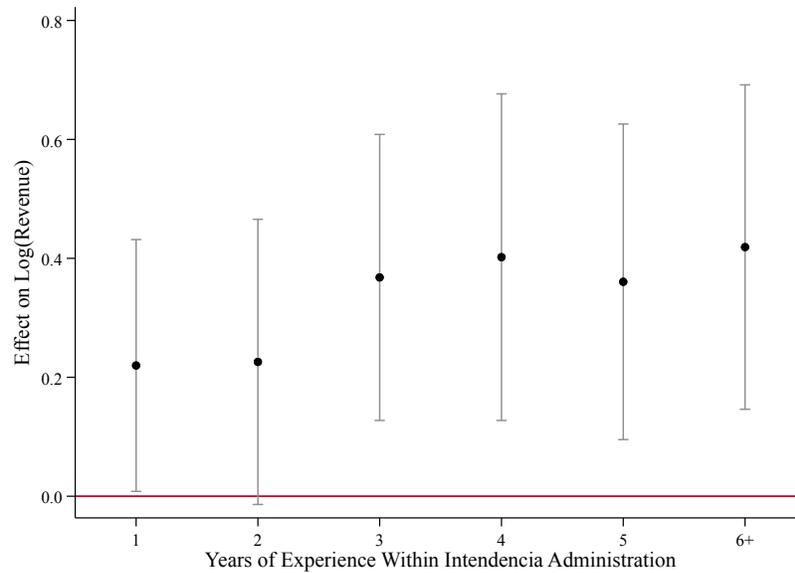
Notes: The figures present regressions of dummies of initial revenue or distance to Intendencia capital quartiles interacted with Intendencia establishment on the logarithm of revenue at the royal treasury level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls.

Figure 6: Intendencias and Fiscal Capacity, Intendant Characteristics



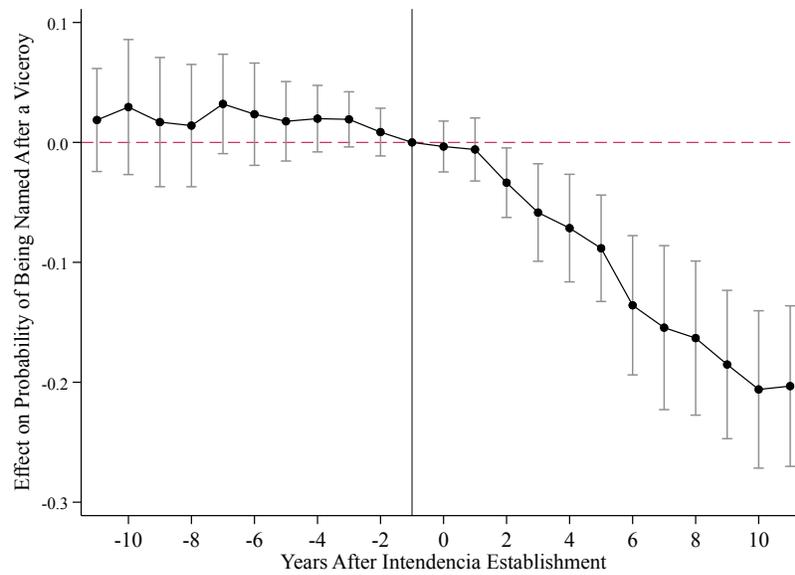
Notes: The figure presents difference in difference estimates of Intendencia establishment on the logarithm of revenue for the royal treasuries. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. The table compares the difference between Intendencias with or without a given intendant characteristic.

Figure 7: Intendencias and Fiscal Capacity, Intendant Experience in Office



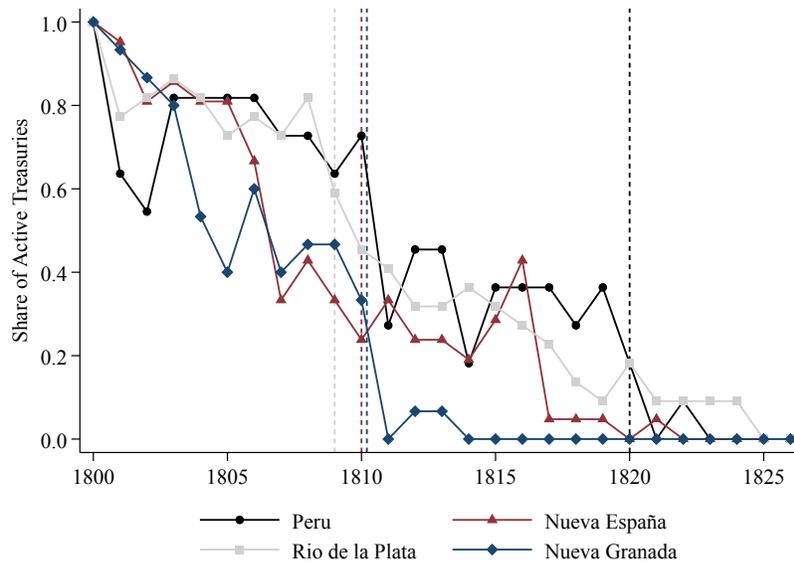
Notes: The figure presents difference in difference estimates of Intendencia establishment interacted with dummies of intendant experience in office on the logarithm of revenue and expenditure at the royal treasury level in a horserace regression. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls.

Figure 8: Intendencias and Viceroy Naming Patterns



Notes: The figure presents event study estimates of Intendencia establishment on the probability of being named after a Viceroy at the individual level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. Standard errors are clustered at the Intendencia level.

Figure 9: Shutdown of Treasuries During the Early 1800s, by Viceroyalty



Notes: The figure presents the share of active treasuries in each viceroyalty. The share is calculated relative to active treasuries in each viceroyalty in 1800. Dashed lines indicate corresponding independence first attempts.

Table 1: Summary Statistics

	Mean	SD	N
	(1)	(2)	(3)
<i>Panel A: Intendencia Adoption</i>			
Intendencia (treatment) (=1)	0.412	0.492	2490
Year of Intendencia adoption	1784.897	1.673	2040
<i>Panel B: Fiscal Revenue</i>			
<i>Varying by treasury and year</i>			
Total Revenue (thousand pesos de ocho)	504.449	2176.152	1950
Sh. Indigenous (%)	0.138	0.203	1950
Sh. Monopolies (%)	0.128	0.165	1950
Sh. Trade (%)	0.220	0.225	1950
Sh. Mining (%)	0.186	0.275	1950
Sh. Officials (%)	0.058	0.100	1950
Sh. Donativos (%)	0.015	0.054	1950
Sh. Other (%)	0.127	0.213	1950
Sh. Remittances (%)	0.132	0.239	1959
<i>Panel C: Institutions and Economic Activity</i>			
<i>Varying by treasury</i>			
Diocese (=1)	0.145	0.354	83
Archdiocese (=1)	0.024	0.154	83
Audiencia (=1)	0.060	0.239	83
Intendencia Capital (=1)	0.217	0.415	83
Port (=1)	0.048	0.215	83
Mining (=1)	0.120	0.328	83
Fort (=1)	0.072	0.261	83
Distance to Viceroyalty Capital (km)	850.313	750.862	83
Distance to Intendencia Capital (km)	200.890	215.640	83
<i>Panel D: Intendant Characteristics</i>			
<i>Varying by treasury and year</i>			
Militar (=1)	0.256	0.436	2490
Spanish (=1)	0.376	0.484	2490
Past bureaucrat (=1)	0.193	0.395	2490
Noble (=1)	0.136	0.343	2490
Past governor (=1)	0.152	0.359	2490
First time in America (=1)	0.071	0.257	2490
<i>Panel E: Sub-national Conflict</i>			
<i>Varying by Intendencia and year</i>			
Number of indigenous uprisings	0.108	0.436	1200
<i>Varying by Intendencia</i>			
Number of indigenous uprisings (1700-1782)	19.900	34.147	40
<i>Panel F: Naming Patterns</i>			
<i>Varying by individual and year</i>			
Named after a viceroy (=1)	0.180	0.384	775196
Sex (male=1)	0.502	0.500	755014
Undefined record source (=1)	0.482	0.500	775163
Church baptism record (=1)	0.498	0.500	775163
Number of word in name	2.792	1.179	775163

Table 2: Intendencias and Fiscal Capacity

	Dependent Variable: Log(Revenue)				
	(1)	(2)	(3)	(4)	(5)
Intendencia	0.296** (0.114)	0.371*** (0.134)	0.355** (0.153)	0.319** (0.152)	0.327** (0.154)
Mean Dep. Variable	718,607	718,607	718,607	718,607	718,607
R Squared	0.938	0.944	0.948	0.951	0.952
Observations	1959	1959	1959	1959	1959
Treasuries	79	79	79	79	79
Treasury FE	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓
Geographic controls		✓	✓	✓	✓
Locational controls			✓	✓	✓
Population controls				✓	✓
Rebellion controls					✓

Notes: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. The table presents difference in difference estimates of Intendencia establishment on the logarithm of revenue at the royal treasury level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. Geographic controls are a set of time dummies, each interacted with elevation, land suitability, temperature, precipitation, malaria suitability, and ruggedness. Locational controls include log distance to country border, log distance to rivers, and log distance to the coast. Population controls include the number of ethnicities and the log of population density in 1492. Rebellion controls include the number of rebellions in the corresponding Intendencia before 1783. Clustered standard errors at the royal treasury level in parenthesis. The mean of the dependent variable is reported in levels.

Table 3: Intendencias and Fiscal Capacity, Treasury Characteristics

	Dependent Variable: Log(Revenue)							
	Heterogeneous Effect (Het.)							
	Diocese (1)	Archdiocese (2)	Audiencia (3)	Int. Capital (4)	Port (5)	Mining (6)	Rebellions (7)	Forts (8)
Intendencia	0.183 (0.120)	0.305** (0.117)	0.301** (0.121)	0.185 (0.140)	0.334*** (0.122)	0.375*** (0.119)	0.337** (0.130)	0.294** (0.121)
Intendencia x Het.	0.382** (0.155)	-0.116 (0.115)	-0.028 (0.109)	0.222 (0.142)	-0.205* (0.112)	-0.242 (0.164)	-0.004 (0.006)	0.013 (0.139)
Mean Dep. Variable	718,607	718,607	718,607	718,607	718,607	718,607	718,607	718,607
R Squared	0.939	0.938	0.938	0.939	0.938	0.939	0.938	0.938
Observations	1959	1959	1959	1959	1959	1959	1959	1959
Treasuries	79	79	79	79	79	79	79	79
P-value sum of coefs.=0	0.001	0.133	0.024	0.002	0.273	0.424	0.010	0.036
Treasury FE	✓	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓	✓	✓

Notes: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. The table presents heterogeneous difference in difference estimates of Intendencia establishment on the logarithm of revenue at the royal treasury level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoros were not subject to intendencias and thus are pure controls. Clustered standard errors at the royal treasury level in parenthesis. The heterogeneous effects is defined by different predetermined treasury characteristics in each column. The mean of the dependent variable is reported in levels.

Table 4: Intendencias and Fiscal Capacity, Revenue Sources (Shares)

	Dependent Variable: Share of Revenue From							
	Indigenous (1)	Monopolies (2)	Trade (3)	Mining (4)	Officials (5)	Donativos (6)	Other (7)	Remittances (8)
Intendencia	0.033* (0.018)	-0.027 (0.028)	-0.051** (0.021)	-0.022 (0.025)	-0.033* (0.019)	0.011* (0.006)	0.049* (0.029)	0.038 (0.035)
Mean Dep. Variable	0.138	0.128	0.220	0.186	0.058	0.015	0.127	0.132
R Squared	0.772	0.645	0.724	0.832	0.403	0.183	0.490	0.555
Observations	1950	1950	1950	1950	1950	1950	1950	1959
Treasuries	79	79	79	79	79	79	79	79
Treasury FE	✓	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓	✓	✓

Notes: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. The table presents difference in difference estimates of Intendencia establishment on the share of revenue from a given source at the treasury level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. Clustered standard errors at the royal treasury level in parenthesis.

Table 5: Intendencias and Expenditure

	Dependent Variable: Log(Expenditure)								
	Total	Military		Public goods	Operation		Public accounts		
		Military	Non-military		Bureaucracy	Non-Bureaucracy	Current	Investment	Debt
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Intendencia	0.396*** (0.125)	1.701** (0.768)	0.526*** (0.129)	1.132 (0.725)	1.252*** (0.324)	0.384 (0.277)	0.378 (0.233)	1.685* (0.898)	0.091 (0.597)
Mean Dep. Var. (thousands)	700	254	445	18	140	559	622	62	16
R Squared	0.913	0.719	0.882	0.522	0.631	0.641	0.670	0.494	0.538
Observations	1937	1937	1937	1937	1937	1937	1937	1937	1937
Treasuries	79	79	79	79	79	79	79	79	79
Treasury FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓

Notes: * p<0.1, ** p<0.05, *** p<0.01. The table presents difference in difference estimates of Intendencia establishment on the logarithm of expenditure outcomes at the royal treasury level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. The mean of the dependent variable is reported in levels. Clustered standard errors at the royal treasury level in parenthesis.

Table 6: Intendencias and Indigenous Rebellions

	Dependent Variable: Indigenous Rebellions					
	Number		Dummy		Log	
	(1)	(2)	(3)	(4)	(5)	(6)
Intendencia	-0.225*** (0.053)	-0.086 (0.064)	-0.152*** (0.033)	-0.101** (0.049)	-0.131*** (0.029)	-0.065* (0.038)
Mean Dep. Variable	0.108	0.108	0.080	0.080	0.065	0.065
R Squared	0.226	0.492	0.284	0.544	0.265	0.534
Observations	1200	1200	1200	1200	1200	1200
Intendencias	40	40	40	40	40	40
Intendencia FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Full controls		✓		✓		✓

Notes: * p<0.1, ** p<0.05, *** p<0.01. The table presents difference in difference estimates of Intendencia establishment on rebellions at the Intendencia level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. Provinces within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. Standard errors are clustered at the Intendencia Level. Full controls include geographic, locational, population, and rebellion controls.

Table 7: Intendencias and Viceroy Naming Patterns

	Dependent Variable: Named After Viceroy (=1)				
	(1)	(2)	(3)	(4)	(5)
Intendencia	-0.089* (0.046)	-0.087* (0.044)	-0.087* (0.044)	-0.072* (0.038)	-0.068* (0.035)
Mean Dep. Variable	0.187	0.187	0.187	0.187	0.187
R Squared	0.061	0.062	0.089	0.097	0.097
Observations	720591	720591	720591	720591	720591
Intendencias	36	36	36	36	36
Treasury FE	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓
Geographic controls		✓	✓	✓	✓
Locational controls		✓	✓	✓	✓
Population controls		✓	✓	✓	✓
Rebellion controls		✓	✓	✓	✓
Sex			✓	✓	✓
Name controls				✓	✓
Baptisms					✓

Notes: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. The table presents difference in difference estimates of Intendencia establishment on a dummy signaling if the name of a viceroy appears in the name of an individual at the individual level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. The pool of names to which a match is tested is built using the names of all current and previous Viceroys at the jurisdiction in which an individual was born. Geographic controls include elevation, land suitability, temperature, precipitation, malaria suitability, and ruggedness. Locational controls include log distance to country border, log distance to rivers, and log distance to the coast. Population controls include the number of ethnicities and the log of population density in 1492. Rebellion controls include the number of rebellions in the corresponding Intendencia before 1783 interacted with time dummies. Name controls include register category, register availability and number of words in name. Baptisms are measure in each Intendencia and year. Clustered standard errors at the Intendencia level in parenthesis.

Table 8: Long-Run Effects of Fiscal Capacity Around Intendencia Establishment

	Dependent Variable:					
	Log(Municipal Tax Per Capita)		Tax Evasion Approval		Log(Night Lights)	
	(1)	(2)	(3)	(4)	(5)	(6)
Δ Log(Intendencia Income)		-0.553** (0.233) [-0.135]		0.187* (0.110) [0.038]		0.145*** (0.025) [0.090]
Log(Dist. to Nearest Treasury)	-0.261*** (0.059) [-0.130]	-0.237*** (0.048) [-0.122]	0.029** (0.013) [0.026]	0.040*** (0.013) [0.037]	-0.355*** (0.014) [-0.372]	-0.377*** (0.014) [-0.403]
Mean Dep. Variable	85.319	94.247	1.000	1.000	1.301	1.234
R Squared	0.391	0.550	0.052	0.052	0.314	0.321
Observations	4095	3343	68857	56003	11262	10734
Observation Level	Municipality	Municipality	Individual	Individual	Grid Cell	Grid Cell
Country FE	✓	✓	✓	✓	✓	✓
Geographic Controls	✓	✓	✓	✓	✓	✓
Locational Controls	✓	✓	✓	✓	✓	✓
Population Controls	✓	✓	✓	✓	✓	✓
Individual Controls			✓	✓		
Log(Intendencia Income)Pre		✓		✓		✓

Notes: * p<0.1, ** p<0.05, *** p<0.01. The table presents OLS estimates of log per capita tax income in 2015, tax evasion acceptance and log average night lights between 1992 and 2013 on fiscal income around Intendencia establishment and distance to the nearest royal treasury at the municipal, individuals in a municipality and grid cell levels. Municipalities and grid cells are linked to their corresponding Intendencia jurisdiction, which aggregates fiscal data by taking the average values of the treasuries under its domain. Included countries are Bolivia, Chile, Ecuador, Peru, and Mexico. Geographic controls are elevation, land suitability, temperature, precipitation, malaria suitability, and ruggedness. Locational controls are the log distance to country border, log distance to rivers, and log distance to the coast. Population controls include number of ethnicities and pre-colonial population. Individual controls include age and age squared. Clustered standard errors at the modern regional level in parenthesis. Beta coefficients in brackets.

A Data Appendix

A.1 Fiscal Data and Variables

Sources. We retrieved fiscal data for the royal treasuries from different sources. We first used digitized raw text files based on Tepaske and Klein (1980). We draw the data for the Viceroyalties of Peru, Nueva España and Rio de la Plata and the item codes from the History Data Desk provided by Richard Garner’s website. We retrieved the data for Ecuador (which was part of the Viceroyalty of Nueva Granada) from the Caja Real Project of Colmex. To cross-validate the data, we also rely on the original copies of Tepaske and Klein (1982) (See Figure A1a). Finally we retrieved the data for the rest of the Viceroyalty of Nueva Granada (which corresponds to modern Colombia) from spreadsheets in the appendix of Pinto (2016) at the Instituto Colombiano de Antropología e Historia (ICANH). Data for the royal treasury of Caracas is retrieved from Pinto (2018).

Data construction. We start with raw/spreadsheet files that include fiscal item data across a given period for each of 85 royal treasuries. To assemble the fiscal data we follow these steps:

1. Hand-check each raw file and item for digitizing errors, typos or tab misalignments. We also cross-validated potential inconsistencies with the original copies of the Tepaske and Klein (1980) project. For treasuries in Ecuador and Nueva Granada, we standardize the raw files to a comparable format to that of the rest of treasuries.
2. Harmonize item values into a single currency (pesos de ocho). When items are presented in pesos ensayados, we convert them to pesos de ocho using the following formula: 1 peso ensayado = 1.6544 pesos de ocho. When items are only presented in pesos de oro we convert them to pesos de oro using the following formulas: 1 peso de oro = 2.0441 pesos de ocho between 1500 and 1612, 2.1177 pesos de ocho between 1613 and 1642, 2.5 pesos de ocho between 1643 and 1688, 3.125 pesos de ocho between 1689 and 1724, and 3.1 pesos de ocho until 1800.
3. Re-estimate total values accounting for currency conversion.
4. Harmonize reported date combinations. Raw data for each item covered different time periods within and across royal treasuries. Using start and end month-year combinations, we first identify annual items that cover the January-December period. Then we turn to items that cover alternative month-year combinations. These could be within the same year (e.g. February to June 1784) or covering more than a year (May 1772 to November 1773). For the latter, we split total item values (V) into the number of months spanned (m) and replace

them for monthly item values (V/m) with corresponding years. For instance, an item that spans May 1772 to November 1773 and has a value of 100 spans 20 months. This item is divided into 20 monthly items with a value of 5 each. 9 of them will correspond to 1772 (adding a value of 45 to the sum of that year) and 11 to 1773 (adding a value of 55 to the sum of that year). After items cover periods within the same year, we can find the item sum by year.

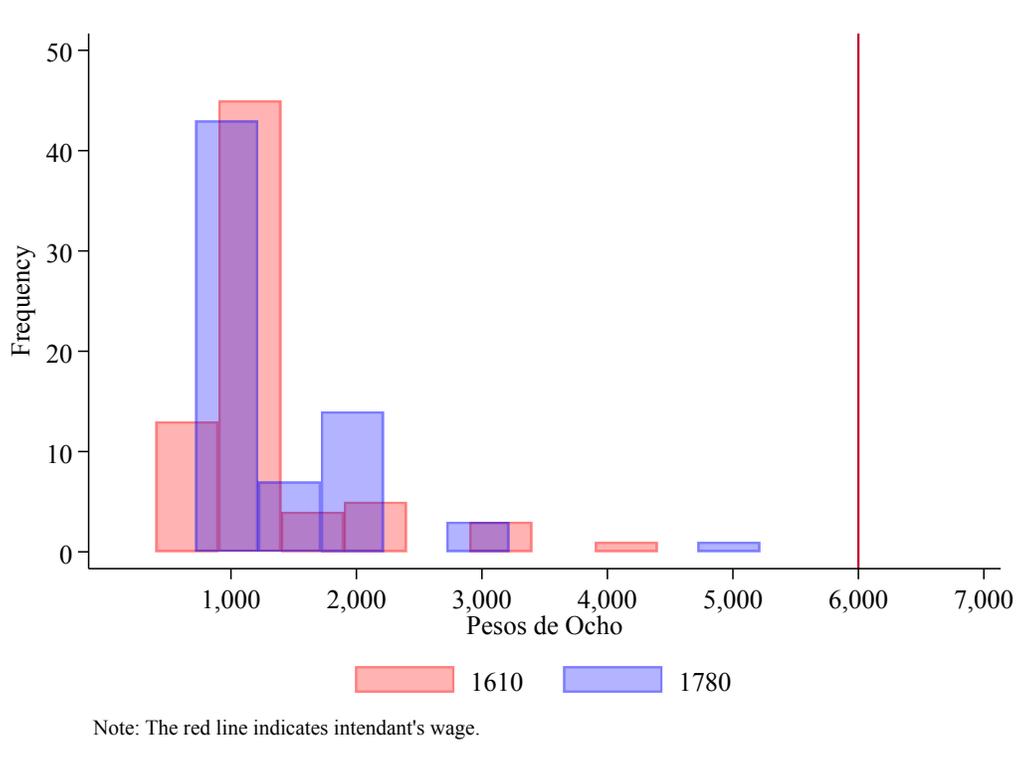
5. Match item codes in the raw files from Tepaske and Klein (1982) to the item categories provided by Klein (1998). For items not found in Klein (1998), the treasuries of Ecuador and the data from Pinto (2016) for Nueva Granada we hand coded all items to mimic the categories from Klein (1998).
6. Aggregate annual item values into revenue and expenditure categories.

Variables

Total revenue: the log of the sum of revenues from indigenous, monopoly, trade, and mining taxes, taxes on church and royal officials, voluntary taxes (donativos), miscellaneous income, and other revenue. We follow Mesiel (2011) and Klein (1998) and exclude non revenue categories such as carryover funds from previous years, uncollected debts, deposits and advances, and specie/products stored in the treasury.

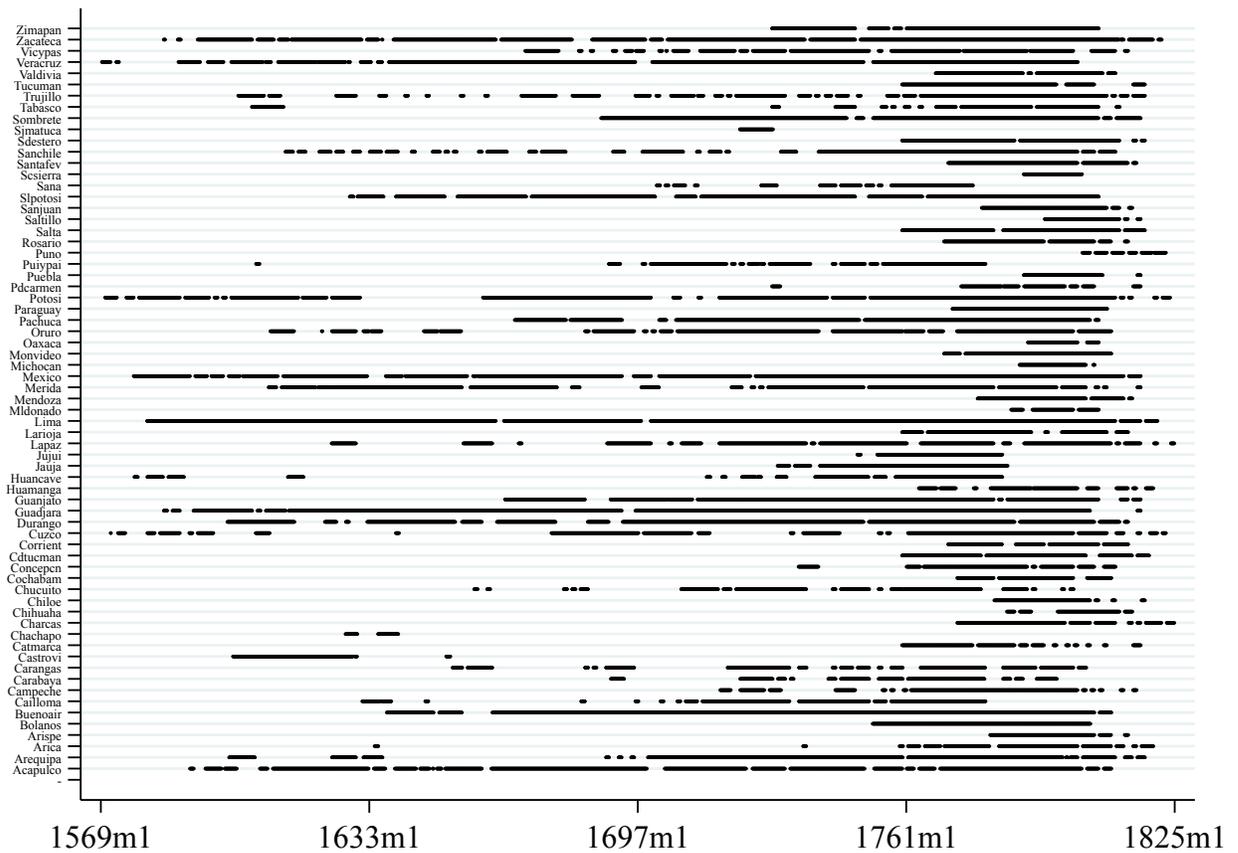
B Additional Figures and Tables

Figure B1: Corregidores' Wages Over Time



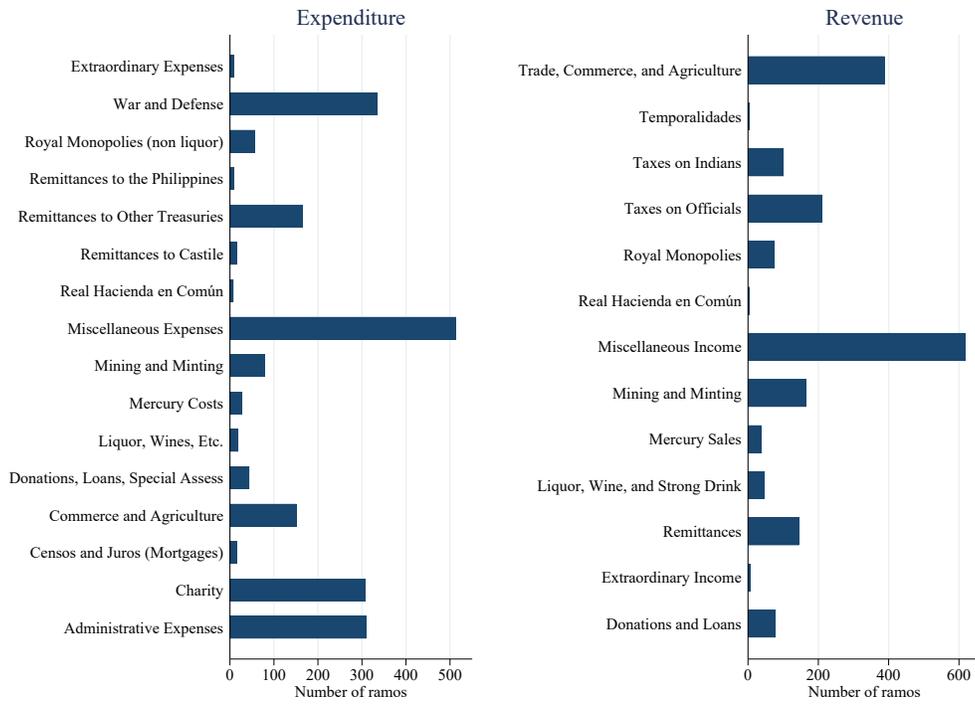
Notes: The figure presents the distributions of corregidores' wages in 75 corregimientos in Peru between 1610 and 1780. Source: Moreno (1977). All wages were converted to pesos de ocho.

Figure B2: Fiscal Accounts During the Colonial Period For Each Royal Treasury



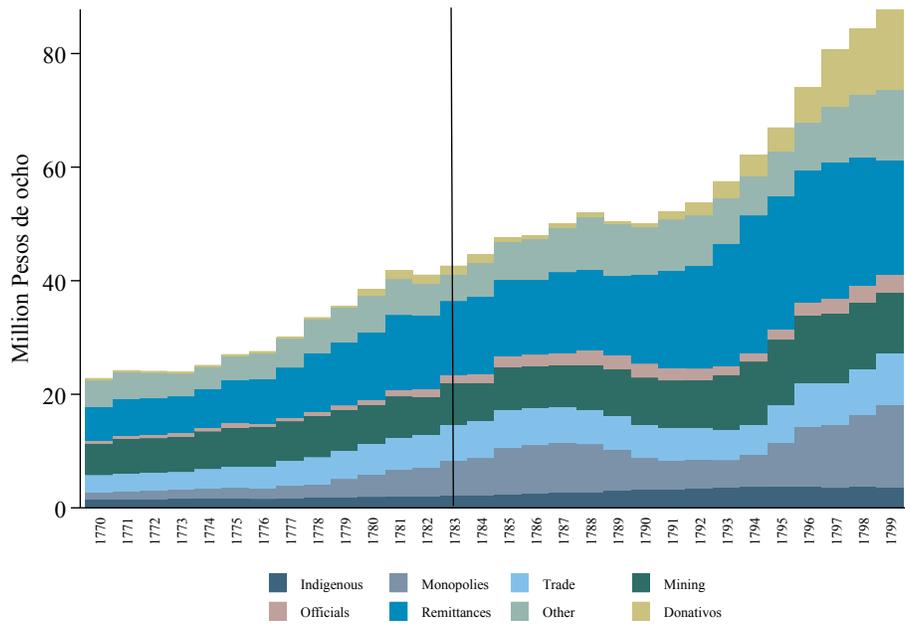
Notes: The figure presents the fiscal data availability for the royal treasuries between 1569 and 1825.

Figure B3: Unique Fiscal Items From the Royal Treasury Accounts

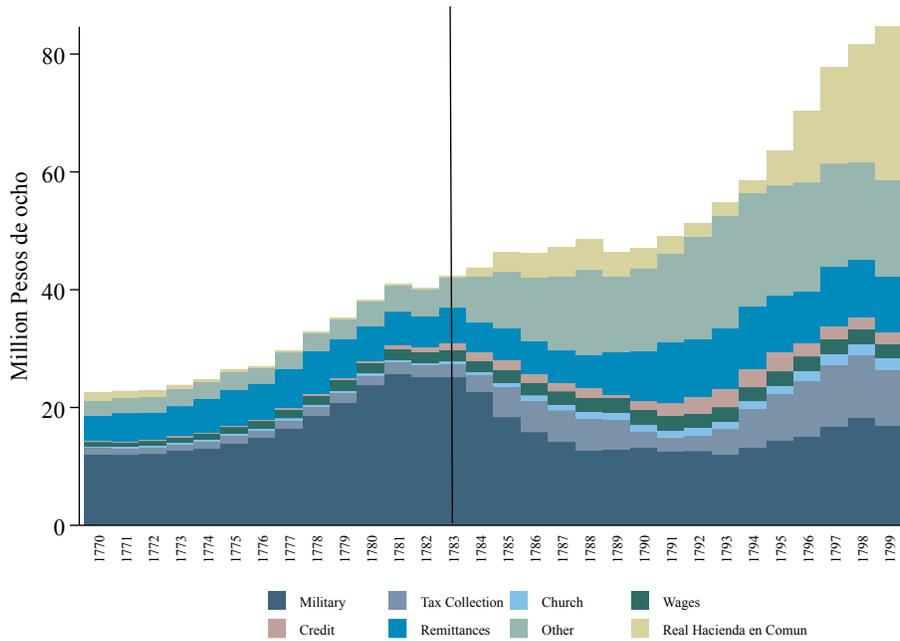


Notes: The figure presents unique items (*ramos*) in our dataset grouped by revenue or expenditure category.

Figure B4: Revenue and Expenditure During the Late Spanish Empire



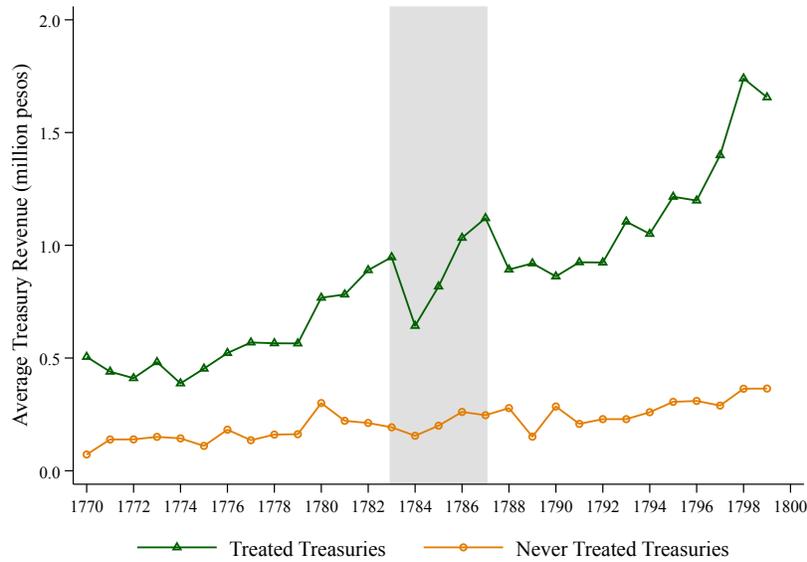
(a) Revenue



(b) Expenditure

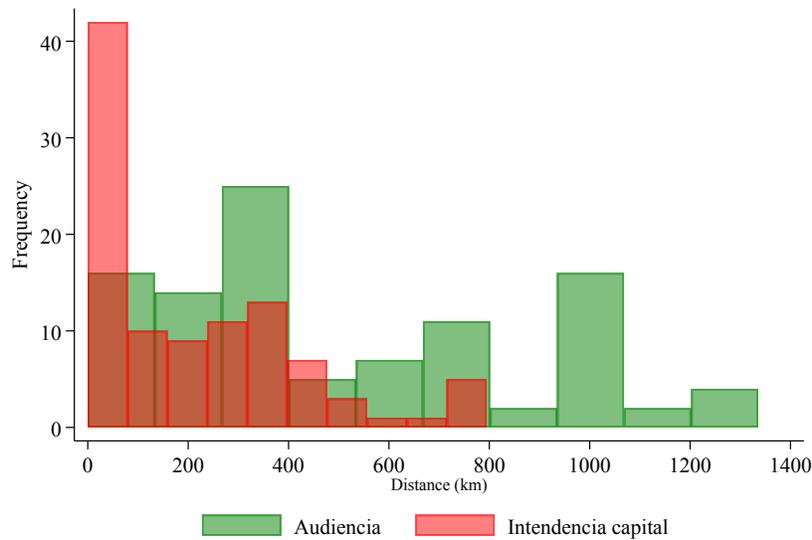
Notes: The figure presents the evolution of revenue and expenditure categories for the 85 royal treasuries across the Spanish Empire between 1770 and 1800. We follow the categories proposed by Klein (1999)

Figure B5: Average Treasury Revenue by Treatment Status



Notes: The figure presents the evolution of total revenue for treated and never treated treasuries across the Spanish Empire between 1770 and 1800.

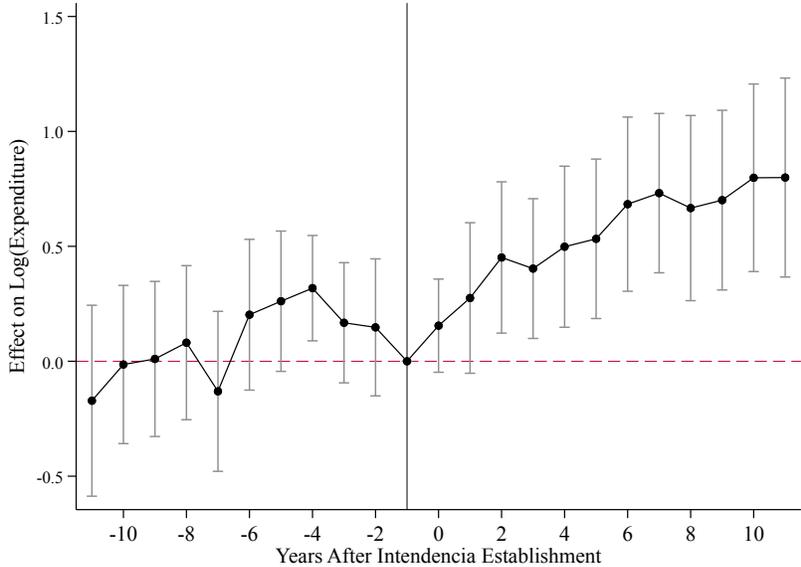
Figure B6: Distance to Audiencia and Intendencia Capitals



Average distance to audiencia head: 502 km. Average distance to Intendencia head: 205 km.

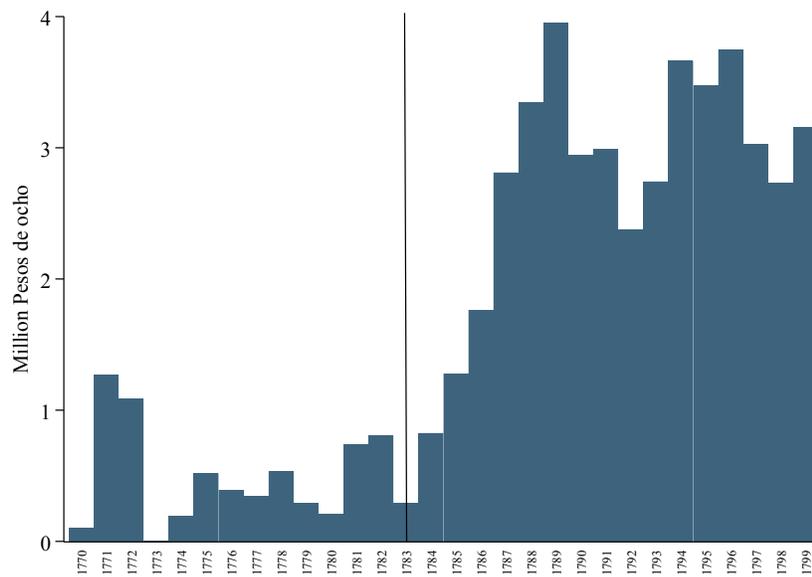
Notes: The figure presents the histograms of distances from royal treasuries to Audiencia and Intendencia capitals.

Figure B7: Intendencias and Expenditure



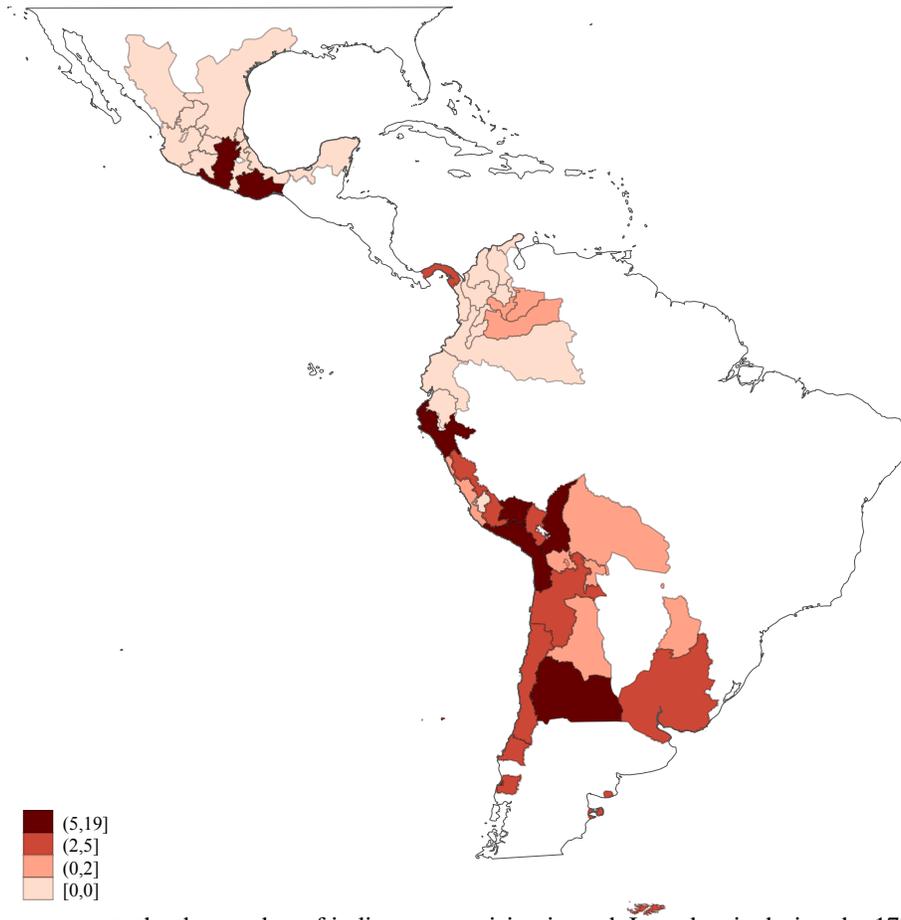
Notes: The figure presents event study estimates of Intendencia establishment on the logarithm of expenditure for the royal treasuries. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. Standard errors are clustered at the royal treasury level.

Figure B8: Net Revenue During the Late Spanish Empire



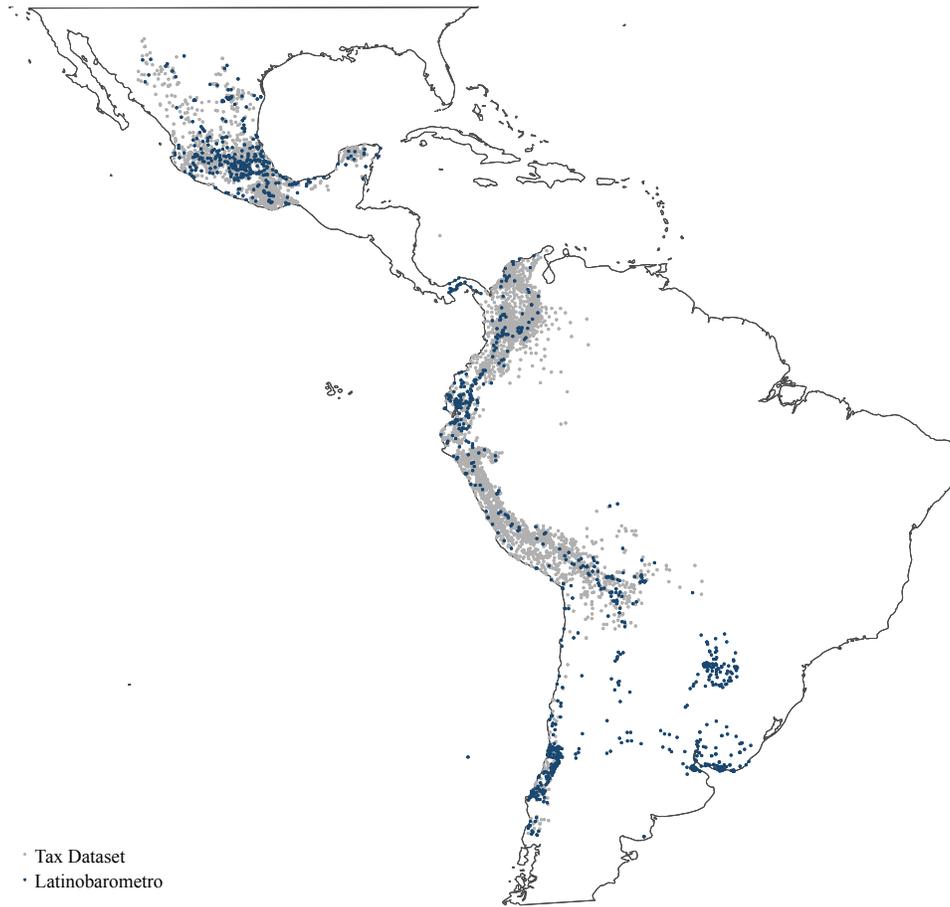
Notes: The figure presents the evolution of net revenue (revenue without remittances minus expenditure without remittances) for the 85 royal treasuries across the Spanish Empire between 1770 and 1800.

Figure B9: The Geography of Indigenous Uprisings



Notes: The figure presents the the number of indigenous uprising in each Intendencia during the 1770-1800 periods.

Figure B10: Tax Dataset and Latinobarometro Municipalities



Notes: The figure presents the geographical extent of the modern tax dataset and latinobarometro municipalities.

Table B1: Summary Statistics for Additional Variables

	Mean	SD	N
	(1)	(2)	(3)
Panel A: Pre-determined characteristics			
<i>Geography</i>			
Altitude (m)	1563.298	1412.953	83
Agricultural suitability (index)	0.513	0.364	83
Temperature (degrees)	17.406	6.348	83
Precipitation (mm)	87.681	80.369	83
Malaria ecology (index)	0.474	1.379	83
Ruggedness (index)	1.4e+05	1.6e+05	83
<i>Locational</i>			
Distance to country border (km)	4.033	1.962	83
Distance to rivers (km)	3.536	1.460	83
Distance to the coast (km)	4.409	2.074	83
<i>Population</i>			
Number of ethnic groups	1.157	0.506	83
Pre-Colonial population density (log)	1.051	1.536	83

Table B2: Intendencias and Fiscal Capacity, Revenue Decentralization

	Dependent Variable: Log(Revenue)			
	Heterogeneous Effect (Het.)			
	High Previous Taxation (1)	Log(Previous Taxation) (2)	Far From Int. capital (3)	Log(Dist. Int. Capital) (4)
Intendencia	0.423*** (0.159)	1.165*** (0.381)	0.418*** (0.123)	0.416*** (0.128)
Intendencia x Het.	-0.205 (0.157)	-0.075** (0.030)	-0.280* (0.144)	-0.044* (0.026)
Mean Dep. Variable	729,846	729,846	718,607	718,607
R Squared	0.938	0.938	0.939	0.939
Observations	1891	1891	1959	1959
Treasuries	73	73	79	79
P-value sum of coefs.=0	0.077	0.003	0.350	0.002
Treasury FE	✓	✓	✓	✓
Year FE	✓	✓	✓	✓

Notes: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. The table presents heterogeneous difference in difference estimates of Intendencia establishment on the logarithm of revenue at the royal treasury level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoros were not subject to intendencias and thus are pure controls. Clustered standard errors at the royal treasury level in parenthesis. The heterogeneous effects is defined by different predetermined treasury characteristics in each column. The mean of the dependent variable is reported in levels.

Table B3: Intendencias and Fiscal Capacity, Revenue Sources (Levels)

	Dependent Variable: Log(Income From)							
	Indigenous (1)	Monopolies (2)	Trade (3)	Mining (4)	Officials (5)	Donativos (6)	Other (7)	Remittances (8)
Intendencia	1.715* (0.914)	0.200 (0.438)	0.267 (0.451)	1.860*** (0.660)	0.247 (0.364)	1.759*** (0.622)	1.142*** (0.386)	1.753* (1.053)
Mean Dep. Variable	39,558	86,824	84,422	124,210	24,030	37,397	108,008	216,476
R Squared	0.656	0.566	0.436	0.837	0.640	0.540	0.698	0.577
Observations	1950	1950	1950	1950	1950	1950	1950	1959
Treasuries	79	79	79	79	79	79	79	79
Treasury FE	✓	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓	✓	✓

Notes: * p<0.1, ** p<0.05, *** p<0.01. The table presents difference in difference estimates of Intendencia establishment on the logarithm of different revenue categories at the treasury level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. The mean of the dependent variable is reported in levels. Clustered standard errors at the royal treasury level in parenthesis.

Table B4: Intendencias and Fiscal Capacity, Intendant Experience

	Dependent Variable: Log(Revenue)					
	Heterogeneous Effect (Het.)					
	1st. Intendant (1)	Interim (2)	Cum. experience (3)	Years 1-2 (4)	Years 3-5 (5)	Years 6+ (6)
Intendencia	0.300** (0.135)	0.299** (0.114)	0.231** (0.109)	0.389*** (0.126)	0.267** (0.111)	0.281** (0.113)
Intendencia x Het.	-0.007 (0.100)	-0.118 (0.081)	0.022** (0.010)	-0.168*** (0.046)	0.092** (0.038)	0.120** (0.057)
Mean Dep. Variable	718,607	718,607	718,607	718,607	718,607	718,607
R Squared	0.938	0.938	0.938	0.939	0.938	0.938
Observations	1959	1959	1959	1959	1959	1959
Treasuries	79	79	79	79	79	79
P-value sum of coefs.=0	0.011	0.167	0.024	0.042	0.005	0.004
Treasury FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓

Notes: * p<0.1, ** p<0.05, *** p<0.01. The table presents heterogeneous difference in difference estimates of Intendencia establishment on the logarithm of revenue at the royal treasury level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. Clustered standard errors at the royal treasury level in parenthesis. The heterogeneous effects are defined by intendant experience variables in each column. The mean of the dependent variable is reported in levels.

Table B5: Intendencias and Colonial Post Offices, Intendencia Level

	Dependent Variable: Colonial Postal Offices			
	Number		Log	
	(1)	(2)	(3)	(4)
Intendencia	-0.090 (1.465)	1.231 (2.201)	-0.198 (0.140)	-0.027 (0.146)
Mean Dep. Variable	8.310	8.310	1.692	1.692
R Squared	0.778	0.870	0.868	0.918
Observations	1170	1170	1110	1110
Intendencias	39	39	39	39
Intendencia FE	✓	✓	✓	✓
Year FE	✓	✓	✓	✓
Full controls		✓		✓

Notes: * p<0.1, ** p<0.05, *** p<0.01. The table presents difference in difference estimates of Intendencia establishment on Colonial postal offices at the Intendencia level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. Provinces within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. Standard errors are clustered at the Intendencia Level. Full controls include geographic, locational, population, and rebellion controls.

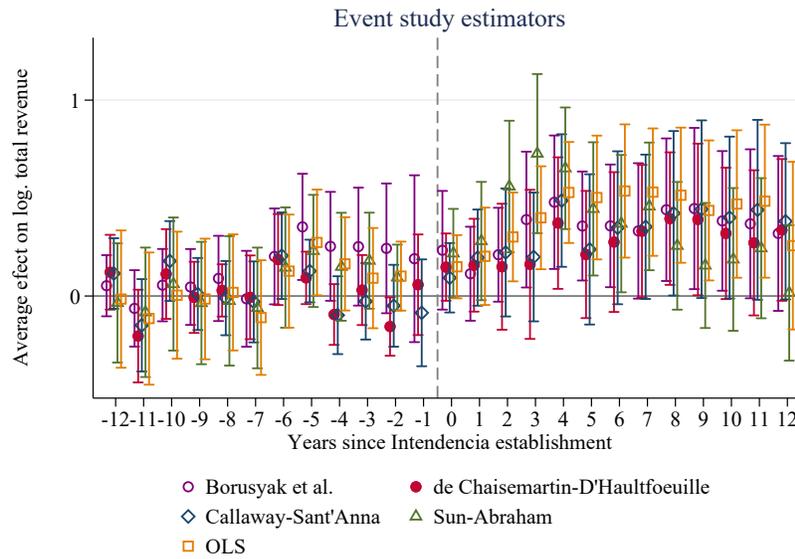
Table B6: Intendencias and Viceroy Naming Patterns, Alternative Measures

	Dependent Variable: Named After (=1)				
	Viceroy				Viceroy/Intendant
	Any Name (1)	Only First (2)	Exact (3)	No Common (4)	Any Name (5)
Intendencia	-0.068* (0.035)	-0.064* (0.034)	-0.032** (0.016)	-0.072** (0.032)	-0.047 (0.037)
Mean Dep. Var.	0.187	0.175	0.110	0.108	0.198
R Squared	0.097	0.105	0.059	0.122	0.107
Observations	720591	720591	720591	720591	720591
Intendencias	36	36	36	36	36
Treasury FE	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓
Geographic controls	✓	✓	✓	✓	✓
Locational controls	✓	✓	✓	✓	✓
Population controls	✓	✓	✓	✓	✓
Rebellion controls	✓	✓	✓	✓	✓
Name controls	✓	✓	✓	✓	✓
Baptisms controls	✓	✓	✓	✓	✓

Notes: * p<0.1, ** p<0.05, *** p<0.01. The table presents difference in difference estimates of Intendencia establishment on Spaniard affinity at individual level. Every column stands for a different measure of such variable. Column (1) uses a dummy signaling if the name of a viceroy appears in the name of an individual. Column (2) restricts the match to the first n-1 words of the individual's name. Column (3) considers only exact matches with the name of the viceroy (i.e. both first name and middle name of the viceroy must appear in order in the individual's name). Column (4) considers only matches when ignoring the two most common viceroy names. Column (5) considers both matches with viceroy's name or intendant's name. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. The pool of names to which a match is tested is built using the names of all current and previous Viceroys/Intendants at the jurisdiction in which an individual was born. Geographic controls include elevation, land suitability, temperature, precipitation, malaria suitability, and ruggedness. Locational controls include log distance to country border, log distance to rivers, and log distance to the coast. Population controls include the number of ethnicities and the log of population density in 1492. Rebellion controls include the number of rebellions in the corresponding Intendencia before 1783 interacted with time dummies. Name controls include register category, register availability and number of words in name. Baptisms are measured in each Intendencia and year. Clustered standard errors at the Intendencia level in parenthesis.

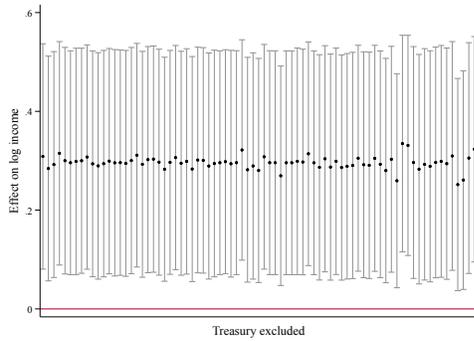
C Robustness Checks

Figure C1: Intendencias and Fiscal Capacity, Alternative Estimators

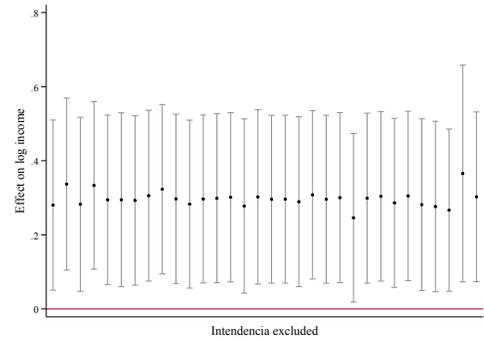


Notes: The figure presents event study estimates of Intendencia establishment on the logarithm of revenue for the royal treasuries using different estimators. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls.

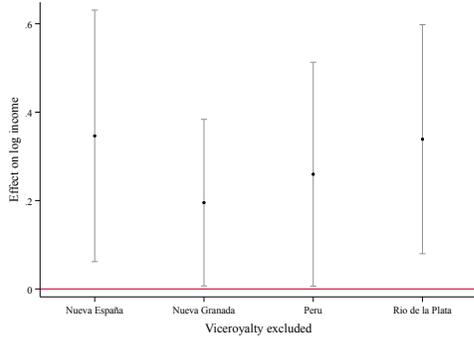
Figure C2: Intendencias and Fiscal Capacity, Excluding One Unit



(a) Excluding a Treasury



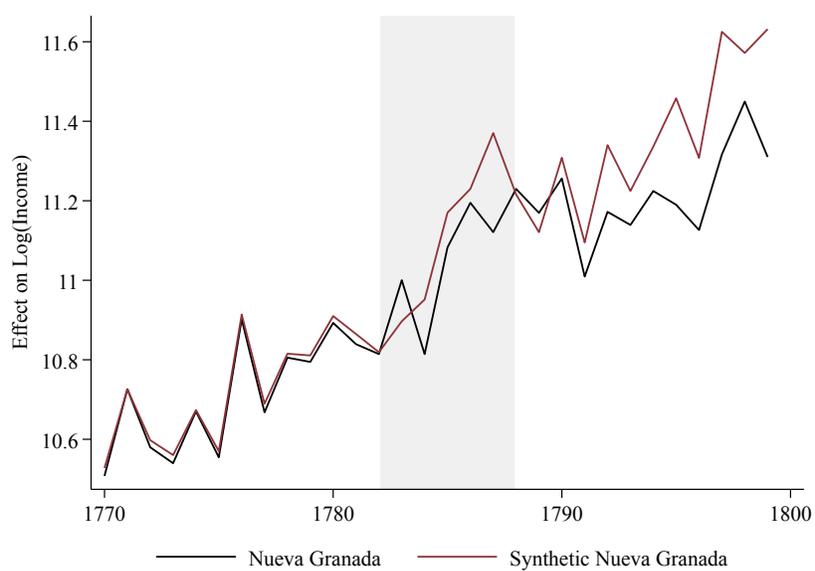
(b) Excluding an Intendencia



(c) Excluding a Viceroyalty

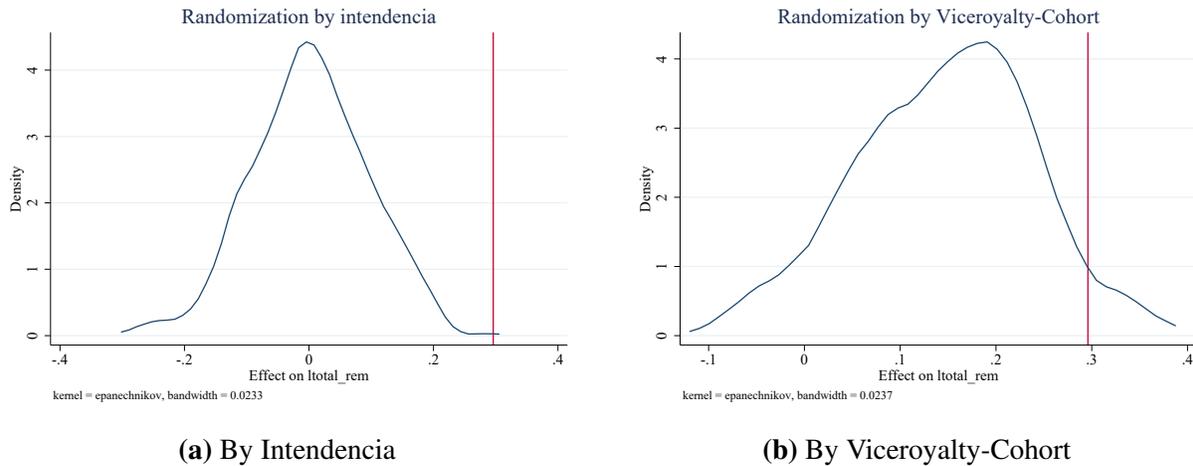
Notes: The figures present difference in difference estimates of Intendencia establishment on the logarithm of revenue for the royal treasuries. Each regression in each panel drops a given unit for all available units at the royal treasury, Intendencia and viceroyalty level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls.

Figure C3: Synthetic Control for Average Nueva Granada



Notes: The figure presents the evolution of log revenue for the average treasury of Nueva Granada -the untreated group- and a synthetic control built with each treated treasury in the remaining Viceroyalties. The treatment period is defined in 1783.

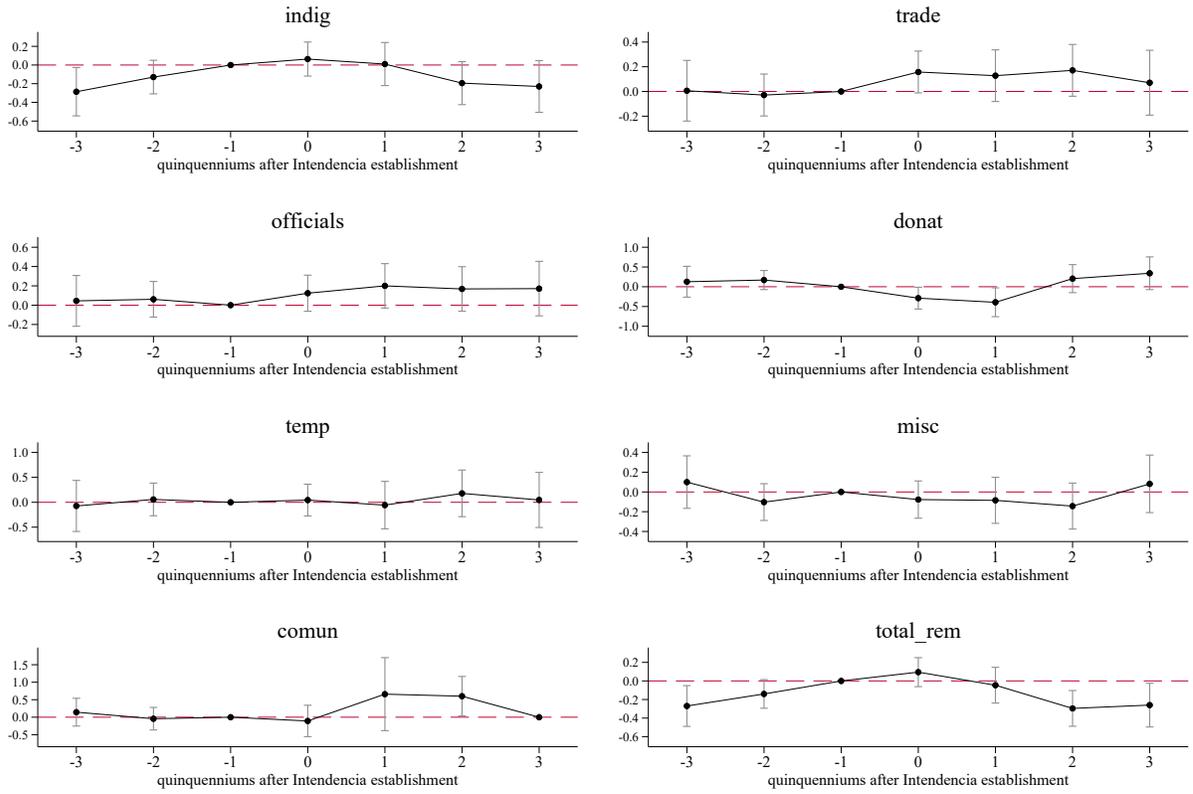
Figure C4: Intendencias and Fiscal Capacity, Randomization Inference



Notes: The figures present the distributions of 1,000 difference in difference regressions of Intendencia establishment on the logarithm of revenue at the royal treasury level. For each regression we randomize either Intendencia establishment year at the Intendencia or Viceroyalty level. The red lines indicate our estimated effect using the true Intendencia adoption year. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls.

Figure C5: Intendencias and Benford's Law Across Revenue Categories

Effect on Benford's Law test p-value: income



Notes: The figure presents event study estimates of Intendencia establishment on the P-values of Benford's Law tests for each revenue category at the royal treasury. We aggregate years into five-year group. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls.

Table C1: Intendencias and Fiscal Capacity, Robustness

	Dependent Variable: Log(Revenue)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intendencia	0.333*** (0.124)	0.296** (0.119)	0.291*** (0.105)	0.256* (0.133)	0.248** (0.122)	0.262** (0.116)	0.269* (0.161)	0.296** (0.114)
Mean Dep. Variable	718,607	718,607	718,607	756,257	504,449	12	714,088	718,607
R Squared	0.939	0.938	0.938	0.940	0.914	0.938	0.943	0.938
Observations	1959	1959	1959	1756	1950	1984	1638	1959
Treasuries	79	79	79	72	79	80	79	79
Share Negative Weights								0.081
Sum of negative weights								-0.011
C&H σ_{fe}								0.319
C&H σ_{fe2}								6.409
Treasury FE	✓	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓		✓	✓	✓	✓	✓
Rio de la Plata Viceroyalty	✓							
Dist. to active port		✓						
Viceroy FE			✓					
Excluding rebellious treasuries				✓				
Excluding remittances income					✓			
Including Venezuela						✓		
Exc. Interim (Donut)							✓	

Notes: * p<0.1, ** p<0.05, *** p<0.01. The table presents difference in difference estimates of Intendencia establishment on the logarithm of revenue at the royal treasury level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. Geographic controls are a set of time dummies, each interacted with elevation, land suitability, temperature, precipitation, malaria suitability, and ruggedness. Locational controls include log distance to country border, log distance to rivers and log distance to the coast. Population controls include the number of ethnicities and the log of population density in 1492. Rebellion controls include the number of rebellions in the corresponding Intendencia before 1783. We include time -interacted dummies of treasuries within the Rio de la Plata Viceroyalty and time varying log distance to the nearest active port (before and after the 1778 trade liberalization). Viceroy fixed effects correspond to viceroy administrations. Column 8 performs Chaisemartin D'Haultfoeuille (2020) negative weights diagnostics on the baseline specification.

Table C2: Intendencias and Fiscal Capacity, Intendencia Level

	Dependent Variable: Log(Revenue)				
	(1)	(2)	(3)	(4)	(5)
Intendencia	0.302** (0.127)	0.541*** (0.171)	0.456** (0.216)	0.422** (0.180)	0.415** (0.177)
Mean Dep. Variable	1,299,862	1,299,862	1,299,862	1,299,862	1,299,862
R Squared	0.891	0.909	0.923	0.929	0.930
Observations	1083	1083	1083	1083	1083
Intendencias	40	40	40	40	40
Intendencia FE	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓
Geographic controls		✓	✓	✓	✓
Locational controls			✓	✓	✓
Population controls				✓	✓
Rebellion controls					✓

Notes: * p<0.1, ** p<0.05, *** p<0.01. The table presents difference in difference estimates of Intendencia establishment on the logarithm of revenue at the Intendencia level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. Geographic controls are a set of time dummies, each interacted with elevation, land suitability, temperature, precipitation, malaria suitability, and ruggedness. Locational controls include log distance to country border, log distance to rivers and log distance to the coast. Population controls include the number of ethnicities and the log of population density in 1492. Rebellion controls include the number of rebellions in the corresponding Intendencia before 1783. The mean of the dependent variable is reported in levels. Clustered standard errors at the Intendencia level in parenthesis.

Table C3: Intendencias, Fiscal Misreporting and Treasury Status

Dependent variable:	Missing Revenue Data	Missing Spending Data	Treasury Opened	Treasury closed	Number of Active Treasuries
	(1)	(2)	(3)	(4)	(5)
Intendencia	-0.054 (0.048)	-0.080 (0.056)	0.135** (0.061)	0.090 (0.074)	0.034 (0.103)
Mean Dep. Variable	0.213	0.222	0.126	0.091	1.774
R Squared	0.503	0.492	0.698	0.671	0.843
Observations	2490	2490	1099	1099	1099
Treasuries/Intendencias	83	83	40	40	40
Level	Treasury	Treasury	Intendencia	Intendencia	Intendencia
Treasury FE	✓	✓			
Intendencia FE			✓	✓	✓
Year FE	✓	✓	✓	✓	✓

Notes: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. The table presents difference in difference estimates of Intendencia establishment on misreported revenue and expenditure at the royal treasury level and the cumulative status of treasuries at the Intendencia level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoros were not subject to intendencias and thus are pure controls. Clustered standard errors at the royal treasury/Intendencia level in parenthesis.

Table C4: Intendencia Ordenanzas and *de facto* Establishment and Fiscal Capacity

	Dependent Variable: Log(Revenue)				
	(1)	(2)	(3)	(4)	(5)
Intendencia Ordenanza	-0.178* (0.105)	-0.199* (0.118)	-0.152 (0.127)	-0.175 (0.164)	-0.136 (0.175)
Intendencia <i>de facto</i>	0.444*** (0.111)	0.528*** (0.129)	0.474*** (0.135)	0.459*** (0.145)	0.436*** (0.146)
Mean Dep. Variable	718,607	718,607	718,607	718,607	718,607
R Squared	0.938	0.945	0.948	0.951	0.952
Observations	1959	1959	1959	1959	1959
Treasuries	79	79	79	79	79
Treasury FE	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓
Geographic controls		✓	✓	✓	✓
Locational controls			✓	✓	✓
Population controls				✓	✓
Rebellion controls					✓

Notes: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. The table presents difference in difference estimates of Intendencia Ordenanza and Intendencia *de facto* establishment on the logarithm of revenue at the royal treasury level. Intendencias were adopted between 1783 and 1787 across the Spanish Empire. A given treasury becomes treated when its corresponding Intendencia is established. Treasuries within the Colombian territory of the viceroyalty of Nueva Granada and Jaen de Bracamoras were not subject to intendencias and thus are pure controls. Geographic controls are a set of time dummies, each interacted with elevation, land suitability, temperature, precipitation, malaria suitability, and ruggedness. Locational controls include log distance to country border, log distance to rivers, and log distance to the coast. Population controls include the number of ethnicities and the log of population density in 1492. Rebellion controls include the number of rebellions in the corresponding Intendencia before 1783. Clustered standard errors at the royal treasury level in parenthesis. The mean of the dependent variable is reported in levels.

Table C5: Viceroyalty of Rio de la Plata Establishment and Fiscal Capacity

	Dependent Variable:	
	Log(Revenue) (1)	Log(Expenditure) (2)
Rio de la Plata x Post	0.017 (0.144)	0.244 (0.257)
Mean Dep. Variable	718,607	721,979
R Squared	0.937	0.912
Observations	1959	1937
Treasuries	79	79
Treasury FE	✓	✓
Year FE	✓	✓

Notes: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. The table presents difference in difference estimates of the establishment of the Viceroyalty of Rio de la Plata in 1776 on log revenue and expenditure at the royal treasury level. A given treasury is treated if it belonged to the domain of the Viceroyalty of Rio de la Plata. The rest of treasuries remain as controls. The mean of the dependent variable is reported in levels. Clustered standard errors at the royal treasury level in parenthesis.

Table C6: Trade Liberalization and Fiscal Capacity

	Log(Revenue)		Log(Trade Revenue)		Log(Expenditure)	
	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: 1765 reform						
Trade lib. × Near port	0.084 (0.135)		0.452 (0.803)		0.191 (0.141)	
Trade lib. × Log Dist. to nearest port		-0.020 (0.027)		-0.032 (0.169)		-0.022 (0.027)
Mean Dep. Variable	11.032	11.032	-0.801	-0.801	10.904	10.904
R Squared	0.942	0.942	0.890	0.890	0.914	0.914
Observations	1656	1656	1645	1645	1634	1634
Treasuries	72	72	72	72	72	72
Panel B: 1778 reform						
Trade lib. × Near port	0.099 (0.112)		-0.890 (1.372)		-0.054 (0.140)	
Trade lib. × Log Dist. to nearest port		-0.010 (0.020)		0.093 (0.258)		0.014 (0.024)
Mean Dep. Variable	11.348	11.348	-0.820	-0.820	11.201	11.201
R Squared	0.936	0.936	0.735	0.735	0.906	0.906
Observations	2031	2031	2020	2020	2013	2013
Treasuries	81	81	81	81	81	81
Treasury FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓

Notes: * p<0.1, ** p<0.05, *** p<0.01. The table presents difference-in-difference estimates of trade liberalization on fiscal outcomes. Trade liberalization is either set in 1765 or 1778. For each fiscal outcome, the first column defines the treatment group as treasuries up to 160 km from their nearest colonial port or treasuries located in colonial ports. Treasuries located 160 km or more from their nearest colonial port are not treated. The second column uses the logarithm of distance to the nearest port as a continuous treatment measure which is activated after trade liberalization. Pre-liberalization open ports (Veracruz, Portobello and Cartagena) and their near cajas are included in the treatment group. Trade income corresponds to external trade.