The Persistence of State Capacity in Rwanda

Leander Heldring

October 2015.

Abstract

This paper investigates the channels behind the persistent effects of the highly centralized precolonial Rwandan kingdom. Combining experimental data on tax compliance with a natural experiment in the expansion of the state across the Akanyaru river in central Rwanda, I show that individuals living in places with a deeper state history voluntarily pay more tax today. I then investigate channels driving this result, focusing on norms of behavior versus political and social institutions. I find that presence of local government institutions, membership of social groups, religious attendance and income do not explain higher tax compliance. I do find differences in attitudes towards cheating and obedience and in demand for education. Taken together, the results in this paper support norms of behavior internal to the individual as the primary driver of the persistence of historical state capacity.

Keywords: State Capacity, Persistence, Rwanda.

JEL classification: O10, N17, H71