



Economics Seminars

Thursday 20 June 2024 at 12:00

Aula 12

Facoltà di Scienze Economiche Giuridiche e Politiche - Viale Sant'Ignazio 74

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War Violence Exposure and Tax Compliance

with T. Giommoni

Abstract. We investigate the impact of exposure to conflict and violence on civic compliance with the law. Leveraging newly digitized historical records of income declarations and tax audits from post-World War I Italy, we find that losing a relative due to war operations significantly reduces tax compliance. To address the potential endogeneity of this treatment, we employ an instrumental variable strategy that exploits the exogenous allocation of soldiers to more or less risky military units. Our evidence indicates that the effect is robust across various measures of compliance and is not driven by economic factors. Additionally, we demonstrate that the negative impact is mitigated in contexts where there is state recognition of the deceased's sacrifice, in communities that have suffered significant casualties, or in those with high pre-war prosocial preferences. Our findings suggest that war can erode social norms, diminishing the willingness to contribute to public goods through the tax system.