

Compliance Behavior in Networks: Evidence from a Field Experiment *

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November 5, 2013

PRELIMINARY AND INCOMPLETE

Abstract

We study compliance behavior in neighborhood networks. To overcome the reflection problem, we take advantage of a randomized field experiment run in Austria in 2005. The experiment varied the content of mailings that were sent to 50,000 potential evaders of TV license fees. Compared to an untreated control group, the mailings increased compliance among recipients. Using detailed micro data on compliance behavior and the precise location of the full population of all households in small Austrian municipalities, we compute neighborhood networks based on the spatial distance between households. We show that untreated households (who were not part of the experimental sample) are more likely to switch from evasion to compliance in response to the mailings received by their neighbors in the network. The spillover is consistent with survey evidence, which documents communication patterns between neighbors with different spatial distances. We derive a model of communication and learning in networks in the spirit of de Groot (1974). Confronting the data with the testable implications from the model, one obtains ample support for a communication driven spillover.

*Friederike Mengel thanks the Dutch Science Foundation (NWO) for financial support.

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