

## Geographic sorting and aversion to breaking rules

Massimo Anelli (with Tommaso Colussi and Andrea Ichino)

### Abstract:

The level of Aversion to Breaking Rules (ABR) is heterogeneous across nearby localities in many areas of the world and geographic sorting based on ABR maybe a reason. In this paper we use Italian Census restricted data to construct an indicator of cheating in the registration of birth dates, separately for migrants and remainers at the city/time level in Italy so that we can measure sorting based on ABR between the North and the South of the country. A simple theoretical model predicts that the fraction of ABR agents is higher in the group where less cheating is observed and where a change of deterrence induces a smaller absolute change in observed cheating. In light of the model, we first show that, within narrowly defined localities, migrants from South to North are less likely to cheat on their birthdate than remainers in the South, while the opposite is observed for migrants from North to South versus remainers in the North. We then exploit an institutional reform implemented by Fascism in 1926 to study how cheating on the date of birth reacts to changes in deterrence. The reactions of cheating to these changes in deterrence were smaller for migrants out of the South than for remainers in the South. We therefore conclude that Italy experienced sorting based on ABR between the North and the South and that the South suffered an ABR drain because of the internal migration movements of the 20th century. Finally, we show that localities experiencing a greater ABR drain display lower labor productivity in recent decades.