

# War Violence Exposure and Tax Compliance

Sergio Galletta, ETH Zurich

## Abstract

This paper shows that exposure to war violence affects tax compliance. Using unique historical Italian data, we find that families of soldiers that died during World War I are less likely to comply with the tax law than families that did not suffer any loss. When focusing only on families of soldiers that died during the war, we show that if the reason for death is due to combat on the battlefield, tax compliance is significantly lower than death for other reasons (e.g., accidents or diseases). To address endogeneity issues, we apply a fixed effects model and an instrumental variables strategy, exploiting the plausible exogenous allocation of soldiers to more/less risky regiments. We argue that these results can be explained by a reduction in the intrinsic motivation to contribute to public goods.