

ABSTRACT:

LEARNING FROM LAW ENFORCEMENT

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This paper studies how past exposure to punishment shapes future compliance behavior. The context of our study is the enforcement of speed limits through radars and speeding tickets. Using unique data on driving and ticketing histories that track more than 1 million cars over almost 4 years, we evaluate drivers' responses to punishment on an extensive margin (receiving a speeding ticket) and intensive margin (tickets with low vs high fines). Past tickets do not affect future 'price' for speeding (expected fines, insurance rates). Hence, there is no scope for general deterrence. We present two empirical strategies to identify whether past fines and speeding tickets -- which may induce learning about law enforcement -- trigger subsequent behavioral responses: (1) A regression discontinuity design that builds on two speed level cutoffs used in the enforcement process and (2) an event study design that exploits high-frequency data to compare driving before and after receiving a ticket. Both analyses provide coherent evidence, documenting a strong and persistent specific deterrence effect from receiving a ticket. Drivers reduce their speed immediately after receiving a ticket. In contrast to this strong and persistent effect, we find only limited evidence that intensive margin variation in punishment related to a more than two-fold increase in fines amplifies the impact of speeding tickets.

(joint with Libor Dusek)