

Abstract

The importance of social networks in job search and migration have been well documented. However, spreading information too widely throughout networks when opportunities arise can easily lead to tragedy of the commons – too many people depleting a limited opportunity can mean no one benefits in the end. Hence, despite the generally positive value of large social networks, we should expect strategic sharing of information within networks. To better understand this, we study the co-migration decisions of social connections through the movements of gold miners in Colombia. Using this data, we document three facts that are nicely interpretable with a model of referrals and scarce resources. First, inviting social connections comes at a cost – inviting too many friends reduces production. Second, because of this, more productive miners choose to work with fewer social connections. Finally, the connections that miners are willing to invite are heavily selected; miners on average invite productive over non-productive peers.