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Job Loss, Credit and Crime in Colombia

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Abstract

We investigate the effects of job displacement, as a result of mass-layoffs, on criminal arrests using a novel matched employer-employee-crime dataset in Medellín, Colombia. Job displacement leads to immediate earnings losses, and an increased likelihood of being arrested for both the displaced worker and for other youth in the family. We leverage variation in opportunities for legitimate reemployment and access to consumption credit to investigate the mechanisms underlying this job loss-crime relationship. Workers in booming sectors with more opportunities for legitimate reemployment exhibit lower increases in arrests after job losses. Greater exposure to an expansion in consumption credit also lowers the increase in arrests after employment shocks.

Fuente: https://www.banrep.gov.co/en/job-loss-credit-and-crime-colombia