

CRIME SCARS: RECESSIONS AND CAREER CRIMINALS

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Abstract

Recessions lead to short-term job loss, lower levels of happiness and decreasing income levels. There is growing evidence that workers who join the labor market during economic downturns suffer from poor job matches that have a sustained detrimental effect on their wages and career progression. This paper uses US and UK data to document a more disturbing long-run effect of recessions: Youths who leave school in the midst of recessions are significantly more likely to lead a life of crime than those graduating into a buoyant labor market. These effects are long-lasting and substantial.