

# Layoffs lead to higher rates of violent offenses and property crimes

March 4 2020

---



Credit: CC0 Public Domain

Everyone knows that losing your job hurts, but the negative effects are not solely experienced by the displaced worker and his or her family. Newly published research by a Case Western Reserve University economist finds that involuntary job loss also causes a dramatic increase in criminal behavior.

The study, published in the journal *Labour Economics*, is one of the first to establish a [causal link](#) between individual job loss and subsequent criminal activity.

"Layoffs lead to an increase of criminal charges against displaced workers, while also decreasing their future earnings and full-time opportunities," Mark Votruba, co-author of the study and an associate professor of economics in the Weatherhead School of Management at Case Western Reserve.

One important mechanism behind these effects appears to be the disruptive effect of job loss on daily schedules. For both [violent crimes](#) and drug/alcohol-related crimes, the charge rates increased much more on weekdays than on weekend.

"The old adage that idle hands are the devil's workshop appears to have some truth to it," said Votruba. "This unfortunate link (to weekday crimes) highlights the importance of psychological factors—such as mental distress, self-control, financial concerns and frustration—in determining counterproductive behavior."

## Safety net?

The research utilized data of more than 1 million laid-off Norwegian workers, ages 18-40, of which nearly 84,000 experienced an involuntary job loss over the period of analysis. Such records linking criminal and employment activity are not available in the U.S.

According to the study, workers who were let go through no fault of their own experienced:

- a 60% jump in property crimes charges in the year after a downsizing;

- a decrease in earnings by 10 to 15% in the immediate years following displacement;
- a substantial increase in the likelihood of remaining unemployed or working less than full-time;
- an overall 20% increase in criminal-charge rates in the year after a layoff;
- and a dramatic increase in non-property crimes—violent and serious traffic offenses, as well as drug/alcohol-related acts—committed on weekdays.

"The criminal response is not just about workers' replacing lost income. These results suggest other important factors are at work, including the psychological effects of job loss," said Votruba.

Whether displaced workers in the U.S. exhibit a similar crime response to those in Norway remains an open question, though there is reason to believe the effects would be stronger in the U.S., according to researchers.

"Norway has a strong social safety net that makes job loss less painful there than in the U.S. Both the income and psychological effects of job loss are likely more severe in the U.S.," said Votruba, a research associate at Statistics Norway during the study.

The study authors believe their findings can help policymakers better understand the relationship between job loss and crime, and design policy interventions that minimize the cost that displacement imposes on individuals and society.

"The U.S. is probably never going to provide as much income support to displaced workers, but programs designed to discourage alcohol and drug abuse among displaced young men or keep them engaged in productivity activities while unemployed could be effective policy tools for reducing

crime," said Votruba.

The data allowed researchers to follow men for more than 15 years during the 1990's and 2000's; there was not enough [crime](#) among women to include in the study.

**More information:** Mari Rege et al. Job displacement and crime: Evidence from Norwegian register data, *Labour Economics* (2019). [DOI: 10.1016/j.labeco.2019.101761](#)

Provided by Case Western Reserve University

Citation: Layoffs lead to higher rates of violent offenses and property crimes (2020, March 4)  
retrieved 26 April 2024 from  
<https://phys.org/news/2020-03-layoffs-higher-violent-offenses-property.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.