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## Essays on welfare benefits, employment, and crime

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# 1 | Introduction

This PhD thesis contains four studies on *welfare benefits, employment and crime*. These four studies aim to contribute to the understanding of spillover effects on crime of welfare benefits receipt, active labor market policy, and employment. The chapters in this thesis can be read independently. This introduction provides the motivation for this thesis' topics (section 1.1), followed by the research questions underlying each of the chapters (section 1.2), and a summary of the main findings of each chapter (section 1.3).

## Motivation

### 1.1

In the early nineteenth century, Belgian statistician Quetelet concluded that crime develops when the poor “are surrounded by subjects of temptation and find themselves irritated by the continual view of luxury and of an inequality of fortune” (Beirne 1987, p. 38). Quetelet drew this conclusion from the earliest recorded statistical account of the relationship between crime and poverty. Since then, the reduction of poverty and income inequality has become one of the core tenets upon which the redistributive policies of welfare states are founded. In recent decades, however, rising budget deficits during economic crises are increasingly met by governments of advanced welfare states with welfare state retrenchment (see Jensen et al. 2018). These cutbacks often focus on welfare benefits schemes, weakening income protection for the most vulnerable. While the effects of such reforms on directly-targeted economic outcomes are generally evaluated, this is rarely true for spillover effects on crime.

In order to gain a comprehensive overview of the societal costs and benefits of welfare policy, crime must be taken into account. The welfare and criminal justice systems can be considered as two opposite approaches to governing the poor, and are often referred to as the left and right hand of the state, or the soft and hard side of government (Wacquant 2009). From such a perspective, the trend of welfare state retrenchment equates to a shift towards a more punitive approach to crime, focusing on repression, as opposed to prevention. A substantial body of macro-level evidence suggests that welfare spending reduces crime (e.g. Chamlin et al. 2002, Grant and Martinez Jr 1997, Meloni 2014, Worrall 2009). As such, reducing welfare accessibility may reduce welfare spending, but also increase crime and its substantial societal costs.

The 2007 Great Recession's massive rise in unemployment accelerated welfare state retrenchment in many European countries (Jensen et al. 2018). As youth unemployment rates within the European Union were slow to recover (Carcillo and Königs 2015), various countries implemented youth-targeted active labor market policies (ALMPs) to reduce unemployment among young adults (OECD 2013). The aim of these reforms was labor market activation of young adults, following the success of the Job Corps (United States) and The New Deal for Young People (United Kingdom) programs (Dorsett 2006, Schochet et al. 2008). The Netherlands also saw the implementation of two consecutive welfare-related ALMPs, aimed at labor market activation of young adults below the age of 27. However, evidence thusfar suggests that both the so-called 'work-learn offer' and 'job search period' policy are more effective in reducing welfare uptake, than reducing unemployment (Bolhaar et al. 2019, Cammeraat et al. 2017). Despite the ineffectiveness in terms of labor market activation, the latter ALMP is still in effect to date. As a result, a smaller proportion of unemployed young adults have a minimum income guarantee.

Theoretically, a loss of guaranteed minimum income benefits may induce criminal behavior via several mechanisms. From a rational choice perspective, a reduction in income should increase financially motivated crime by increasing the relative financial gains of such offenses (Becker 1968, Ehrlich 1973). Insufficient income may also increase psychological stress, which in turn could increase criminal behavior as a coping mecha-

nism (such as violent crime, see Agnew 1992). As such, income protection by welfare provisions hypothetically fulfills a vital role in crime prevention. However, employment and labor market training theoretically affect crime through additional mechanisms, such as incapacitation – (Cohen and Felson 1979), human capital – (Becker 2009), and socialization effects (Laub and Sampson 1993, Sampson and Laub 1990). Hence, the expected spillover effects of welfare reforms are dependent on its effectiveness in reducing welfare uptake, but also labor market activation.

This multidisciplinary thesis combines insights from economics and criminology, to draw causal links between welfare benefits receipt, active labor market policy, employment, and crime. While economists generally assess the effects of welfare-related policies on directly-targeted labor market outcomes, potential spillover effects on crime are often ignored. Criminologists on the other hand rarely exploit exogeneity originating from economic policy variation. The studies in this dissertation examine theories on the economics of crime, by exploiting exogenous policy variation through the use of econometric techniques. This approach is facilitated by the availability of uniquely comprehensive individual-level administrative data gathered by Statistics Netherlands. Covering the entire registered population of the Netherlands, these fine-grained data allow this thesis to assess causal effects on low-probability daily-level crime outcomes. The Netherlands also offers a valuable institutional context to examine these relationships, due to its comparatively generous social protection and lenient criminal justice system (see Aebi and Tiago 2020, Kaeble 2018, Motivans 2020, OECD 2018a). As most of the existing literature is focused on the US, this thesis sheds light on the generalizability of prior findings to a context that is more representative of Nordic and Western European countries.

Estimating causal relationships between welfare, the labor market and criminal behavior is empirically challenging due to unobserved variables simultaneously influencing these outcomes. By addressing these endogeneity problems, this thesis addresses the paucity in causal evidence on the following questions: Does welfare receipt reduce crime by providing a minimum income guarantee (RQ1)? If so, to what extent do stricter activation requirements for welfare eligibility affect criminal behavior

(RQ2)? Does welfare benefits disbursement affect criminal behavior over the payment cycle (RQ3)? And to what extent does continuity in criminal behavior materialize through adverse labor market consequences (RQ4)? In answering these questions, this thesis aims to further the understanding of the causal relationship between welfare dependency, labor market activation, employment, and crime.

## 1.2 Research questions

This section presents the main research questions addressed in this thesis.

*Chapter 2* addresses the paucity in micro-level evidence on the welfare–crime relationship, by answering the research question *To what extent does welfare receipt affect criminal behavior among young adults?* This chapter argues that while there is a theoretical consensus that the minimum income guarantee of welfare benefits provision reduces criminal behavior (see Agnew 1992, Becker 1968, Ehrlich 1973), this hypothesis has previously not been rigorously tested using microdata on a general population.<sup>1</sup> Prior assessments have shown welfare spending to reduce crime at the national, state, or city level,<sup>2</sup> which raises the question as to what extent welfare receipt affects criminal behavior at the individual level. Research thusfar has also mostly focused on the US context, where the benefits level is comparatively low (OECD 2018a), and only households with dependent children are eligible for cash transfers.<sup>3</sup> Hence, this chapter aims to shed light on the causal effects of welfare receipt on crime among a general population sample, in a context with benefits levels more representative of Nordic and Western European countries.

Chapter 2 details the first investigation of the causal effects of welfare receipt on crime using microdata on a general population sample. Complementary to related work, we exploit welfare policy variation *within*, as opposed to *across*, geographical regions. Through this approach, we avoid

<sup>1</sup>A notable body of (quasi-)experimental evidence does show that transitional financial aid reduces recidivism among (high-risk) newly-released prisoners (e.g. Berk et al. 1980, Mallar and Thornton 1978, Rauma and Berk 1987, Yang 2017a).

<sup>2</sup>See Chamlin et al. (2002), Grant and Martinez Jr (1997), Meloni (2014), Worrall (2009).

<sup>3</sup><https://www.usa.gov/benefits>.

bias from potentially endogenous welfare reform timings and unrelated region-specific developments (see Corman et al. 2014). Upon application for welfare benefits, applicants younger than 27 are subject to a four-week ‘job search period’ during which they are not eligible for welfare benefits. Evidence suggests that a majority of applicants refrain from applying for welfare after the job search period (Ministerie van Sociale Zaken en Werkgelegenheid 2015, Van Dodeweerd 2014), and those who do apply are left without discernible legitimate income for up to eight weeks. We exploit this age-threshold in Dutch welfare policy through an instrumental variable approach, to assess the causal effect of welfare receipt on crime as compared to nonreceipt due to the job search period policy. The availability of microdata on a large general population enables further investigation of heterogeneous effects across demographic characteristics.

Whereas Chapter 2 investigates the effects of the provision of a guaranteed minimum income on crime, *Chapter 3* expands upon this by analyzing the effects of stricter activation requirements for welfare eligibility. To address the research questions *To what extent did a recent Dutch mandatory activation program affect crime among young adults? and through which causal mechanism?*, this chapter details the policy response in the Netherlands to the rising youth unemployment rates caused by the 2007 Great Recession. Policy makers from multiple OECD countries found youth unemployment especially concerning, due to its cyclical volatility and potential to bear more negative consequences than unemployment among adults (Scarpetta et al. 2010). These not only include potentially more long-term adverse effects on labor market outcomes from labor market scarring, but also potentially larger effects on crime (e.g. Gould et al. 2002). To reduce unemployment among youths, the Dutch government implemented an active labor market policy (ALMP) aimed at labor activation of young adults below the age of 27. Introduced in October 2009, the ‘work-learn offer’ (WLO) policy replaced the right to welfare benefits by a right to a work-learn offer, i.e. a mandatory activation program. While multiple OECD countries have implemented comparable youth-targeted ALMPs,<sup>4</sup> program evaluation has thusfar mainly focused on directly-targeted labor

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<sup>4</sup>E.g. Job Corps in the US, and The New Deal for Young People in the UK.

market outcomes. Chapter 3 complements earlier studies by empirically analyzing the spillover effects of this mandatory activation program on crime, by exploiting the policy age threshold through a regression discontinuity design.

Chapter 3 investigates the causal mechanism through which the ALMP under consideration affects crime, by differentiating between crime committed on weekdays and crime committed during weekends. Prior studies suggest that ALMPs can affect criminal behavior through incapacitation effects (Bratsberg et al. 2019), socialization effects (Fallesen et al. 2018), human capital effects (Bratsberg et al. 2019, Schochet et al. 2008), and income effects (Persson 2013, Schochet et al. 2008). As human capital, socialization, and income effects would not differ between weekdays and weekends, we analyze incapacitation effects by comparing discontinuities in weekend – and weekday crime (when time is spent in the activation program). Furthermore, the policy under consideration does not achieve labor market activation (see also Cammeraat et al. 2017), which is shown to be a mechanism through which ALMPs can reduce crime (e.g. Corman et al. 2014, Fallesen et al. 2018). This enables this study to rule out incapacitation effects from increased employment on criminal behavior. As such, this chapter is the first to analyze a direct incapacitation effect of participation in a mandatory activation program on crime.

*Chapter 4* builds upon the investigation of welfare receipt as a minimum income guarantee in Chapter 2, by analyzing the relationship between welfare benefits disbursement and temporal patterns in crime over the welfare payment cycle. This chapter addresses the research question *To what extent does the time that has passed since welfare payment receipt affect crime among welfare recipients?* To this end, the chapter details that insufficient consumption smoothing among welfare recipients may affect crime through two distinct economic causal mechanisms.<sup>5</sup> One mechanism pertains to the possibility that welfare recipients increasingly face

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<sup>5</sup>A vast body of evidence that suggests hyperbolic discounting among welfare recipients (Castellari et al. 2017, Damon et al. 2013, Hamrick and Andrews 2016, Hastings and Washington 2010, Shapiro 2005, Stephens Jr 2003, Wilde and Ranney 2000). These studies show consumption among welfare recipients to increase sharply after payment receipt, and decrease substantially towards the end of the month.

serious financial constraints towards the end of the welfare payment cycle. Such constraints could both push recipients towards committing crime to supplement their income from welfare benefits (Becker 1968, Ehrlich 1973), as well as increase criminal behavior in general, as a coping mechanism to psychological strain (Agnew 1992). Conversely, another mechanism pertains to the income shocks generated by the once monthly lump sum disbursement of welfare benefits. If the resulting spikes in consumption also concerns consumption that is complementary to criminal behavior (such as alcohol and illicit drugs), this may increase violent crime in particular (see Dobkin and Puller 2007, Hsu 2017). To assess the validity of both theoretical causal mechanisms, this chapter differentiates between financially motivated crime and non-financially motivated crime.

Despite the mounting body of evidence on welfare recipients facing serious financial constraints towards the end of the welfare month, little attention has gone to spillover effects on crime. Chapter 4 details the first study to address this paucity using daily-level microdata on both welfare receipt and criminal behavior among welfare recipients. These data allow us to exploit exogenous variation in welfare payment dates across Dutch municipalities. Combined with the ability to include individual fixed effects, we avoid bias from endogeneity induced by variation across individuals, municipalities, and time (e.g. from other transactions, such as wages, rents, and other benefits). These microdata also enable us to shed light on heterogeneous effects across age and sex.<sup>6</sup> As the most closely-related prior study finds a sizable increase in US city-level financially motivated crime rates over the welfare month (Foley 2011), this chapter aims to shed light on the generalizability of these findings to welfare recipients at the individual level, and contexts with higher benefits levels.<sup>7</sup>

*Chapter 5* complements the previous chapters on welfare benefits, by investigating the role of adverse labor market consequences as a causal pathway for continuity in criminal behavior. The research question that is dealt

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<sup>6</sup>Both age and sex are important determinants of both criminal behavior and welfare dependency (e.g. see Corman et al. 2014, Holtfreter et al. 2004, Loeber and Farrington 2014, Steffensmeier and Allan 1996).

<sup>7</sup>Guaranteed minimum income benefits are much lower in the US as compared to the Netherlands (6% vs 60% of median disposable income, see OECD 2018a).



with in Chapter 5 is *To what extent does prior crime affect current criminal behavior through employment effects?* Adverse labor market consequences have long been hypothesized to form a potential pathway for crime state dependence to arise. Prior studies have shown the labor market to exert a form of secondary punishment to past criminal behavior, where employment opportunities are reduced via multiple ‘scarring’ mechanisms. Human capital may be adversely affected by unemployment spells resulting from investing in a criminal career and penal interventions (such as imprisonment, see Holzer et al. 2004), and the aquirement of a criminal record (Apel and Sweeten 2010, Bernburg and Krohn 2003, Dobbie et al. 2018, Pager et al. 2009, Paternoster and Iovanni 1989). This may, in turn, stimulate further criminal behavior, as a notable body of micro-level evidence indicates that stable employment substantially reduces crime.<sup>8</sup> However, extant evidence on the effects on prior crime on employment focuses on the US, which has a harsher penal climate than most Nordic and Western European countries (with on average longer prison terms and more accessible criminal records, see Aebi and Tiago 2020, Corda and Lageson 2020, Kaeble 2018, Motivans 2020). This chapter aims to shed light on the generalizability of these findings to the EU context.

While a substantial body of literature indicates that prior crime is a strong predictor of further criminal behavior, discussion remains as to what extent this is a spurious or causal relationship. Evidence from administrative data on high-risk (ex-offender) samples leans towards population heterogeneity as the underlying cause of continuity in criminal behavior (e.g. Nagin and Paternoster 1991, Paternoster and Brame 1997), whereas studies using survey data on general populations present evidence of causal effects (i.e., true crime state dependence, see Nagin and Farrington 1992a,b, Paternoster et al. 1997). Chapter 5 is the first to use administrative data on a large general population sample of young adults, which further allows for the analysis of potential heterogeneity across sex. As such, this chapter contributes to the ongoing discussion of whether male and female crime is influenced by the same factors and through similar mechanisms (see Kruttschnitt 2013, Steffensmeier and Allan 1996).

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<sup>8</sup>See Apel et al. (2008), Apel and Horney (2017), Van der Geest et al. (2011), Ramakers et al. (2020), Uggen (2000).

Empirical evidence on the role of employment in crime state dependence is even more scarce, likely due to the empirical challenges posed by the reciprocal relationship between employment and crime. To address these challenges, Chapter 5 employs a joint dynamic model of crime and employment that explicitly accommodates feedback effects from past crime on current employment. Through this approach, we build upon related studies using dynamic discrete response models (e.g. Imai and Krishna 2004, Mesters et al. 2016), by avoiding the highly-restrictive exogeneity assumption, which does not allow the outcome of dependent variables to influence future outcomes of the regressors. More specifically, we apply a correlated random effects bivariate probit model with individual-specific effects in the form of individual-level correlated random effects and initial employment – and crime conditions, to control for time-invariant observed and unobserved heterogeneity. To further investigate the underlying theoretical mechanism, we differentiate between financially motivated offenses and other (non-financially motivated) offenses. To the best of our knowledge, this chapter is the first to apply this novel approach to the employment–crime state dependence relationship.

## Main findings

## 1.3

This section provides the answers to the questions raised in section 1.2.

*Chapter 2* hypothesizes that welfare receipt reduces criminal behavior through the provision of a minimum income guarantee. As prior research on this relationship is scarce, this expectation is mainly founded on the theoretical consensus between the often-cited rational choice theory (Becker 1968, Ehrlich 1973) and general strain theory (Agnew 1992). Using micro-data on the entire young adult population of the Netherlands around a welfare policy age-threshold of 27, we find support for both theories. For men, we find welfare receipt to reduce financially motivated crime to a greater extent than other offenses. This is to be expected from a rational choice perspective, from which welfare receipt should reduce the relative benefits from crime aimed at financial gains. Our findings for women

are more in line with general strain theory, as the reduction is equally-sized for crime in general. From this perspective, welfare receipt should reduce criminal behavior in general by reducing financial strain-induced psychological stress. Chapter 2 provides more detail on the underlying theoretical mechanisms.

Reconciling the empirical evidence in Chapter 2, we find welfare receipt to substantially reduce crime across all included samples. While our results show that the pathway through which welfare receipt reduces crime is different for men and women, we do not find evidence of heterogeneity across educational levels. Hence, a lower ability to cope with financial strain does not appear to explain the higher crime rates among low-educated samples. Prior studies into causal effects of welfare receipt on crime among a general population are scarce, but similar reductions in crime have been found among newly-released ex-offenders (see Yang 2017a). A back-of-the-envelope calculation shows that welfare provision is not cost-effective as a crime prevention strategy. Nevertheless, this chapter shows that spillover effects on crime should be taken into account to gain a comprehensive overview of the societal costs and benefits of welfare provision.

*Chapter 3* analyzes spillover effects of a welfare-related mandatory activation program on crime. The active labor market policy (ALMP) under consideration introduced stricter activation requirements for welfare eligibility among welfare applicants under the age of 27, in the form of mandatory participation in a job-training program (i.e. a 'work-learn offer'). By exploiting this age-threshold, the analysis finds evidence of incapacitation effects on criminal behavior. More specifically, crime committed during weekdays was reduced by 12% among non-native Dutch citizens. As we do not find a discontinuity in crime committed during weekends, human capital and socialization effects are ruled out as the underlying mechanisms. Chapter 3 discusses the investigation of conceivable causal effects and mechanisms in more detail, including the assessment that the ALMP under consideration did not affect income and employment among the included samples. While unsuccessful in its goal of labor activation (also

see Cammeraat et al. 2017), the ALMP did reduce crime during a period of relatively low employment opportunities.

The results detailed in Chapter 3 suggest that disadvantaged groups benefit the most from the activation program under consideration. We find criminal behavior to only be affected among non-natives, who have the highest welfare dependency rate of the included samples. The sizeable reduction in crime among this sample is in line with prior studies on the effects of comparable ALMPs on disadvantaged youths (Bratsberg et al. 2019, Schochet et al. 2008). Conversely, we do not find a discontinuity in crime among men and women in general. This may be attributable to the substantively lower program participation rate among natives. An additional explanation for this heterogeneity, however, may lie in the higher likelihood that non-native participants live in more segregated, crime-prone communities (Peterson and Krivo 2005). This may amplify the incapacitation effect of the program on criminal behavior, as participants spend less time in this criminogenic environment. The identification of sizeable spillover effects on crime among this relatively vulnerable group warrants consideration in the development and evaluation of targeted welfare-related active labor market policy.

Causal effects of the time that has passed since welfare payment receipt on criminal behavior among welfare recipients are analyzed in *Chapter 4*. Prior studies suggest that welfare recipients insufficiently smooth consumption over the payment cycle, by showing spikes in consumption upon benefits receipt and serious financial constraints towards the end of the month.<sup>9</sup> Based on this evidence, this chapter theorizes welfare benefits disbursement to affect crime through two distinct hypothetical mechanisms: 1) reduced financial means increase financially motivated crime over the welfare month, and 2) increased consumption complementary to criminal behavior increases other offenses at the start of the welfare month. Using daily-level microdata to exploit exogenous variation in payment

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<sup>9</sup>See Castellari et al. (2017), Damon et al. (2013), Hamrick and Andrews (2016), Hastings and Washington (2010), Shapiro (2005), Stephens Jr (2003), Wilde and Ranney (2000).

dates across 16 Dutch municipalities, we find evidence supporting both hypotheses.

Concerning the first mechanism, we find welfare recipients to commit 17% more financially motivated crime at the end of the monthly welfare payment cycle, as compared to directly after benefits disbursement. Following rational choice theory (Becker 1968, Ehrlich 1973), this is to be expected if the relative financial gains of such offenses increase towards the end of the month. Hence, this finding suggests that a reduction in financial means over the payment cycle prompts welfare recipients to commit crime to supplement their income. However, these changes in available means appear to simultaneously underlie an inversive trend in non-financially motivated crime. Confirming our second hypothesis, these offenses peak directly after benefits receipt, and decrease by 6% over the payment cycle. Based on prior studies, this is likely attributable to a spike in consumption conducive to criminal behavior (e.g. alcohol and illicit drugs, see Dobkin and Puller 2007, Hsu 2017, Watson et al. 2019). These inversive effects somewhat smooth the trend in overall crime, which increases by 5% over the welfare month. As we do not find heterogeneous effects, differences in the ability to smooth consumption do not appear to underlie the differences in criminal activity across age and sex.

As Chapter 4 details a first investigation of the causal relationship between welfare benefits disbursement and crime at the individual level (as opposed to aggregate crime rates), direct comparison to prior studies is not without flaws. Nevertheless, the most closely-related study by Foley (2011) finds a similar increase of 14% in city-level rates of financially motivated crime in the US. Contrary to our results, however, he does not find a change in other offenses. A potential explanation for this difference may lie in the comparatively high benefits levels in the Netherlands (see OECD 2018a), as the larger spikes in the available financial means of welfare recipients upon disbursement may generate a larger ‘full wallet’ effect on crime. Prior research shows that reducing the size of these spikes by increasing the disbursement frequency causes spikes in domestic violence upon disbursement to disappear Hsu (2017). While further research is required, staggering benefits disbursement may ostensible reduce crime by effectively shortening time over which recipients have to smooth their

consumption. As this reduces recipients' financial autonomy, however, the costs and benefits should be comprehensively considered in the formation of such welfare policy.

*Chapter 5* rejects the often theorized hypothesis that adverse labor market consequences are a causal pathway for crime state dependence, by analyzing feedback effects from past crime on current employment in a joint dynamic model of crime and employment. To this end, Chapter 5 analyzes three testable hypotheses: 1) whether past criminal behavior reduces current employment probabilities, 2) whether employment contemporaneously reduces criminal behavior, 3) whether past criminal behavior increases current criminal behavior via pathways other than employment effects, when controlling for population heterogeneity.

Regarding the first hypothesis, individuals who have committed crime in the past have a lower probability of currently being employed. After controlling for population heterogeneity, however, we do not find substantive causal effects of prior crime on current employment. This suggests that the prior crime–employment correlation is likely attributable to differences in personal characteristics related to both the probability to commit crime and the probability to be employed. We do find support for the second hypothesis, as employment substantially reduces financially motivated crime, especially. To a lesser extent, other criminal behavior among men is reduced by employment as well, which suggests that employment has a behavioral impact beyond an income effect (such as an incapacitation effect). The third hypothesis suggests that criminal behavior adversely affects an individuals decision making process to repeat such behavior in the future. Our findings support this hypothesis, as we find prior criminal behavior to substantially increase current criminal behavior among both men and women.

Taken together, the findings in Chapter 5 suggest that the substantial adverse effects of criminal behavior on future criminal decision making do not appear to materialize through labor market consequences. While the substantial reductions in crime by employment are in line with prior literature (e.g. Mesters et al. 2016), we do not find evidence of substantive adverse effects of past crime on current employment probabilities. This is

contrary to the expectations derived from other studies, which have found criminal behavior to substantially reduce labor market opportunities in the US.<sup>10</sup> This may be attributable to the comparative inaccessibility of criminal records in the Netherlands and leniency of the Dutch criminal justice system (see Aebi and Tiago 2020, Corda and Lageson 2020, Kaeble 2018, Motivans 2020). Only criminal justice actors can directly access criminal records in the Netherlands, custodial sanctions are less often imposed, and long prison terms are rare compared to the US, which may limit the adverse consequences of criminal behavior on human capital and future labor market prospects (see Dobbie et al. 2018, Pager et al. 2009, Selbin et al. 2018, Uggen et al. 2014). As such, this chapter sheds light on the generalizability of previous findings from the US to a context that is more representative of most EU countries.

Reconciling the main findings in this thesis, Chapter 2 details that welfare receipt substantially reduces crime by providing a guaranteed minimum income. However, the disbursement of welfare benefits does cause non-financially motivated offenses such as violent crime to spike among welfare recipients upon payment receipt (as analyzed in Chapter 4). Conversely, financially motivated crime increases among welfare recipients as the time since payment receipt increases over the monthly payment cycle. This suggests that recipients of guaranteed minimum income benefits face serious financial constraints towards the end of the month. Together with Chapter 2, Chapter 3 suggests that the influence of active labor market policies (ALMPs) on criminal behavior is dependent upon the presence of discouragement – versus incapacitation effects. If regular employment is not substantively affected, stricter activation requirements that reduce welfare uptake increase crime (as suggested in Chapter 2), whereas participation in a mandatory activation program reduces crime among vulnerable individuals by reducing their leisure time (as detailed in Chapter 3). Finally, Chapter 5 suggests that having a recent criminal history does not necessarily force individuals into unemployment, as we find prior criminal behavior in general to not substantively affect

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<sup>10</sup>E.g. Apel and Sweeten (2010), Bernburg and Krohn (2003), De Li (1999), Dobbie et al. (2018), Lopes et al. (2012), Pager et al. (2009), Selbin et al. (2018), Uggen et al. (2014).

employment. Hence, adverse labor market consequences do not appear to explain the substantial continuity of criminal behavior.



