Rethinking the crime reducing effect of education? Mechanisms and evidence from regional divides

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This paper estimates the contemporaneous effect of education on adolescent crime by exploiting a reform implemented in 1999 in Italy, which increased compulsory education by one year. We use the reform as an instrument for adolescent high school enrollment, and compare the offending rates of the cohorts affected by the reform with those not affected. We find that a one percentage point increase of the enrollment ratio reduces adolescent offending rate by 1.3 percent in the North of the country, though increasing it by 3.9 percent in the South. While excluding that a human capital accumulation effect played any role in the short run, we show that the crime reducing effect of education in the North is mainly driven by the incapacitation effect induced by the reform. On the contrary, the crime increasing effect that we find in the South is consistent with a criminal capital accumulation channel, mainly operating through social interactions and organized-crime networks.