

Background

A robust body of research finds a relationship between economic conditions and crime. For instance, [multiple studies](#) have found that crime goes down as unemployment falls, while [other research](#) shows that recidivism decreases as more jobs become available. Another economic lever that may reduce criminal offending is increasing the minimum wage. [Estimates conducted in 2016](#) found that raising the federal minimum wage to \$12 would save up to \$17 billion a year through a reduction in the social costs of crime. But if raising the minimum wage increases unemployment among unskilled younger workers, it could lead to increased offending by this group.

Research Question

Do minimum wage increases affect arrest rates, particularly for teens and young adults?

Study Strategy

To examine the effect of minimum wage levels on criminal offending, this study relies on county-level arrest data from the Uniform Crime Reports (UCR) and data from the National Longitudinal Survey of Youth 1997 (NLSY97). Focusing on 1998 to 2016, a time period in which there were three federal minimum wage increases and 302 state or substate minimum wage increases, the analysis estimates the effect of these boosts in minimum wage on arrests while controlling for various county-level demographic, economic, and political measures. The NLSY97 captures various employment measures and self-reported offenses, allowing for a direct examination of individual employment measures and criminal offending. Ultimately, using both the self-report NLSY data source and the UCR's police arrest data provides greater confidence in the results, to the extent that they are consistent.

Findings

Analysis of the UCR data shows a statistically significant relationship between raising the minimum wage and increased property crime arrests for 16 to 24 year-olds. For every 1% increase in the minimum wage, the property crime arrest rate for this age group increases by 0.37% annually, on average. Increases in the minimum wage were significantly associated with increased larceny, vandalism, and disorderly conduct arrests but not burglary or vehicle theft.

“[The findings support] the hypothesis that employment-loss induced increases in idleness and/or financial stress may play an important role in minimum wage induced property crime increases.”

– Fone et al. (2023)

The authors found no relationship between minimum wage increases and violent crime arrests for this age group. Nor were wage increases associated with arson, liquor law violations, drunkenness, or drug offenses. In addition, there was no significant relationship between minimum wage changes and any type of arrest for those 25 and over. While the results were consistent across the sexes, the effect was larger for males. A 1% increase in the minimum wage was associated with a .08% increase in the property crime arrest rate for males and a .04% increase for females.

The results from the self-reported data in the NLSY97 survey differ slightly from the UCR police reports. Like the UCR arrest results, an increase in the minimum wage is significantly associated with increased property crime for those 16 to 24 years old. However, there is also a significant relationship between minimum wage levels and property crime offending for those 25 to 36 years old.

Implications

The authors conclude that raising the minimum wage increases property crime through employment loss, including reduced hours worked. Supporting this idea, the NLSY97 results showed that increases in the minimum wage were significantly associated with decreases in total weeks worked, hours worked per week, and total hours worked. For instance, 16 to 24-year-olds who were potentially affected by minimum wage increases worked approximately 114 fewer hours per year than unaffected workers. The increase in minimum wage was also significantly related to lower employment levels for those between 25 and 36. While not explored in this article, the researchers posit that these changes drive increased property offending through financial stress or by increasing the time people have available to offend. It is also possible, the authors reason, that increased wages may encourage the purchase of more goods, such as smartphones or laptops, which in turn make for strong targets of theft.

While the yearly impacts on property crime found here are small, the cumulative impacts can be substantial. The authors estimate that a 10% increase in the minimum wage from 1998 to 2016 contributed to an additional 80,000 larcenies perpetrated by 16-to-24-year-olds. In 2020 dollars, this would amount to approximately \$200 million in annual crime costs.

“These findings suggest that raising the minimum wage may have important unintended external costs on society that should be considered in assessment of the policy's efficacy.”

– Fone et al. (2023)

The results presented here differ from those in a study that analyzed the effect of Seattle's minimum wage increase on crime. There, the authors found no evidence of violent or property crime increases. Importantly, the minimum wage increase in Seattle did not lead to a corresponding drop in employment, which may explain why there was no increase in crime.

Taken together, these results suggest that in adopting any increase in the minimum wage, policymakers must carefully consider the importance of avoiding a negative employment effect and other measures to counteract theft. Failure to do so may inadvertently cause a rise in property crimes.

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