Crime, Labour and Inequality
MSc, PhD

SYLLABUS
(last update: September 03, 2026)

Winter term 2026/27
Prof. Anna Bindler, PhD

Course Description

The aim of the course is for students to learn about research and the research frontier in the economics of crime at the intersection of crime, labour and inequality.

The seminal economic model of crime (Becker, 1968) puts forward a theory of rational choice between legal and illegal activity. Starting in the 1990s, an empirical literature has taken the model to the data, testing its implications in terms of economic incentives and determinants of crime as well as with respect to crime control and criminal justice policy. The course will introduce students to the rational-choice framework of the economic model of crime, as well as to the fast-growing empirical literature in economics, focusing on questions that are relevant from a societal and policy perspective and highlighting empirical approaches that allow for causal inference. The course will further cover recent advances in assessing the social and economic costs of crime, including labour market and inequality perspectives, and discuss the role of economic and social policy as crime control.

The course will highlight the following topics:

- Rational-choice model of crime
- Common challenges in the empirical analysis of crime *(e.g., measurement, identification, methods)*
- Economic incentives and social determinants of crime *(e.g., labour markets, economic returns to crime, education, social conditions, inequality and equality of opportunity)*
- Economic and social costs of crime *(e.g., costs of victimisation and productivity losses, human capital costs, public health, local economic impacts of crime, discrimination)*
- Criminal justice and crime control policy *(e.g., deterrence and sanctions, police, substance use legislation, court outcomes and biases in decision-making, economic and social policy as crime control)*

Throughout, different types of crime and specific policy implications will be discussed *(e.g., property versus violent crime, domestic violence, organised crime, gangs and youth crime)*.

Learning Objectives

On completion of this course, the students shall:

a. have been exposed to and be familiar with research and literature on the core course topics,
b. understand the research frontier and be equipped to critically assess current policy debates on the core course topics,
c. be equipped with the tools to develop research designs that allow for evidence-based assessment of policy-relevant questions on the core course topics.

Assessment

For *MSc students*, the assessment in this course will be based on a portfolio examination, consisting of a 12-15-page long written term paper (50%) and a 20-minute presentation (50%).

For *PhD students*, the assessment in this course will be based on a portfolio examination, consisting of a 15-20-page long written term paper on an extended topic (50%) and a 30-minute presentation (50%).

Important: Please note that the term papers will have to be written and handed in during term time.

Forms of Instruction

This course will be in the form of a seminar with three elements:

- *Lecture-type sessions:* The first part of the course will consist of lecture-type sessions. Students will receive an introduction and overview of the core topics, questions and current research in the economics of crime and at the intersection with labour and inequality as covered in the course. The students are expected to attend these sessions, be well-prepared using the material provided and to actively participate during class. There will continuously be opportunities for questions and discussions during the sessions.
- *Student presentations:* The second part of the course will consist of presentations and discussions by the students, including but not limited to the graded presentations. Students are expected to attend all sessions, including the presentations by their peers, and to come well-prepared using the material provided. Exact dates of the graded presentations depend on student numbers and will be communicated at the beginning of the course.
- *Independent work:* Students are expected to work on their written term papers (50% of the portfolio assessment) and prepare the oral presentations (50% of the portfolio assessment) in independent work. Students will receive the topic for their term papers together with the topic for their presentation (PhD students will receive extended topics). The term papers have to be submitted during term time and before the graded presentations; the exact deadline will be communicated at the beginning of the course.

Language of instruction: English.

Communication

A course page will be available on Moodle where students can find course material and course information. Students should regularly check the course page for potential updates and changes to schedules/rooms.

Course Dates

- Course dates: Tuesdays, 10:00–12:00 (University of Potsdam, Griebnitzsee, room: 3.07.0.39)
- Start: 13.10.2026; End: 02.02.2027

Office Hours and Contact

- Office hours during term time: Tuesdays, 09:00 – 10:00. Please register in advance (by email).
- For course contents and details: Prof. Anna Bindler (email: abindler@diw.de).
- For administrative support: pohle-empwifo@uni-potsdam.de.

Final Notes

- This syllabus is subject to change. Students will be notified in case of any changes.
- The reading list highlights example readings and will be finalised in due course. Students will be handed out the final reading list at the beginning of the course.

Detailed Description: Topics and Example Readings (to be finalised in due course)

[1] Introduction to the Economics of Crime

Topics:

- Rational-choice model of crime
- Common challenges in the empirical analysis of crime (e.g., measurement: measuring the unobservable, identification: causation versus correlation, methods: experiments, RCTs, quasi-experiments)

Example readings (final readings to be selected):

* Becker (1968) "Crime and Punishment: An Economic Approach," *Journal of Political Economy*.
* Chalfin and McCrary (2017) "Criminal Deterrence: A Review of the Literature," *Journal of Economic Literature*.
* Draca and Machin (2015) "Crime and Economic Incentives," *Annual Review of Economics*.
* Pinotti (2020) "The Credibility Revolution in the Empirical Analysis of Crime," *Italian Economic Journal*.

[2] Economic Incentives and Social Determinants of Crime

Topics:

- The role of labour markets (unemployment, wages/income, youth employment/summer jobs)
- Economic returns to crime (illegal earnings, prices)
- Education
- Social conditions, inequality, equality of opportunity
- Immigration
- Substance use (alcohol, drugs)

Example readings (final readings to be selected):

* Britto, Pinotti and Sampaio (2022) "The effect of job loss and unemployment insurance on crime in Brazil," *Econometrica*.
* Sandi et al. (forthcoming) "Youth crime and delinquency in and out of school," *Economic Journal.*
* Pinotti (2017) "Clicking on heaven's door: The effect of immigrant legalization on crime," *American Economic Review.*
* Gonçalves et al. (2026) "Community engagement and public safety: Evidence from crime enforcement targeting immigrants," *American Economic Review.*
* Melander and Miotto (2023) "Welfare cuts and crime: Evidence from the New Poor Law," *Economic Journal.*
* Dustmann et al. (2024) "Unintended consequences of welfare cuts on children and adolescents," *AEJ: Applied.*
* Adda et al. (2014) "Crime and the depenalization of cannabis: Evidence from a policing experiment," *Journal of Political Economy.*

[3] Economic and Social Costs of Crime

Topics:

- Economic costs of victimisation (labour market effects, productivity losses)
- Human capital costs (youth exposure, family spillovers of incarceration effects)
- Criminal records (discrimination, recidivism)
- Public health (healthcare, substance use, mental health)
- Local economic impacts of crime (neighbourhood crime, gangs, organized crime)

Example readings (final readings to be selected):

* Bindler and Ketel (2022) "Scaring or scarring? Labour market effects of criminal victimisation," *Journal of Labor Economics.*
* Adams-Prassl, Huttunen, Nix, and Zhang (2024) "Violence against women at work," *The Quarterly Journal of Economics*.
* Dahl and Knepper (2026) "Why is workplace sexual harassment underreported? The value of outside options amid the threat of retaliation," *American Economic Review*.
* Adams et al. (2024) "The dynamics of abusive relationships," *Quarterly Journal of Economics*
* Helensdotter (2026) "Surviving childhood: Effects of removing a child from home," *Review of Economic Studies.*
* Ang (2021) "The effects of police violence on inner-city students," *Quarterly Journal of Economics*.
* Chang and Padilla-Romo (2023) "When crime comes to the neighborhood: Short-term shocks to student cognition and secondary consequences," *Journal of Labor Economics.*

[4] Public Policy: Criminal Justice and Crime Control

Topics:

- Deterrence and sanctions (punishment severity and probability, prisons)
- Crime control (police, substance use legislation)
- Criminal justice (court outcomes, biases in decision-making, crime-inequality cycle)
- Economic and social policy as crime control (education, labour markets, health)

Example readings (final readings to be selected):

* Bindler and Hjalmarsson (2018) "How punishment severity affects jury verdicts: Evidence from two natural experiments," *AEJ: Economic Policy*.
* Bhuller, Dahl, Løken and Mogstad (2020) "Incarceration, recidivism and employment," *Journal of Political Economy*.
* Facchetti (2026) "Police infrastructure, police performance and crime: Evidence from austerity cuts," *conditionally accepted: American Economic Review*.
* Anwar, Bayer, and Randi Hjalmarsson (2012) "Jury discrimination in criminal trials," *Quarterly Journal of Economics.*
* Hanemaaijer et al. (2026) "Minority salience and criminal justice decisions," *AER Insights.*
* Mueller-Smith and Schnepel (2020) "Diversion in the criminal justice system," *The Review of Economic Studies*.
* Bell, Costa and Machin (2022) "Why does education reduce crime," *Journal of Political Economy*.
* Heller (2014) "Summer jobs reduce violence among disadvantaged youth," *Science*.

* Cullen, Dobbie, and Hoffman (2022) “Increasing the demand for workers with a criminal record,” *The Quarterly Journal of Economics*.
* Agan et al. (forthcoming) “Can you erase the mark of a criminal record? Labor market impacts of criminal record remediation,” *AEJ: Economic Policy.*
* Finlay et al. (2023) “Children’s indirect exposure to the U.S. justice system: Evidence from longitudinal links between survey and administrative data,” *Quarterly Journal of Economics*.