

# Exporting Criminal Capital: The Effect of U.S. Deportations on Gang Formation and Human Capital in Central America

Josefa Aguirre\*

Maria Micaela Sviatschi†

## Abstract

In 1996, the U.S. Illegal Immigration Responsibility Act drastically increased the number of criminal deportations. In particular, the leaders of large gangs in Los Angeles were sent back to their countries, generating a wave of violence in many parts of Central America. We exploit this policy to look at the impact that deportation policies and the consequent arrival of criminal capital to El Salvador had on several educational and economic outcomes. Using the 1996 policy and geographical variation in the exact location and delimitation of different gang groups, we find that in places closer to where deported criminals arrived there was a large increase in crime and decrease in human capital accumulation for children living in these areas. Overall, this project helps to understand one of the reasons why El Salvador is among the world's most violent peacetime countries. Understanding these effects is crucial for public policy to successfully incorporate deported criminals back into society.

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\*Columbia University, Teacher's College

†Columbia University, Department of Economics. [mms2241@columbia.edu](mailto:mms2241@columbia.edu)