

# CRIMINALS 'R' US

## The economic approach to criminal activity

Economics plays a central role in understanding crime; its causes, consequences and cures. This is less a claim for intellectual imperialism and rather more the recognition that crime is a complex problem requiring multi-disciplinary dialogue. The economic dimension complements rather than supplants rival explanations within a subject area marked by indistinct and unsettled boundaries.

Since the seminal contributions of recent Nobel Laureate Gary Becker (1968) and Ehrlich (1973), economists have traditionally directed their attention at three major issues: i) to develop a rationale for criminal participation and the crime rate (the supply of offences); ii) to estimate the costs (or losses) to society from crime; and iii) to assess the effectiveness of the criminal justice system in the provision of law enforcement services (the demand for protection). Given the limited space at my disposal my analysis will concentrate upon the first of those, namely, the economic approach to criminal activity.

## The reasoning criminal

In presenting criminals as reasoning/calculating agents, economists maintain that they adopt the same cognitive strategies as the rest of us when making decisions, namely rational choice based upon anticipated costs and benefits. This rational choice perspective on offending is gaining ground within criminology and the social sciences. Attention is also being increasingly drawn to the rational choices of victims and their intentional minimisation of losses through the reduction of criminal opportunities. This all suggests that the similarities between criminals and non criminals may be more important than their differences and that criminals are potentially all of us since "all individuals have *ex ante* criminal intentions" with criminal participation taking place when "the price is right" and if "prices cease to be right, people will cease being criminals." (Cameron 1989).

The central idea revolves around whether criminal activity is perceived as paying or not paying, and that depends upon anticipated rewards and punishments (leaving to one side the complicating matter of different attitudes to risk). Individuals will only engage in crime when the marginal differential reward from offending is greater than the expected value of the punishment. The degree of participation in illegal activity is dependent upon the deterrence variables (the probability

of being caught/convicted and the punishment incurred) as well as socio-economic factors (such as illegitimate and legitimate earning opportunities).

## The deterrent effect

A large body of empirical evidence endorses the economic approach outlined above, suggesting that the number of offences varied inversely with the deterrence or sanction variables (with the deterrent effect of the certainty of punishment identified as being stronger than that of the severity of punishment). This has led Pyle (1993) to conclude, that "the econometric evidence lends considerable support to the view that crimes are deterred by increases in both the likelihood and severity of punishment". Increases in detection rates do appear to exert significant deterrent effects upon crime. There also appears to be some diversity in the magnitude of deterrent effects for different crimes. Willis (1983) estimated that a 1% increase in the clear-up rate reduced theft by 0.8%, had no noticeable effect upon violence offences, and reduced sex crimes by just over 1%. Pyle (1989) estimated that a 1% increase in the clear-up rate reduced burglary by a 1.6%, robberies by 0.7%, and theft by 0.2%.

Some importance has also been attached to socio-economic/demographic factors with unemployment, poverty, and racial composition (amongst others) found to play a less consistent role across empirical studies than deterrence. For example, the study by Field (1990) found that whilst the underlying behaviour of the economy does affect the level of crime (with economic factors having a major impact on crime) it does so via the real annual growth in personal consumption rather than unemployment which was found to add "nothing extra to the explanation".

In addition, Willis (1983) found that a 1% increase in unemployment increased theft and violence offences by only 0.2% and had no impact upon sexual offences, while Pyle (1989) found that a 1% increase in unemployment increased burglaries and thefts by 0.4% and robberies by 0.7%.

## Policy implications

The economic approach maintains that the number of offences does respond to changes in deterrence and incentives. In addition, it highlights the need to explore feasible policy adjustments in deterrence and socio-economic conditions in order to minimise the social losses from crime.

One needs to examine the alternative policy options in order to assess which achieves a target level reduction in crime at least cost. Attempts to reduce crime by substantially increasing the probability of being caught/convicted appears expensive. For instance, increasing police manpower has a poor rate of return since evidence suggests that such increases have a negligible impact upon property crime clear-up and conviction rates. A more cost effective option appears to be to manipulate the severity of punishment. For example, increasing either the likelihood or length of imprisonment has a more substantial impact upon the supply of property offences than increasing the number of police officers and is significantly less expensive as a crime control strategy. One can also work upon socio-economic factors, for example, increasing employment opportunities or the returns from legitimate (relative to illegitimate) participation. One would expect such employment programmes to decrease the growth of property crime although their impact is likely to be less than commonly thought and their cost probably more.

The economics of crime approach concentrates upon *homo economicus* and appears either to ignore what may be termed non-price barriers of entry into crime (moral values etc) or to maintain that the price variable captures these (presumably with the more moral person having, *ceteris paribus*, a high crime entry price). This perspective fails to recognise

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or make explicit the non-price elements that may influence choice. There is a need to recognise that *homo economicus* may have a conscience such that individuals accept societal constraints on their behaviour and do not maximise by breaking established rules and conventions. There is a need to broaden the basis of choice to recognise that background and biography influence choices, preferences, lifestyle selection and future possibilities. We should not lose sight of the fact that there has to be a moral dimension and foundation to a workable market order.

## Decline in civility

Attention within the crime debate has been increasingly drawn toward the demise of civil society and the need to 'reinvent' it. The alleged longer-term decline in civility has become an increasingly

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influential explanation for the explosion of crime in this country post 1955. It is agreed that the post-War world was marked by such widened state provision and softened state penalties, that people were permitted to ignore the consequences of their actions. Charles Murray has argued that the decay of moral standards, the perverse incentives of welfare policy, and the coddling of criminals are all linked. For Norman Dennis and George Erdos, not unlike Murray, the disintegration of the nuclear family and its mores is seen as a principal source of the crime problem.

However, such views suggest that criminals are them rather than us. For example, Murray originally defined the underclass in terms of high levels of illegitimacy, criminality, and an absence of the work ethic. More recently he has emphasised illegitimacy and distinguished between 'the new Victorians' and the 'new rabble'. Such a challenge serves to distance and separate criminals from non-criminals. The 'economics of crime' perspective needs to take account of the moral dimension and its implications. If there has been a particular decline in civility then this has serious ramifications for the 'criminals are potentially all of us' position endorsed by economists. Of course, a widespread decline in civility would be less serious for this approach, with criminals more likely to be all of us, although its significance would need to be explicitly addressed since such civility could not be assumed to have been stable or equally distributed over time.

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## The Underclass: Regressive Re-alignment

A few days after six-year-old Rikki Neave's naked, dead body was discovered in a copse only 500 yards from his home at the end of November 1994, his Peterborough estate became the focus of panicky speculations about a crisis of parenting. "Local parents cannot be absolved," commented a reporter for radio's respected World at One current affairs programme. Of what? Killing? Neglect? This child's life and death, much like the death of two-year-old Jamie Bulger in Liverpool, was mobilised to support a familiar motif in British politics - the underclass.

It was not the school's lack of vigilance that attracted the attention of commentators - he had not turned up for school that day - nor the efficacy of community policing, nor the threat to children's safety in their own homes and communities. It was the atmosphere of an estate that could be anywhere in Britain, an atmosphere that subliminally supports the notion of the underclass as a self-evident description of a class that exists outside the cultures of class, beyond history, and beyond reach. All the elements were there of dangerousness and death. His neighbourhood was analysed by a local planning chief as "undefensible space", it was pictured on television as an unlit landscape stalked by lads, and despite the efforts of a well-known local woman to affirm the efforts of parents and to insist that they couldn't lock up their children 24 hours a day, Peterborough's furious mayor announced that she was "absolutely disgusted" and she was sure that youngsters knew what had happened to the child. In her absolute disgust she confirmed a sense of an underclass that was not only unrepresented by politicians but did not deserve to be.

## The underclass

The notion of the underclass became hegemonic during the 90s, a decade when, if we did not know it before, it became apparent that much of the municipal landscape of Britain was living in a permanent state of economic emergency, abandoned by both public and private economic power and by the political system.

Drawing on a long tradition of class contempt for poor people, the notion acquired new advocates in Britain. They were not concerned with the survival strategies of pauperised places. Nor were they

interested in the cultural contours of neighbourhoods marooned by their lack of resources yet connected by micro-technology to global popular cultures. They conflated these developments with the revolution in sexual manners and relations between men and women as if the latter caused the former, and as if the turbulence of family life, once so secret, belonged only to the poor.

## Gender anxieties

What is rendered invisible by underclass propaganda and its advocates in political discourse is that the evidence of domestic disarray is an old, old story - with a different ending. The advocates of the notion of an underclass disconnect poor people from the values, passions and difficulties of the rest of society.

Undoubtedly, the notion of the underclass is sustained by an anxiety about gender and, therefore, represents an intervention in the turbulent relations between men and women which have been at the centre of feminist thought and action for the last 25 years. It is also an intervention at the interface between public and private, the boundary where community life is lived and human subjectivities are shaped. It, therefore, occupies the same terrain as radical women's politics which have drawn attention to those relations at the core of civil society. But it is estranged from the experience of women and repudiates their radical critique of the macho, militaristic cultures which exhaust and frighten the neighbourhoods in which they nest.

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**Ironically, it is in impoverished neighbourhoods that we witness many young men's commitment to the ancient powers of both proletarian and prosperous masculinity that were traditionally expressed as difference and domination**

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It is the role of crime in the crisis of community that has powered this process of alienation. The coupling of crime and community as key terms in political discourse has not illuminated the palpable links between crime and masculinity, but rather holds the morals of mothers culpable for the bad behaviour of boys.