CJM
CRIMINAL JUSTICE MATTERS

PLOTTING PROPERTY CRIME

Crime, unemployment and economic activity

The idea that crime may be caused by economic forces has proved particularly controversial. It is also an hypothesis that has been very difficult to prove, even though it has been studied at great length by both criminologists and economists.

Numerous theories of criminal behaviour clearly suggest that factors such as unemployment and low income might *motivate* some individuals to engage in crime, and especially property crime. On the other hand, in times of economic decline there may be fewer *opportunities* for potential criminals. For example, stealing from employers may fall during a recession, if only because the number of people in employment has diminished. Also, when more people are at home during the day (because they are unemployed in the recession), there is potentially greater private protection of property. As a consequence it is not immediately obvious whether crime would increase or decrease during a recession and what would happen when the economy emerged from the slump.

Historical studies

Early studies of the relationships between crime and the economy, including those by Dorothy Thomas in *Social Aspects of the Business Cycle* (1927) and Andrew Henry and James Short in *Suicide and Homicide* (1954), concluded that there was an extremely strong link between the two. Thomas, who studied crime in England and Wales between 1857 and 1913 found that "burglary, housebreaking and shop-breaking and robbery ... show a definite tendency to increase in a business depression and to decrease with prosperity." It is noticeable that neither study used unemployment as the indicator of economic activity, preferring to use instead an index of business activity and to correlate deviations around this indicator with deviations around the trend of crime. Nowadays this would be regarded as a highly sophisticated statistical technique.

For the first two decades after the end of the second World War there was relatively little research into the link between the economy and crime. However, in the fifteen or so years from the end of the 1960s many social scientists devoted a great deal of effort to examining the link between crime and *unemployment*.

Unemployment and crime

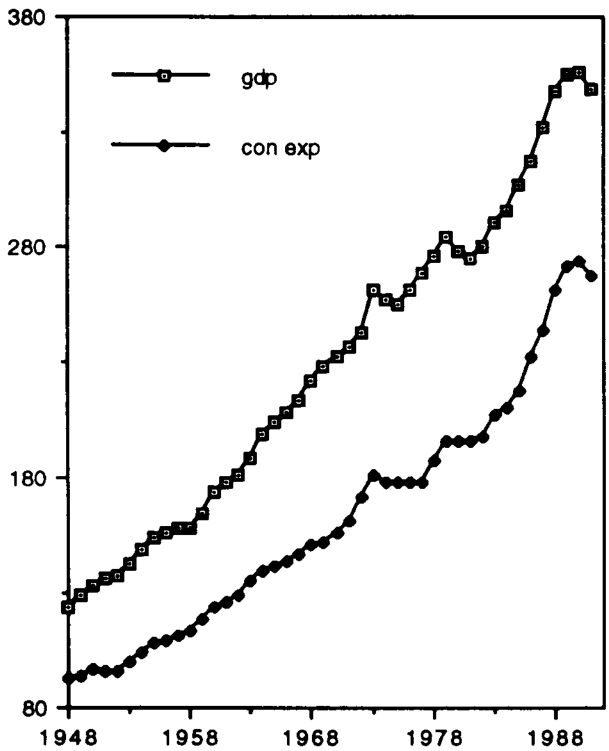
These studies used mainly aggregate data, either over time in a particular country or region, or across regions within a country at a point in time. A few studies involved looking at individuals' criminal careers. The overwhelming conclusion of this work was that the link between crime and unemployment was not especially strong. Indeed, Stephen Box, in an extensive review of studies examining the relationship between crime and unemployment opined that "the relationship between overall unemployment and crime is inconsistent." Several American sociologists have referred to this conclusion as 'the consensus of doubt', which others have argued could be explained by the countervailing effects of criminal motivation and criminal opportunity. In the early 1980s, research into the link between crime and the economy had come to a virtual standstill. The consensus seemed to be that there was no evidence of a link.

Recently several economists have reopened the issue of the link between crime and the economy and in doing so have turned their attention away from an examination of the relationship between crime and unemployment to reconsider instead the role of other economic indicators, particularly consumers' expenditure (Field, 1990) and gross domestic product (Pyle and Deadman, 1994). This research represents a return to the approach used in the earlier part of this century by Thomas and Henry and Short. Why has this happened?

One reason is the acknowledgement that recorded unemployment is no longer (indeed, possibly never was) a reliable indicator of the state of the UK economy. This may be particularly so following the substantial revisions and redefinitions to the unemployment series which occurred throughout the 1980s. In addition, it is now well known that unemployment lags behind the cycle in economic activity, on average by between six and twelve months but sometimes by as much as two years. As a consequence, when the economy enters a recession, which leads to reduced overtime, increased part-time working, temporary rather than permanent jobs and falling income, the rate of unemployment will not necessarily be rising. However, if property crime is a response to worsening economic circumstances, as reduced income and short-time working begin to reduce living standards, then it will already have begun to increase.

Crime and economic activity

It is the recognition of this that has led later investigators to argue that economic indicators which are rather more closely



GDP and consumers' expenditure, 1948-91, £bn, 1985 prices

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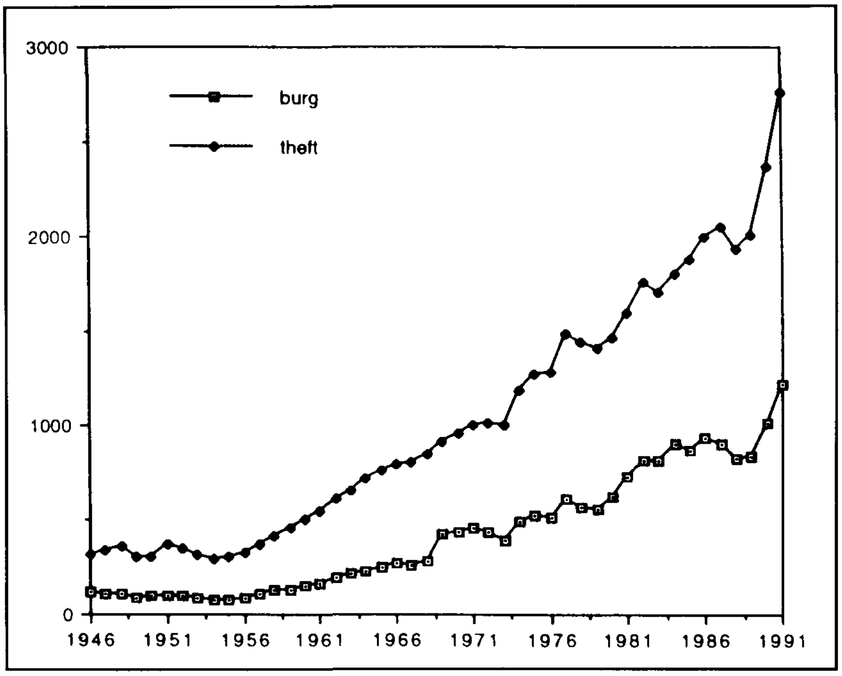

Recorded offences of burglary and theft, 1946-91, (in thousands)

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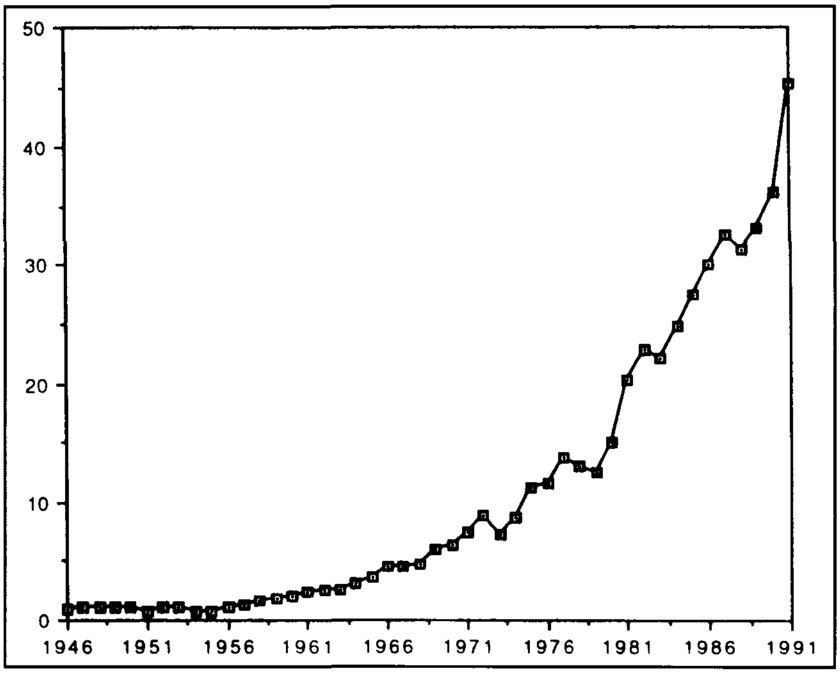

Recorded offences of robbery, 1946-91 (in thousands)

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related to the cycle in economic activity than unemployment, are better correlated with rates of recorded property crime.

Field studied annual time - series data on recorded crime in England and Wales between 1950 and 1987. He found evidence of an *inverse* relationship between the *growth* rate of personal consumption and the *growth* rate of property crime, i.e. as real personal consumption fell, there was an increase in property crime rates. However, this relationship only held over the short term. In the long run, the rate of growth of crime showed no connection with the rate of growth of consumption. Field concluded that in the short term a motivational effect seems to dominate, whilst in the long run, growth in consumption also increases the opportunities for crime and this counteracts any motivational effect.

More recently, a colleague and I have re-examined Field's data set using modern time-series estimation techniques (we claim that Field had used an invalid statistical methodology) and extended the data set to cover the period 1946 to 1991. Our analysis also concentrated exclusively on property crimes, i.e. offences of (i) theft and handling of stolen goods, (ii) burglary and (iii) robbery. We too found evidence of a strong short-run relationship between economic activity and recorded crime. However, we also found that changes in Gross Domestic Product (GDP) were much more strongly correlated with changes in recorded crime than were changes in personal consumption. In a sense this is to be expected, for GDP is a coincident indicator of the UK economic cycle. There was also evidence of a longer term readjustment after the recession was over. The readjustment process restored crime to its long-term growth path.

These studies, incorporating the latest developments in the estimation of time series relationships, have reaffirmed a much earlier conclusion, that changes in property crime, in particular, are closely related to changes in economic activity.

References

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Pyle, D.J. and Deadman, D.F. (1994), "Crime and the business cycle in post-War Britain." *British Journal of Criminology,* 34, 339-57.

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