The paradox of falling crime rates in a recession

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Crime rates have been steadily falling not just in the UK but in almost all parts of Western Europe and America. Importantly, it is falling steadily even amid the current recession which puzzles people given the supposed relationship between unemployment and increased crime. While no single definitive reason accounts for the steady decline, research in this area (including some of my own work with various collaborators) suggests that a number of factors have contributed to the fall in crime.

First, policing seems to have become more effective. Targeted intervention has led to better detection of crime and indeed the inverse relationship between crime and detection has been well documented (including in a series of **recent papers (http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2035639)** of mine with several co-authors. Further, at least for the UK and US, a large increase in prison population may have been partly contributory. However, policing is not the only factor as a **recent article (http://www.economist.com/news/britain/21576437-better-policing-only-one-reason-why-despite-persistent-economic-slump-and-high-youth)** in the Economist points out. This is again borne out by our research which shows that even after controlling for policing and socio-economic factors the trend is consistently downwards.

Socio-economic factors of course matter but their impact on crime is more complex. Unemployment may increase crime as unemployed people often have fewer options but unemployment is also accompanied by people spending less which means there is less to steal. Further, with more people at home rather than at work, property is left unguarded less often making it more difficult to steal. Average earnings also have an ambiguous effect on crime. Increased earnings suggest people do not need to steal but at the same time it also implies greater spending on goods which can become targets for theft. Hence, the combined effect of unemployment and depressed wages may paradoxically reduce crime.

That of course is not the whole story either and indeed the downward trend that I mentioned suggests there are additional factors not related to policing and the economy which are responsible. Theories abound but two of the most interesting are the abortion crime link and the impact of unleaded petrol. The **abortion crime (http://pricetheory.uchicago.edu/levitt/Papers/DonohueLevittTheImpactOfLegalized2001.pdf)** hypothesis suggested that the legalization of abortion led to a decline of unwanted children whose upbringing could make them most prone to crime. While plausible, causality in general is hard to establish and indeed a **UK study (http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0335.2007.00627.x/abstract)** looking at this finds no such clear association once causality issues are considered. The **lead hypothesis (http://www.guardian.co.uk/commentisfree/2013/jan/07/violent-crime-lead-poisoning-british-export)** suggests that exposure to lead causes people to be more aggressive and crime prone. Over the years, with more environmental safeguards, exposure to lead has decreased which seems to correlate with declines in crime.

Of course, the composition of crime changes with time. Young people spend more time online and vandalise less but their web savvy has led to more sophisticated fraudulent practices on the net and internet fraud may turn out to be the crime that shows growth in the future. But so far, the numbers continue to be encouraging suggesting we may have reached a lasting decline in criminal activity.

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