

*Philip J. Cook*

# “Crime rates drop through public action and private prevention”

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Editor

Cook has examined the welfare effects of the availability of alcohol. Alcohol is currently cheaper and more easily accessible than ever. Among other things, he showed that higher taxes will lead to a reduction in the number of heavy drinkers (Cook and Tauchen, 1982) and that an increase in the minimum age at which young people are allowed to drink will reduce the number of fatal road accidents (Cook and Tauchen, 1984). His book *Paying the tab* offers a survey of the scientific knowledge on alcohol policy. In it, he concludes that both higher taxes on alcohol and restricting its marketing possibilities will save lives and increase welfare (Cook, 2007).

Cook has also investigated how the quality of life in the United States is reduced by the widespread availability of weapons and the daily threat this poses, reducing the quality of life for all Americans. The analysis of Cook and Ludwig (2000) is not confined to the usual costs – such as reduced productivity due to death or injury – but also shows what the social consequences are of the availability of guns in America. For example, society pays higher taxes because government officials need more protection, and because it takes more time to get through security checks at airports. In addition, the analysis also shows what the subjective costs of the American gun laws are, because living in a society with a constant threat of armed violence becomes a daily affliction for many.

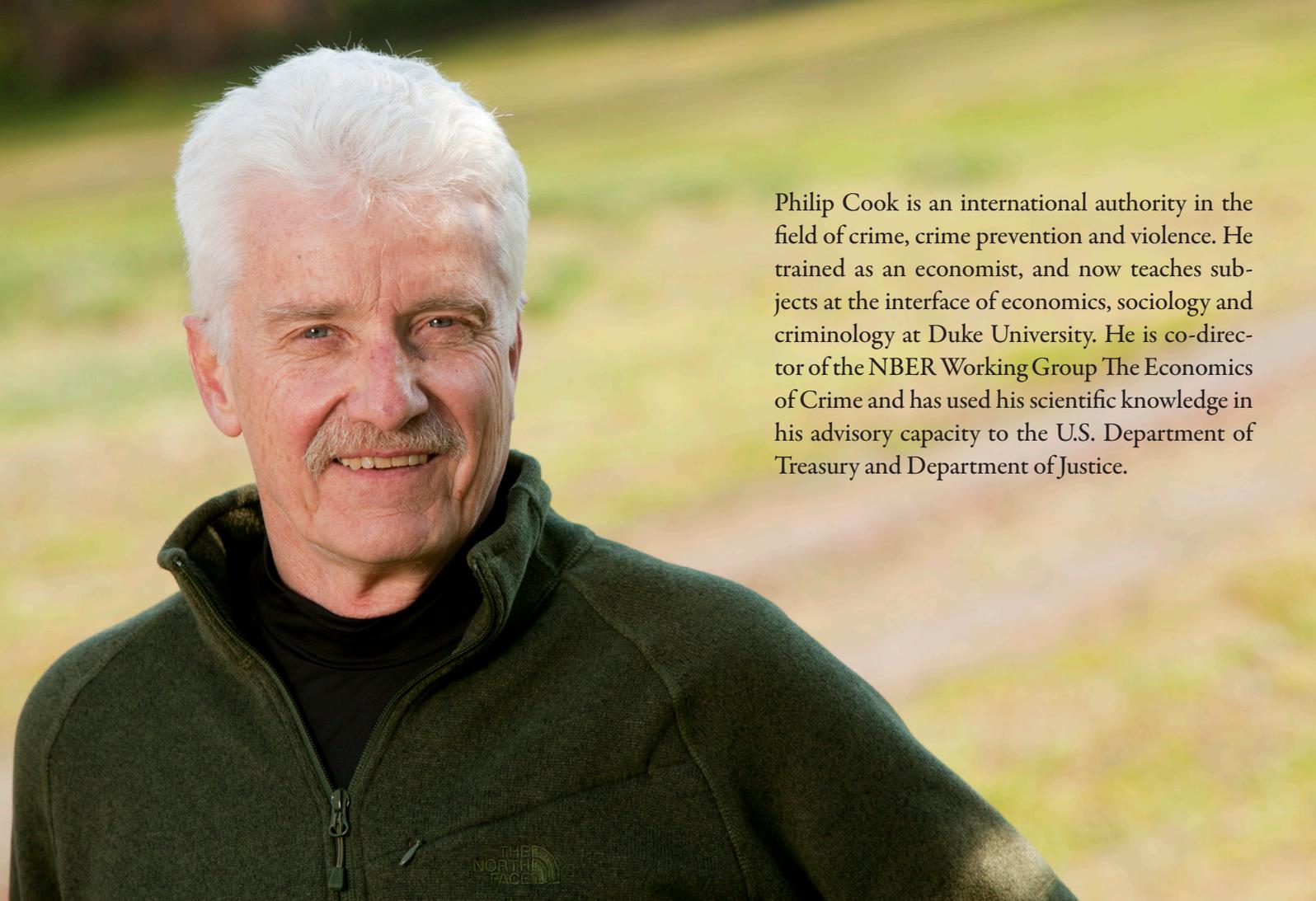
At present, Cook explores the part played by private initiatives in crime prevention. Scientific literature has not really focused on the role of the private sector in crime pre-

vention, though some of the private initiatives are much more effective than their public counterparts (Cook and MacDonald, 2011). Furthermore, the amount of money spent in the private sector is constantly increasing.

## *How did you get interested in crime?*

“While I was researching the labor market for my dissertation, I came across a dataset of released prisoners who had been followed for several years, describing their experiences on the labor market. The dataset kept track of whether or not they landed in prison again and if at any time they had been arrested again. The result was my dissertation, *The correctional carrot* (1975), which raised the question whether good prospects on the labor market reduce the risk that someone with a criminal tendency reverts to crime again. Luckily, my dissertation advisor, Daniel McFadden, allowed students to choose their own subjects.

Subsequently, I was accepted at Duke University to teach a course on the administration of justice, though I myself had never done any course in law or criminology. I worked together with a law professor and the local district attorney. Therefore, I was a student in my own class, because I learned a lot from their discussions about criminal law and crime. So, my career illustrates the phenomenon of ‘path dependency.’”



Philip Cook is an international authority in the field of crime, crime prevention and violence. He trained as an economist, and now teaches subjects at the interface of economics, sociology and criminology at Duke University. He is co-director of the NBER Working Group The Economics of Crime and has used his scientific knowledge in his advisory capacity to the U.S. Department of Treasury and Department of Justice.

*Because of your career, your research incorporates aspects of both criminology and economics. What in your opinion is the contribution of economics in researching crime?*

“When I began my research, I discovered that criminology was dominated by sociologists. In their opinion, we had to think about why society identifies some individuals or actions as being criminal and others not. Sociologists saw crime as the outcome of social structures and culture, such as race and poverty. And they did not think that the criminal justice system had much influence on crime rates – let alone that they thought crime was a deliberate choice. The main contribution of criminologists was that they understood the importance of institutions and had insight into the shortcomings of the data.

In reasoning this way, they left a lot of research to be done. There was in fact a huge intellectual gap, especially in the field of crime control. In the sixties, there were riots in American cities, and there was a huge increase in crime. But as a group criminologists had little to offer the policy-makers. They had not pursued any scientific knowledge nor gathered empirical evidence that might enable them to come up with solutions for reducing crime.

I was especially interested in the possibilities to reduce crime and how to prevent it. In doing so, I was not as dismissive as Gary Becker (1968), who entirely ignores criminology. In his seminal article, ‘Crime and punishment: an economic approach’, crime is a rational choice, in which the risk of being arrested and punished is able to deter potential offenders.

**“Many offences hardly take any time to perpetrate and are simply a by-product of everyday life”**

A related view is that of economists studying both the labor market and crime. Isaac Ehrlich’s model (1974) is based on the assumption that individuals weigh up how to spend their time best. Part of their time is devoted to work and part of it to committing crimes. If the profits from their legitimate work increase, because their wages are increasing, then crime’s marginal profits will become less attractive.

I’ve never considered that model a satisfactory explanation, because many offences hardly take any time to perpetrate and are simply a by-product of everyday life. For instance, if you are involved in a brawl in some bar, you are not thinking of how high your wages are. On the other hand, people do feel deterred by the idea of punishment. When you enjoy a good life and a decent income, this may serve as a deterrent, because you have a lot to lose if you are arrested and get convicted.

In summary, economists started out from the assumption that crime is a choice affected by the consequences of available options. Today, this is still the tradition within

which economists think, while criminologists are largely skeptical about the notion that the criminal justice system affects the crime rate. But the fields are gradually converging, and there are simultaneous discoveries. However, I am still probably the only one who quotes literature from both disciplines.

## “Behavioral economics provides context and support for quick and sure punishment”

What was lacking from the beginning in Becker’s rational choice theory is a good explanation of how crime opportunities originate, how often someone is presented with such an opportunity and the degree of crime we may expect in such a case. If a potential offender is considering whether or not to commit a crime – on the basis of the anticipated costs, benefits and the risk of being punished – one should also be able to explain at what point such considerations might turn into an opportunity. I find Ehrlich’s idea that crime is caused by the fact that people have ‘spare time’, unsatisfactory. Therefore, it is important to incorporate the possibility of criminal opportunities into the classic crime narrative. That is what I did with a supply-and-demand model of criminal opportunities. From this follows the description of how the systematic population characteristics generate opportunities for crime. And this in turn also provides a basis for my research into private investments in crime prevention. Because on the supply side there is a feedback effect telling us that the risk of becoming a crime victim affects private actions – such as protecting one’s private property.”

### *Are Americans bad people? How do you explain the difference between Europe and the United States as regards the number of crimes?*

“It is extremely difficult to compare the data for the US with those of specific countries in Western Europe since the data systems and definitions of crime are so different. Even when you compare surveys on victimization, all kinds of difficulties crop up. You are more likely to be pickpocketed in a square in Rome than in New York, but there is no actual evidence as to this, and certainly not any that would enable one to make comparisons.

But what we can compare is the number of murders. In the US that number is much higher than in Western Europe and Canada, because the technology – the type of weapon used in committing crimes – is very important in determining whether the victim lives or dies. So Americans are not more violent, but the violence is much more deadly because there are so often guns involved. And that is because weapons are far easier to come by in the US.”

### *Is it not important to compare countries so that we can learn from one another?*

“Of course there is a lot to learn from the specific legislations in the various countries. When I talk to Ben Vollaard about the positive impact of the Dutch requirements for new homes and the burglar-resistant window- and door-frames in order to prevent crime, that is an eye opener (Vollaard, 2009; Vollaard and Van Ours, 2011).

But more fundamentally, statements that are not country-specific must be able to hold in several countries. A good example is the sharp decline in the rates for violent crime in the US since the nineties. Today, the number of homicides has been halved and the number of property crimes has dropped even further. A popular explanation is that this is because the prison population has risen sharply in the US. Potential perpetrators have therefore been deterred or are already in prison. But crime has also fallen in other countries – Canada, the United Kingdom, France – while there the prison populations have remained stable. By looking at other countries, we see a similar pattern emerging all over the developed world. So, if you want to explain why crime has declined in the US, focusing on the increased number of detainees is insufficient. Several explanations that also apply to other countries are more attractive – such as technological change and a decline in the use of cash, but also the way teens now spend their time, because to enjoy themselves they no longer need to be with their peers physically.”

### *What would an economist say about this?*

“From an economic perspective, we can identify priorities for effective policy. Through research, we know which incentives ensure that potential offenders are deterred and which preventive aspects we must emphasize.

On the basis of traditional economics, we know that investing in policing has marginally more impact than increasing the prison population. If you incarcerate people for a long time, it will cost a lot of money and will put everyone in jail under a lot of pressure. But locking up people for a long time has hardly any more effect than locking them up for a short time, because criminals – just like ordinary people – discount the future (the tenth year in prison is less effective than the first).

Due to behavioral economics, we know that having visible enforcers, including the police, will remind potential offenders that there is a chance they will be arrested if they commit a crime. That visible reminder contributes to deterrence and will form an effective prevention.

It follows that, at this point in time, prevention is inadequate. Our prison system takes a lot of our resources, but is not effective because criminals are locked up for a long time. Therefore, the police gets too little funding and, as a consequence, is not visible on the streets. An increase in police presence will therefore be far more effective.”

### *Do you think the policies proposed by president Trump will affect the crime rate?*

“It is difficult to predict what will happen in the next four years in any area, including crime. Partly because we don’t know what Trump considers important and what his prio-

rities are. But also because we don't know what he will do if he is opposed by Congress. Therefore, we are in a state of profound uncertainty regarding federal policy.

If I have to make a guess, I think the Department of Justice will take its hands off police supervision. A priority was to investigate police departments if there was a suspicion of civil rights violation. In cases of violations, the DOJ can direct the police to change their practices. If that is no longer the case, the police will get more elbow room. On the one hand, this can improve the police's *morale*, so that they might adopt a more proactive approach that is effective in getting guns off the streets. On the other hand, we might see a return to the routine violations of civil rights."

**You mentioned an insight from behavioral economics which is important when setting priorities. What are the main developments in the Economics of Crime you have seen in your field over the last two decades?**

"After the empirical work languished after the seventies, the causal revolution of the nineties also reached the study of crime. Instead of a simple regression on observation data, economists started using natural experiments and quasi-experimental methods, allowing for statements about causal relationships. In a study of highway deaths among teenagers (Cook and Tauchen, 1984), we used panel observations from a large number of states that had changed their age limit for drinking alcohol. This research is part of the early experiment-oriented literature on policy changes.

In addition, the study of crime is no longer exclusively American; it has become international. This is partly because someone like Stephen Levitt has popularized the subject, which has spurred on a new generation of young scientists. We have seen an explosion in the number of dissertations on crime, both in the US and in Western Europe and Latin America.

The third point is that insights from behavioral economics enhance our research. Behavioral economics provides context and support for things like speedy and unfailing punishment. Because of behavioral economics, we know that it's not sufficient to ensure crime does not pay, but that it is also important to have a conspicuous and considerable probability of punishment. And if that punishment is dealt out quickly, it is more effective. A good example is the HOPE Probation program in Hawaii, which is based on the idea that punishment does not need to be very high, but has to be fast, predictable and immediate. Convicts in their probation period were regularly tested for drugs. At each offense they went back to jail straight away for a few days. This turns out to be incredibly effective."

**What are the big questions for the future?**

"Like Ben Vollaard, I am at present researching the part that private initiatives play in crime prevention. The study of private initiatives helping citizens to protect themselves against crime is not getting enough attention at the moment. For example, there are more private security guards than police officers in the US. The amount of money individuals spend on private prevention and the way

in which that affects our behavior puts far more pressure on our standard of living than the tax we pay to keep up the criminal law system.

Furthermore, it is also important to consider private initiatives, as the measures we as individuals take on the supply side have their impact on the demand side – and hence upon the profitability of crime. If you look at crime purely from the side of government you get a too narrow view, for you do not see a lot of the preventive measures which might well be very effective. Due to this, you may for instance overestimate the effect of public measures. And so we are now working on a systems view of crime that takes into account both private action in prevention as well as public action in deterrence and incapacitation.

For example, we have seen that jointly organized private security by homeowners is incredibly effective (Cook and MacDonald, 2011), without needing the police or a court. This is due to a combination of reduced opportunities for criminals (as private security guards block the way physically) and deterrence (as the probability of being arrested is greater because guards can quickly mobilize the police).

If you look at current social developments, there is a very important private mechanism working in the background, allowing people to reinforce their own security. You need to take that into account when justifying the huge drop in property crimes. One by-product of technological development, for example, is that it has consequences for the profitability of street crime: we use less cash, which affects the profitability of theft and burglary. For example, to steal a credit card is not the same as stealing a hundred dollars in cash. Also, we now all have a remote control with which to close our cars in a jiffy.

At the same time, currently most of the research focuses on simple crimes and street crime. Forty years ago we could never have imagined that today our attention for white-collar crime and organized crime would be so low."

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