

Not for quotation or citation

VERA INSTITUTE
LIBRARY

1130

UNEMPLOYMENT AND CRIME:
MEDIATING STRUCTURES AND INDIRECT IMPACTS

James W. Thompson

Presented to the Meetings of the
American Society of Criminology

November 12, 1981

Prepared under Grant Number 81-IJ-CX-0024 from the
National Institute of Law Enforcement and Criminal
Justice, Law Enforcement Assistance Administration,
U.S. Department of Justice.

Points of view or opinions stated in this document
are those of the author and do not necessarily rep-
resent the official position or policies of the U.S.
Department of Justice.

Employment and Crime Project
Vera Institute of Justice
New York, New York

UNEMPLOYMENT AND CRIME:
MEDIATING STRUCTURES AND INDIRECT IMPACTS

by

James W. Thompson

Vera Institute of Justice
New York City

I. Introduction

Not the least difficulty in approaching the topic of unemployment and crime is that it smacks of the familiar. We have a comfortable, but I would argue illusory, sense that we understand the issue, that evidence in support of a powerful, causal link between unemployment and crime is abundant and that, finally, the intuitive plausibility of the tie is buttressed theoretically by a sophisticated "economic model" of crime.

My aim in this paper is to suggest that much of the foregoing, while not entirely mistaken, is seriously enough in error as to justify a fresh approach from a different angle of attack. Little is known empirically concerning the contribution of unemployment to crime in general or to street property crimes in particular; several simple considerations suggest that direct ties between job loss and property crime are significant for only a few; and, most importantly, the theoretical underpinnings of the relationship are in need of

revision through systematic consideration of a range of indirect as well as direct linkages between constrained economic opportunity and criminality. The conclusion reached in this paper is that employment experiences and economic institutions are of profound significance for an understanding of crime causation, but that the predominant crime effects of these factors are conveyed indirectly via impacts on mediating structures such as the family, schools, and neighborhood organizations and institutions.

In developing these points, I first outline in Section 2 what I take to be the widely-held conventional model of unemployment and crime; in Section 3 I offer a critique of the model; and in Section 4 I sketch a description of indirect impacts and the role of key mediating structures.

II. The Conventional Unemployment-Crime Model

The "conventional wisdom" concerning the link between unemployment and crime can be put as follows: employment is the predominant source of income for the U.S. population and money income in turn is the primary resource utilized in satisfying a myriad of personal wants in efforts that can be loosely summarized as "maximizing utility." Unemployment, whatever else it entails, leads to the cutting off or reduction of the individual's income stream. It therefore is likely to call into play other strategies for replacement of income. Among these strategies will be crime, especially so-called property crimes that directly yield income or

involve appropriation of consumption goods otherwise obtainable through legal income.

A more sophisticated variant of the unemployment-crime model, and one that is probably not as widely understood, adds the notion of opportunity cost. On this view, employment averts crime because imprisonment resulting from conviction on a criminal charge would result in forfeiting otherwise obtainable legal employment income. This opportunity cost of lost legal income averts non-income as well as income producing crimes, since income from employment is vulnerable to conviction and imprisonment for crimes of all types. The opportunity cost variant is made more complex by introducing probability and "risk preference." Not many crimes lead to an arrest, not many arrests lead to conviction and not many convictions lead to imprisonment and consequently to the envisaged opportunity cost. Furthermore, individuals differ in their preferences for alternatives with the same average pay-offs but with different distributions of outcomes around the average. The model can thus become quite complex depending on the manner in which it incorporates these probabilities and makes a priori assumptions concerning the risk preferences of offenders.

Even if this conventional understanding of the employment-crime tie can be shown to be deficient, the fact that unemployment is widely understood to work in this way is of crucial policy importance. The conventional economic view provides the rationale for a range of intervention efforts that use

employment assistance, or training and schooling for future employment, as a means for averting crime or reducing recidivism among high-risk and ex-offender populations. One of the problems I have with the widely-held version of the unemployment-crime model is that it may lead to imprecise design or careless implementation and targeting of job training and employment initiatives.

The simplifications of the conventional model may further lead to miscalculations concerning the probable impacts on crime of low-wage, short-term employment efforts, and ensuing disappointment when these impacts are not found, calling into doubt broader, more promising policies directed at enhancing the economic opportunities of the poor. These policy concerns make reconsideration and revision of the conventional wisdom more than an academic exercise.

III. Critique of the Unemployment-Crime Model

There is a widely-held perception of firm empirical and theoretical support for the unemployment-crime model. However, upon closer examination, very little consensus appears in the empirical literature, and theoretical work has called into question one or another of the supports of the model. The following -- in my view, compelling -- arguments against the conventional unemployment-crime model emerge from this literature:

- Empirical studies relating aggregate unemployment rates to selected crime indices (arrests, criminal complaints, vital statistics data on homicides) do

not introduce adequate statistical controls for a range of confounding variables and do not provide cogent theoretical justifications for model specifications or functional forms of variables.^{1*}

- Almost no individual-level research on unemployment-crime relationships exists and what has been done is confined to narrow, program-related or offender populations. The available results from well-controlled studies point to weak and scattered impacts between employment status or program intervention and selected recidivism measures.²
- Scrutiny of the actual populations that fall into national unemployment and criminal justice data bases suggests they are mutually distinct. Unemployment data include seasonally unemployed but high-income workers, members of households with above-median income (and with other household members employed), persons who receive relatively high levels of transfer payments (unemployment insurance, supplemental payments). Finally, the bulk of the unemployed population is comprised of adults from age groupings whose per capita arrest rates are quite low. By contrast, arrest data point to a population of primarily young males, manifesting labor force participation rates that are reduced because of continuing school enrollment, youthful "moratorium behavior," support by parents and, doubtless, participation in income-generating criminal activity.³

While the preceding summarizes recent literature that criticizes the presumption of a close relationship between unemployment and crime on methodological and empirical grounds, it might be responded that better indicators -- for example, aggregate unemployment rates differentiated by sex, age, race/ethnicity and geographic location, or individual-level data on more representative populations -- would confirm the relationship. Though refinement of empirical indicators is

* Numbered footnotes refer to bibliographic references at the end of the paper.

desirable for many reasons, other criticisms of the unemployment-crime model derive from theoretical flaws in the model rather than concerns over measurement.

A penetrating criticism of labor-supply models of crime has been provided by Block and Heineke.^{4*} Their work addresses the ability of a labor-supply model to offer determinate empirical predictions regarding the response of offenders to changes in the "prices" governing returns to crime. Viewed as a labor-supply decision where offenders maximize personal utility, Block and Heineke point out that, contrary to the conventional model, it is theoretically illegitimate to assume that offenders will supply more crime if crime income increases or punishment is reduced. Just as consumers garnering more income might substitute caviar for peanut butter, so offenders enjoying increased (legal or illegal) income might decide to reduce criminal involvements. But if higher returns lead -- or may possibly lead -- to less rather than more crime, then the predictability of criminal behavior on the basis of data available to the economic model is thrown into doubt. Block and Heineke also point to the

*While all versions of the economic model of crime contemplate some form of utility maximizing choices, a large subset borrow from the literature on labor market behavior. These labor-supply models begin with the problem of time allocation as between three types of activity: legal income-generating activity, illegal income-generating activity and leisure (some versions further subdivide leisure into legal and illegal components). These variants of the economic model are emphasized in this paper because of their relevance to labor market issues.

need for determinate assumptions concerning the risk preferences of offenders and they suggest that criminal activities may bear non-monetary utilities -- "moral noxiousness" -- that require separate incorporation into the utility function.

Besides this important theoretical contribution, results from Vera's direct observation study of high-risk populations in several New York City neighborhoods are also of interest. Vera's work calls into question another fundamental premise of the economic model in its labor supply version. This premise is that individuals choosing between crime and non-crime work efforts can be considered in either instance to be surrendering a scarce and intrinsically desirable commodity -- available leisure time. The labor supply approach depicts an individual's work efforts as intrinsically of negative utility to him, to be outweighed only by money wages -- "compensation" -- offered by employers. While plausible over-all -- one does not find workers paying employers for the chance to work -- this premise does not take into account the situations of out-of-school, out-of-work, poor youths observed by Vera. These youths appear to be so entrapped by leisure that leisure functions as an unwelcome, punitive constraint. Surplus idle time is experienced negatively by poor, inner city youths, not positively. This suggests that some criminal activities for some persons in certain situations may possess inherently positive utility because they offer a pleasurable break from dull routines.

The notion that some criminal activities interrupt unwanted, negatively experienced leisure time does not suggest that they are "expressive crimes." While the notion of negative leisure -- idleness -- inevitably has a psychological connotation, its primary emphasis is on the social microcosm and on the opportunity structures surrounding action rather than on individual attributes such as personality variables, maturity, or chronological age.

Even in cases where idleness may not be a significant factor, the time distribution of individual criminal involvements differs markedly from conventional employment and from the image of the illegal labor supply implicit in the economic model. Whereas even "part-time" workers typically spend ten or fifteen hours in legal labor market efforts, the time spent at opportunistic crimes of the type described here might well total only minutes, or at most a few hours, over a weekly period.* The resulting implication is that such criminal involvements are compatible with other time-consuming activities, including work and school enrollment.

* However, an interesting qualification to this statement is necessary. While the time taken up by the criminal act itself is thought to be quite brief, it can be argued that larger amounts of time are required to identify crime opportunities, maintain relationships among similarly situated peer-group members, possibly "rehearse" certain criminal acts beforehand and "come down" from the excitement and fear afterwards. These ancillary activities are only loosely related to criminal "work time" itself, however, and probably should not be classified as part of a criminal work effort, anymore than time ancillary to legal work (e.g., personal care, travel to and from jobs) is counted in empirical labor-supply studies.

A related observation of Vera's fieldwork is that income-oriented crimes often supplement rather than supplant other income activities. In the field observations, non-crime income sources appear to predominate because they are relatively more stable and less risky than prolonged participation in street criminal activities.

In inner city poor neighborhoods there appear to arise fairly complex, albeit informally organized layerings of economic opportunity. At the lowest level are predatory street crimes: muggings, household and commercial burglaries, car thefts (sometimes in quasi-organized rings) and occasional "cowboy" robberies using a gun. At higher levels in the opportunity structure there arise a host of other, relatively benign criminal activities: stripping parts from abandoned autos for personal use; scavenging from empty buildings; street marijuana sales and con games; and shop-lifting and pilfering from places of employment. These activities, while criminal, tend in turn to merge with a further range of "irregular economic" activities and bartering arrangements: off-the-books labor, exchanges of janitorial work for a basement room in "old law" tenements, errand running for others in the neighborhood, and so on. These economic activities are in turn embedded within the larger institutional matrix of the poor urban area, where they interact with other domains -- family, schools, neighborhood organizations -- in influencing concrete behavior.

The lines dividing criminal from non-criminal activities in the perceptions and responses of local neighborhood residents often differ from official classifications. They reflect judgments about an individual's history and circumstances more forcefully than consideration of the specific activity in isolation.

The economic model of crime (in the labor supply version) suggests the image of an either-or decision between two mutually exclusive, competing "jobs," one legal and one illegal. The individual switches between the two job types in response to changing incentives, and standard labor market measures and deterrence indicators provide sufficiently reliable and valid measures of the effect of those incentives.*

What we have found, by contrast, is the following:

(1) empirical deterrence and labor market measures refer to distinct populations; (2) when related, they present uncertain, contradictory results at the aggregate level; (3) inferring unemployment-crime ties is made more difficult by theoretical doubts concerning the predicted direction of changes in behavior given changes in income or punishment; and (4) field observations suggest important roles for other elements alien to the model: superabundant, idle leisure and the intertwining of crime, irregular economic and legal opportunities in poor urban neighborhoods.

* Formal statements of the economic model do provide for concurrent participation in legal and illegal activities. However, the dominant uses of the model emphasize so-called "corner solutions" where utility is maximized by exclusive participation in one activity at the expense of the other.

All of the above suggests that the officially-defined labor market status of an individual does not influence his criminal behavior in a mechanical fashion. But it does not suggest that employment experiences taken as a whole, or the indirect impacts of economic institutions, are unimportant in explanations of crime. We turn now to brief considerations of these issues.

IV. Indirect Impacts, Mediating Structures and Crime

What does the economic model tend to ignore in its treatment of crime? To begin, the street property crimes that are the focus of this paper are disproportionately committed by young males in inner city poverty areas. These youths, often from minority backgrounds, present a familiar if unfortunate profile. They have dropped out from -- or been pushed out of -- school. They live largely apart from or in any case receive diminished guidance and support from parental households. And they manifest strong attachments to territorially-based groupings of age peers combined with distrust of and hostility towards adults, especially those with roles in distant bureaucracies.

Though space allows for only a few sentences to describe the patterning of these institutional and social structural arrangements, we can state the following:

- Key mediating structures independently influence participation in crime and employment by high-risk youths; these structures include the family, the schools, local labor markets and neighborhood organizations and institutions;⁵

- The impact and effectiveness of each of these structures is itself influenced by aspects of the macro economy, including not only the conventionally measured indices such as GNP, unemployment, inflation, and so on, but also by perceived and actual changes in the distribution of income and the legitimacy of these changes;⁶
- Besides being dependent on a range of macro-economic variables, the key mediating structures are also mutually dependent and interactive, and at the micro-level, they exert economic and non-economic impacts on individual behavior, including participation in criminal activities;
- In addition to the macro economy and intervening mediating structures, it is possible to distinguish the role of local social microcosms, especially emergent age and sex peer groups of neighborhood youths.

While this list of structures and non-economic factors could itself be defined and extended, the first problem to be acknowledged is that the increased multiplicity of explanatory factors has considerably complicated the attempt to understand crime causation. To take a few examples:

- The family's role as a mediating structure in an economic explanation of youth crime might be viewed in the manner Glaser and Rice suggested in an early paper: (adult) unemployment reduces crimes by youth because of the increased physical presence of out-of-work adults in the vicinity of youth, enhancing their ability to direct behavior into conforming patterns. A contradictory interpretation, suggested by Komarovsky, is that the unemployed male family head loses some of his authority as a consequence of his failure as a family breadwinner, suggesting that youth crimes would increase rather than decrease;⁷
- Fluctuations in household income may also directly influence the stability of the family, with increased income associated with more stable family arrangements and reduced intra-

family tensions; other research shows that increased income to poor households may lead to higher levels of family break-up, at least in the short-run. Once again, opposing inferences concerning impacts on youth crime can be developed from consideration of similar phenomena.

Other equivocal, complex relationships could be adduced for the other mediating structures -- schools, labor markets, local organizations and neighborhood institutions. For instance:

- During cyclical downturns in the economy, employers may substitute part-time for full-time workers, perhaps thereby increasing relative employment opportunities for youths and reducing crime by this high-risk group;
- But cyclical downturns may also exert pressures on families to maintain their living standards, increasing the entry of second earners into the labor market. These older, predominantly female workers may in turn compete successfully with youth for part-time employment, off-setting the impacts suggested above while at the same time possibly lowering the level of adult supervision of youth activities, in both ways increasing crime.

In considering causal linkages, it is sometimes misleading to begin first with an economic variable, placing crime in the dependent role. For example, employers' preferences for hiring groups other than youth for available part-time, unskilled work roles may be strengthened by concerns over youth crime in the local area and the safety of the business and its assets at the hands of young workers. Such an inverse crime-employment relationship would also bolster aggregate correlations between youth unemployment and youth crime rates.

Enough examples of rather complex ties between economic variables, mediating structures and criminal outcomes may have been provided at this point to raise the issue: how are these possibly myriad relationships to be organized, theoretically and empirically? Only a step or two can be taken in this paper towards approaching this broad problem. As a start, I would offer the following typology of relationships:

Table 1

Typology of Relationships between
Economic Variables and Crime

Nature of the Economic Impact:
Is Money Income Immediately Affected?

	Yes	No
Yes	1	2
No	3	4

Cell 1 in the typology locates instances of simple, "direct" relationships between economic variables and crime outcomes. For example, the individual's decision to trade-off money returns from property crime against those from available employment would fall into this cell. In other instances, (Cell 3 in the typology) even though the economic impact is directly upon income, the incidence of the impact is not on

the individual thought at risk of committing crime. Lost family income leading to a diminished ability to control the behavior of youths in the family would be included here. On the other side of the typology, cells 2 and 4 provide for cases interpretable in economic terms, but not in terms of impacts on income of individuals. For example, cell 2 would include instances where individuals' perceptions of the distribution of income motivate them to commit crime out of retaliation against perceived unfairness. Cell 4 might include cases where adults lessen their support for continued schooling of their children, based on a perception that educational credentials no longer have an economic meaning in the labor market. If, in turn, out-of-school youths manifest higher levels of crime, an economic impact, albeit highly indirect, has occurred.

In summary, empirical and theoretical criticisms and Vera's own research suggest many reasons for reconsideration and revision of the economic model of crime. For young persons, specific income motivations appear to be grafted onto much more complex patterns of gang conflict, self defense and status competition among age peers. These youth subcultures in turn respond to the influences of key mediating structures: family life, the schools, local labor markets and neighborhood institutions. While early delinquent and criminal patterns certainly include the appropriation of property -- usually from other youthful victims -- the inference of a simple,

powerfully acting income motivation on the basis of official classifications of arrests and complaint data is hardly warranted. Indirect impacts of economic factors mediated through their effects on the family and other institutions are likely to be of more import.

Among the older high-risk population, income needs are more continuously evident, but so is increasing participation both in the labor force and within a complex layering of "irregular economic" alternatives. Relatively benign forms of criminal activity also become possible, some yielding a significant flow of income. Even for this group, because of the complementary nature of a range of alternative income sources in addition to property crime, it is not plausible to suppose that a powerful, mechanically acting link exists between labor force status and participation in criminal activity. On the other hand, consideration of indirect linkages between economic factors, mediating structures and criminality in some respects strengthens interest in and concern over the labor market prospects of high-risk youth. If youths discount their future labor market prospects, if they ignore (perhaps for good reason) the tie-in of schooling with economic success, and if their families' own economic weakness translates into a failure to exert social control, then the ultimate impacts of a malfunctioning economy on criminality are more severe, and far less eradicable, than envisaged in commonly accepted versions of the economic model.

References

1. For reviews of this work, see Robert W. Gillespie, "Economic Factors in Crime and Delinquency: A Critical Review of the Empirical Evidence." Report to the National Institute of Law Enforcement and Criminal Justice, Washington, D.C., 1975 (mimeo.); Alfred Blumstein, Jacqueline Cohen and Daniel Nagin (eds.), Deterrence and Incapacitation: Estimating the Effects of Criminal Sanctions on Crime Rates. Washington, D.C.: National Academy of Sciences, 1978; and James W. Thompson, Michelle Sviridoff and Jerome E. McElroy, Employment and Crime: A Review of Theories and Research. New York: Vera Institute of Justice, 1981 (mimeo.), Chapter Two.
2. Thompson et al., op. cit., Chapter Four; Robert Taggart, "The Crime Reduction Impacts of Employment and Training Programs," Testimony Before the Subcommittee on Crime of the House Committee on the Judiciary and the Subcommittee on Employment Opportunities of the Committee on Education and Labor, October 27, 1981.
3. For discussion of the composition of populations included in conventional unemployment measures, a critique and proposed revision, see Sar A. Levitan and Robert Taggart III, Employment and Earnings Inadequacy: A New Social Indicator. Baltimore: The Johns Hopkins University Press; on age-crime interrelations, see David F. Greenberg, "Delinquency and the Age Structure of Society," Contemporary Crises (April 1977):189-223.
4. Michael K. Block and John M. Heineke, "A Labor Theoretic Analysis of the Criminal Choice," American Economic Review 65(June 1975):314-325.
5. For an early formulation, see "Employment and Crime: A Research Design," Vera Institute of Justice, January 15, 1979.
6. For an interesting utility formulation that references income inequality, see Sheldon Danziger and David H. Wheeler, "The Economics of Crime: Punishment or Income Redistribution," Review of Social Economy 33(October 1975); for models of wide-ranging effects of the economy, see Louis A. Ferman and Jeanne P. Gordus, Mental Health and the Economy. Kalamazoo, Mich.: The W.E. Upjohn Institute for Employment Research, 1979.
7. Daniel Glaser and Kent Rice, "Crime, Age and Employment," American Sociological Review 24 (October 1959):679-686; Mirra Komarovsky, The Unemployed Man and His Family (New York: Octagon Books, 1973).