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Crime and the Economy: What Connection?

by Eli Lehrer

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[\[back to web version\]](#)

The news has become almost routine by now: Another annual "Crime In the United States" report from the FBI, another year of falling crime rates. Since the first useful national crime statistics came out in 1934, the agency has recorded only 16 years during which crime declined, and eight of them have been since 1992.

But good news sometimes leads to bad analysis. The fact that this, our most sustained drop in crime, neatly coincides with the longest economic expansion in U.S. history has led some experts to insist there's a connection between the two.

At first glance, this seems logical: Crime rates should drop during good economic times and rise during bad ones.

But there's little evidence to suggest that good economic times have much effect on crime. Crime rates rose every year between 1955 and 1972, even as the U.S. economy surged, with only a brief, mild recession in the early 1960s. By the time criminals took a breather in the early 1970s, crime rates had increased over 140 percent. Murder rates had risen about 70 percent, rapes more than doubled, and auto theft nearly tripled.

By the same token, a bad economy doesn't always bring more crime. Crime rates fell about one third between 1934 and 1938 while the nation was struggling to emerge from the Great Depression and weathering another severe economic downturn in 1937 and 1938. Surely, if the economic theory held, crime should have been soaring.

So it's hard to argue credibly that economic barometers such as the unemployment rate can be used to predict crime rates. But that hasn't stopped some experts from trying.

Indeed, UCLA professor Jeff Grogger has advanced a stronger version of this theory in the new book, "The Crime Drop in America." According to Grogger, declining wages for poor young males drew them to crime as crack ravaged inner cities during the economic boom of the late 1980s. Low wages and the lure of crack profits thus discouraged young men from finding honest work.

It's true that just as crime began dropping in 1993, wages began rising consistently for young males after a 20-year decline. Although unemployment rates were low in the late 1980s, it seems plausible to suggest that lower wages (which declined 8 percent between 1984 and 1988 for males aged 16 to 24) would induce young men to opt for the drug trade.

But on closer inspection, Grogger's argument falls apart. Crime rates fell in nearly all categories between 1982 and 1984, even though Grogger's own numbers show that wages fell for low-income workers during the same period. Likewise, Grogger's data show that wages rose for low-income workers between 1988 and 1990, despite being a period

of higher crime rates.

In fact, some of the worst years for crime increases were in the late 1950s, as hourly wages surged ahead. Between 1957 and 1958, for example, per-capita income increased about 8 percent while crime rose nearly 15 percent.

So if the economy doesn't explain it, why have crime rates fallen so sharply in recent years? One can't say for sure, but the smart money is on three key factors. For one, America's prison capacity has roughly quadrupled since the mid-1970s and, starting in the early 1980s, the punishment a criminal could expect for a crime began to rise in most states after a 30-year decline. In short, many more crooks are behind bars.

Second, we have more police officers – and, for the most part, they're doing a better job. Of course, research shows that it is not the number of police on the street, but rather how they are managed and deployed that makes the biggest difference in controlling crime. And thanks to new ideas about cracking down on disorder, holding police commanders accountable, training officers and working with community groups, the police have become a lot smarter in fighting crime.

Third, the number of males aged 16 to 24 – the group that commits about half of all crime – declined a bit in the early 1990s.

But these trends won't last forever. In the last three years, the number of young males began climbing again. In some cases, bold policing experiments have stumbled. And some law enforcement experts are questioning the effectiveness of federal programs in combating crime, or the social and economic wisdom of expanding the nation's prison system.

At some point, America's crime rates will rise, and the economy will stumble. But even if both happen at the same time, one won't necessarily have anything to do with the other.

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