

## Effective Investments in Public Safety Unemployment, Wages, and the Crime Rate

“Our estimates suggest that a substantial portion of the decline in property crime rates during the 1990s is attributable to the decline in the unemployment rate.”—Raphael and Winter-Ebmer. (April 2001). Identifying the Effect of Unemployment on Crime, *Journal of Law and Economics*.

“We conclude that both wages and unemployment are significantly related to crime, but wages played a larger role in crime trends over the last few decades.”—Gould, Weinberg and Mustard. (February 2002). Crime Rates and Local Labor Market Opportunities in the United States: 1979-1997, *The Review of Economics and Statistics*.

“Youth behavior is responsive to price incentives, and falling real wages may have been an important determinant of rising youth crime during the 1970s and 1980s.”—Grogger, Jeff, the National Bureau of Economic Research, “Market Wagers and Youth Crime,” *Journal of Labor Economics* (1998).

**Background:** Research studies focusing on unemployment rates and market wages have found relationships with the crime rate in the United States. This research has revealed that practices aimed at improving employment rates may be effective tools for promoting public safety.<sup>1</sup>

### Reduced unemployment, and increasing employment, has been associated with falling crime

Researchers have found that, the crime drop of the 1990s was associated with falling unemployment rates. From 1992 to 1997, during a time when the unemployment rate dropped 33 percent, the country also witnessed a 30 percent drop in robberies, a 15 percent drop in auto theft and burglary and a 4 percent drop in larceny.<sup>2</sup> Research published in the *Journal of Law and Economics* found that “slightly more than 40 percent of the decline [in overall property crime rate] can be attributed to the decline in unemployment.” The authors found the impact on violent crime was weaker, but that it varied for different crimes (such as homicide, and robberies).

#### A one percent decrease in the unemployment rate relates to the following decreases in Crime Rate<sup>3</sup>

Type of Crime	Percentage Decrease in Crime
Property Crime	1.6-2.4%
Violent Crime	.5%
Burglary	2%
Larceny	1.5%
Auto Theft	1%

Source: *Journal of Law and Economics* (April 2001).

<sup>1</sup> Raphael, S. and Winter-Ebmer, R. (2001). “Identifying the Effects of Unemployment and Crime.” *Journal of Law and Economics*. Vol. XLIV.

<sup>2</sup> Raphael, S. and Winter-Ebmer, R. (2001).

<sup>3</sup> Raphael, S. and Winter-Ebmer, R. (2001).

A study by the Heritage Foundation found that “For every 1 percent increase in civilian labor force participation, violent crime is expected to decrease by 8.8 incidents per 100,000” people.<sup>4</sup> In other words, when more people are employed, violent crimes decrease.

A survey by the Bureau of Justice Statistics reported that 33 percent of state prisoners and 26 percent of federal prisoners in 1991 were unemployed at the time of their arrest.<sup>5</sup>

Researchers who reviewed crime and unemployment rates from 1979 to 1993 found that the unemployment rate of non-college-educated men was responsible for 24 percent of the total increase in property crime and 8 percent of the increase in violent crime during this time period.<sup>6</sup>

### **Market wage rates have been shown to relate to crime rates, especially for young, unskilled workers**

According to research published in the *Journal of Labor Economics*, market wages of people engaged in crime are approximately 11 percent lower than people not engaged in crime.<sup>7</sup> The authors find that people engaged in crime are usually “unskilled” so they are not in as high demand as some of their more educated counterparts, and therefore work 254.8 fewer hours each year on average.

The author of this study further found that a 10 percent increase in wages would render a 1.8 percent decrease in the crime participation rate.<sup>8</sup> Furthermore, the authors found that an increase in wages would have a great effect on young men, who are often the most impacted by wage rates and who commit the majority of crimes.

Another study published in the *Review of Economics and Statistics* found that the 23 percent drop in wages for non-college-educated men between 1979 and 1993 explained 43 percent of the 29 percent increase in property crimes and 53 percent of the 47.2 percent increase in violent crimes.<sup>9</sup>

### **“Safest” ranked cities more likely to have lower unemployment, while joblessness higher in “dangerous” cities.**

Between Fiscal Years 2003 and 2005, New York City saw a decline in its unemployment rate (down 30 percent), which coincided with the decline in the number of crimes reported (down 9 percent), and the decline in incarceration. During the same period of time, New York City also witnessed a drop in the number of people in jails. According to the New York City Department of Corrections, between Fiscal Years 2003 and 2005 admissions to jail fell 6.1 percent, and the average daily jail population fell 6.5 percent.<sup>10</sup> During the same time period, New York’s prison population declined from 65,914 to 62,963, a decline of 4.7 percent.<sup>11</sup>

**New York City Unemployment Rates<sup>12</sup> and Crime Rates<sup>13</sup>**

<b>Year</b>	<b>Crimes per people</b>	<b>Unemployment rate</b>
2003	1 per 34.28	8.3%
2004	1 per 35.71	7.0%
2005	1 per 37.38	5.8%

Sources: Bureau of Labor Statistics; Uniform Crime Reports

<sup>4</sup> Muhlhausen, David B., May 2001. “Do Community Oriented Policing Services grants affect violent crime rates?” The Heritage Foundation. Online: [www.heritage.org](http://www.heritage.org).

<sup>5</sup> Bureau of Justice Statistics. (1994). <http://www.ojp.usdoj.gov/bjs/pub/press/cfaspi91.pr>

<sup>6</sup> Gould, E., Weinberg, B. and Mustard, D. (2002). “Crime Rates and Local Labor Market Opportunities in the United States: 1979-1997.” *The Review of Economics and Statistics*, 84(1).

<sup>7</sup> Grogger, J. (1998). Market Wages and Youth Crime. *Journal of Labor Economics*, 16(4).

<sup>8</sup> Grogger, J. (1998).

<sup>9</sup> Gould, E., Weinberg, B. and Mustard, D. (2002).

<sup>10</sup> New York City, Department of Corrections: <http://www.ci.nyc.ny.us/html/doc/html/gnlstats.html>

<sup>11</sup> Harrison, Paige and Allen Beck. (2006). “Prisoner and Jail Inmates at Midyear 2005.” Bureau of Justice Statistics.

<sup>12</sup> Bureau of Labor Statistics.

<sup>13</sup> FBI Uniform Crime Reports, Crime in the United States, 2003-2005. <http://www.fbi.gov/ucr/ucr.htm>

**Morgan Quinto Press**, an independent private research and publishing company, publishes six primary rankings reference books that note where cities and states rank on a variety of indicators, including education, health, and crime. Quinto’s rankings of the top ten “safest” and most “dangerous” cities of more than 500,000 people were recently cited in *The New York Times*<sup>14</sup> and the *Associated Press*.<sup>15</sup> (New York City was also ranked as a “safe” city).

**Half of the largest cities rated to be the “safest” cities had lower unemployment rates than the national average (5.1 percent);** and 8 out of the 10 cities were within 1 percent of the national rate.

**Top 10 Safest Cities**

Rank	City	2005 Unemployment Rate
1	San Jose, CA	6.1
2	El Paso, TX	6.6
3	Honolulu, HI	2.7
4	New York, NY	5.8
5	Austin, TX	4.4
6	San Diego, CA	4.3
7	Louisville, KY	6.2
8	San Antonio, TX	4.8
9	Fort Worth, TX	5.3
10	Jacksonville, FL	4.0

**8 out of the top 10 “most dangerous” large cities had unemployment rates that were higher than the national average (5.1 percent).** Increasing unemployment rates have historically coincided with increasing crime rates. Detroit, the “most dangerous” city listed, also has the highest unemployment rate amongst the 50 largest U.S. cities, at 9.1 percent higher than the national average. No other large city even comes close.

**Top 10 Most Dangerous Cities<sup>16</sup>**

Rank	City	2005 Unemployment Rate <sup>17</sup>
1	Detroit, MI	14.2
2	Baltimore, MD	7.1
3	Washington, DC	6.5
4	Memphis, TN	7.1
5	Dallas, TX	5.8
6	Philadelphia, PA	6.8
7	Columbus, OH	5.4
8	Nashville, TN	4.6
9	Houston, TX	6.0
10	Charlotte, NC	4.8

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*The Justice Policy Institute is a Washington, D.C.-based think tank dedicated to ending society’s reliance on incarceration and promoting effective and just solutions to social problems. For more information, visit our website at [www.justicepolicy.org](http://www.justicepolicy.org)*

<sup>14</sup> Gettleman, Jeffrey. *It’s the most dangerous city. But is it turning around?* *New York Times*, November 22, 2005.

<sup>15</sup> *Safest and Most Dangerous Cities*, *Associated Press*, November 20, 2005.

<sup>16</sup> Morgan Quinto Press. “12th Annual America’s Safest and Most Dangerous Cities”. [www.morganquitno.com](http://www.morganquitno.com)

<sup>17</sup> Bureau of Labor Statistics. <http://www.bls.gov/lau/lacilg05.htm>