

THE COSTS OF CRIME IN FRANCE

MEASURING CRIME, BUT MEASURING ITS CONTROL AS WELL

The CESDIP has been tabulating the economic impact of criminality since the early 1970's. The results of up-dating for the years 1984 to 1987 have just been published.

Crime has two types of economic consequences. There are those that result directly from the committing of the offense, and those that are attributable to the reaction to it -that is, to the cost of its control and punishment. An offense may have no substantial economic impact, but if it is strongly combatted, the economic and social consequences may be considerable. Conversely, there may be no social reaction, or one with little economic impact whereas the offense committed may be extremely costly.

What is involved is an estimation -in monetary terms- of the extent of each form of crime, the cost of its control and of its punishment. The picture of the place of crime in society yielded by this type of approach is quite different from that shown by police or judiciary statistics.

Research on the "cost of crime" increases the visibility of the gap separating the cost of certain crimes, in monetary terms, from their actual control. This provides an opportunity to emphasize the distance that exists, in some cases, between incrimination and actual punishment.

A DIFFERENT UNIT OF MEASUREMENT, ANOTHER PICTURE OF CRIME

Criminality and its evolution are customarily measured using police statistics or, in some cases, statistics for sentencing, which count cases or offenders. These indicators of criminality, based on the activities of the criminal justice institutions, overestimate the most socially visible types of crime, those that are most frequently reported and acted on by the police. They tend to emphasize what is known as street crime, including different types of theft, deliberate assault and battery, violations of the laws on narcotics, as well as all other sorts of offenses committed in public. These statistics obviously exclude any crime or offense that is not known to the police, and underestimate those that are rarely investigated such as white collar offenses. Last, they do not take into account the social cost of these various forms of criminality.

It highlights the differences between types of control and punishment of various sorts of crimes. Those which are most costly occupy the police and the justice system rather little. These offenses are handled and regulated by other governmental services, and are rarely punished by the criminal justice system.

ESTIMATION OF THE COSTS OF CRIME

The monetary assessment of criminality makes use of a variety of sources : administrations, professional organisms, expert estimations, etc. Figures are based on statistics for activities, the evaluation of mean costs, the estimated proportion of frauding, either calculated by the authors or projected from previous studies.

The sum representing the cost of control are estimations, owing to the necessity of including only expenditures directly connected with criminality activity. These estimations have no pretention of measuring each item accurately, an impossible task, given the quality of the data available. They simply attempt to establish an order of magnitude, for the construction of a probable picture of the economics of criminality. Two types of accounting are used : the cost of controlling crime and the monetary estimation of the effects of criminality.

The use of a monetary unit of measure -the sums involved- is just as justifiable as using the number of cases or of offenders. Monetary estimations may be utilized to evaluate various forms of criminality regardless of whether or not they are punished. They underline types of crime with low social visibility because there is often no directly individualizable victim (in certain white collar offenses), and which are in fact extremely costly, although they are rarely punished by the criminal justice system.

The cost of controlling crime takes into account the amounts spent for the prevention or punishment of criminal activities. Certain of these expenditures are financed by the public budget (police, gendarmerie or justice system, but also other governmental agencies involved in the control of certain offenses). Others are privately

Furthermore, when expressed in terms of cost, the respective weight of various forms of criminality differs considerably from what is shown by penal statistics. This type of estimation brings out a very different picture of criminality, but one which is complementary to the picture yielded by more traditional approaches.

franced. These include money spent for protection and prevention (such as insurance, security guards or protection systems). The cost of controlling crime may therefore be divided into public expenditures for punishment and prevention, and private expenditures for protection.

The cost of controlling crime is constantly rising ; in 1987 it exceeded 63 billion francs. Between 1980 and 1987, the cost of controlling crime, expressed in constant francs (1987 value) increased by 21 % -that is, by 3 % annually.

The administration's share of this cost (10 billion for punishment and 20 billion for prevention) is declining. Private expenditures for protection (34 billion) now represent over half of all spending for control, and rose from 48 to 53 % of the total sum between 1980 and 1987. This proportion may possibly be overestimated by the mode of attribution of expenditures for insurance ; there is nonetheless definitely a soaring development of spending for protection by both firms and households in recent years.

The monetary estimation of the effects of criminality attempts to determine the amount of money involved for each type of offense, regardless of whether the damage is caused to a private party (in theft, for instance) or is represented by loss of income for public finances (tax evasion) or a loss of wealth for the nation (violation of the exchange laws). The following points should be noted.

- White collar crimes (over 130 billion francs) and more specifically fiscal crimes (115 billion) are by far the most costly. Exchange control and customs offenses are on the decline, owing to the more liberal regulations governing the circulation of goods and capital.

- Attempts on human life (38 billion francs) rank second. Criminal negligence (mostly involving traffic accidents) is increasingly involved, with premeditated murder representing only 3 % of the total cost of this item.

- The cost of holdups, a major emotional issue, is marginal : they rank 14th, with a cost of 471 million francs;

- In between these, we find theft (3.4 billion francs), whose rank (8th) has scarcely changed since 1979. The figures are probably partially underestimated, but remain far below those found for other types of crime.

- Credit card frauds (490 million francs) are increasing rapidly but, with a cost close to eleven times lower than that of issuing bad cheques (5.4 billion francs), they remain relatively minor.

- Last, computer crime, a new item, is increasing rapidly (and is perhaps overestimated) ; for its first listing it ranked 7th, with 4 billion francs.

COSTS OF CRIME AND LIMITS OF THE ECONOMICS OF CRIME

The use of monetary units to describe criminality definitely results in a different evaluation of the respective weight of various types of crime. However, this approach does not have the pretention of offering an economic analysis of the role of crime in society. It is not a form of national accountancy of criminal activity viewed as a sector of the economy (similar to attempts, by some investigations, to evaluate the contribution of the underground economy to national production). Nor does it provide a description of the effects of illegal practices on the economy and the possible role played by these in its regulation or dysfunctioning.

Neither are these estimations a way of calculating the profits of crime. The figures have not been added up to obtain the "earnings by crime". The notion of profits of crime involves the assumption that homogeneous social groups may be defined, within which certain individuals would be "profiters" of crime and others victims. In fact, when the criminal situation is viewed as a whole, such a distinction is seen to be impossible. For example, the victim of a burglary may be a tax evader, or a person whose car is stolen may have issued bad cheques.

However, the assessment of various types of crime in terms of cost makes it possible to reorganize the hierarchy among types of offenses, on the basis of losses for victims. Tax evasion, for instance, which ranks first among crimes for its "cost", is very unevenly practiced within the population (it is believed that approximately 1/6th of taxpayers commit 3/4 of income tax frauds). For those households who cannot or will not fraud, the indirect damage thus incurred, in monetary terms, is apparently far greater than that caused by the totality of all thefts of which they may possibly be victims.

One justified objection to this approach is its purely monetary character. The estimation of the individual and social "cost" of offenses should also take into account the perceived seriousness of the act, its frequency and the moral prejudice for the victim. However, this economic approach does shed a different light on the phenomenon of crime ; it is one of a number of legitimate methods of quantification and, in our belief, is a valuable complement to these.

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	1979			1982			1987		
	Value	Rank	% GDP	Value	Rank	% GDP	Value	Rank	% GDP
Tax Evasion	53,183	1	2.31	86,451	1	2.43	114,419	1	1.96
Attempt on human life	29,205	2	1.27	36,573	2	1.03	37,581	2	0.64
Procuring	3,000	5	0.13	3,500	5	0.10	5,500	3	0.09
Miscellaneous white collar offense	5,640	4	0.24	5,200	3	0.15	5,390	4	0.09
Issuing of bad cheques	1,072	8	0.04	1,800	8	0.05	5,366	5	0.09
Car theft	1,146	7	0.05	2,994	6	0.08	4,248	6	0.07
Computer Crime	-	-	-	-	-	-	4,000	7	0.07
Theft	850	9	0.03	2,147	7	0.06	3,390	8	0.06
Customs and excise violations	1,468	6	0.06	1,500	9	0.04	2,500	9	0.04
Drug trafficking	266	12	(*)	386	10	(*)	625	10	0.01
Destruction of property (arson)	274	11	(*)	258	12	(*)	615	11	0.01
Shoplifting	390	10	0.01	600	10	0.02	603	12	0.01
Credit card frauds	-	-	-	-	-	-	490	13	(*)
Hold-ups	192	13	(*)	224	13	(*)	471	14	(*)
Breach of exchange regulations	6,667	3	0.28	4,004	4	0.11	106	15	(*)
Coinage	20	14	(*)	45	14	(*)	54	16	(*)
Breach of the EEC regulation	-	-	-	15	15	(*)	31	17	(*)

expressed in millions of francs (current value)

(*) Percentage below 0,01 %

Source : CESDIP

TABLE 2 - COST OF CONTROLLING CRIMINALITY

	1984		1985		1986		1987	
	Value	%	Value	%	Value	%	Value	%
Cost of punishment	9,178	17.6	9,395	17.1	9,842	16.8	10,175	16.1
Cost of prevention	16,785	32.4	17,636	32.1	18,600	31.8	19,194	30.4
Cost to private citizens for protection	25,863	50.0	27,949	50.8	30,003	51.4	33,845	53.4
TOTAL	51,926	100	54,980	100	58,445	100	63,214	100

expressed in millions of francs (current value)

Source : CESDIP