

THE COST OF CRIME

A monetary estimation of criminal offences

Since the early 1970s, the CESDIP has pursued a line of research broadly entitled the *Cost of crime*, aimed at studying what crime costs France.

Originally, this type of research took shape in a context within which operational criminology research aspired, above all, to improve the allotment of resources, so that the social control apparatuses might achieve their goals more efficiently. Our approach is somewhat different.

From the outset, our investigation of the economic consequences of crime dealt with both sides of the coin :

- first, offending, with the monetary measurement of various offences,
- secondly, the social reaction it generates : expenditures for the control of crime.

For the first side, a monetary unit of accountancy - the sums involved - is used to assess the extent of criminal activity. For the second side, other social costs resulting from crime are calculated, those tied to control, prevention and punishment. These soaring expenditures for security - a consequence both of strong social demand and of political and economic implications - are now an acutely controversial issue.

In an earlier issue¹, we published our findings on the evaluation of **expenditures for security** pertaining to one specific risk : crime.

The present paper is concerned with the findings for the **monetary estimation of criminal offences** for 1991.

EVALUATION : ON WHAT BASIS ?

The *monetary estimation* of criminal offences assesses the monetary price of offences with no reference to the notion of profit.

An attempt is made to determine the amount of money involved for each type of offence, be it through private loss (as in theft, for instance), losses of tax income, a transferral during trade in prohibited substances (narcotics) or a loss of wealth for the community (attempts on human life).

The study of crime encounters the same difficulties as any other attempt to quantify social phenomena. In our opinion, recourse to monetary estimations is one possibility, along with other types of assessment (police and judicial statistics, victimization and self-reported crime surveys, etc). Habitually, measurement of crime and of trends in crime is based on police statistics, and in some cases on statistics for sentencing, the unit of accountancy for which is the case or the offender. Assessments based solely on statistics for the activities of criminal justice institutions reflect any changes that may have occurred in the punitive policies implemented and the resources allotted, just as much as the evolution of the phenomenon itself. They may also overestimate the most socially visible offences, those most frequently reported and prosecuted, and give priority to what is known as street crime, to all of those offences committed in public. The use of a monetary unit for accountancy - the sums involved - may be just as valid. Monetary estimations are instrumental in evaluating various types of criminal offences that are neglected by other methods. They point up offences with a low social visibility because of the frequent absence of an

individualizable victim, and which, although rarely punished by a court, are in fact extremely costly.

This approach has no pretension to undertake an analysis of the societal role of the economics of crime. It is neither a sort of national accountancy of criminal activity viewed as an economic sector (it does not address the question of the contribution of the underground economy to national production), nor an analysis either of the effects of crime or of illegal practices on economic life or of their regulatory role.

Nor are these estimations a reckoning of the profits of crime. Estimations of criminal offences have not been summed up to calculate the "earnings from crime". Use of the expression "profit of crime" would postulate the possibility of differentiating homogeneous groups, some of which would be classed as "profiteers from crime", while others would be victims. In fact, this is an impossible venture for the crime phenomenon taken as a whole. For instance, the victim of a car theft may have issued bad cheques, and the victim of housebreaking may also be cheating the internal revenue services.

THE HIERARCHY OF LOSSES

The monetary evaluation of criminal offences is based on a number of miscellaneous sources : administrative studies, investigations by professional agencies, expert estimations, etc. The figures are established on the basis of statistics for activities, the evaluation of quotas, the estimation of coefficients calculated either by the author or using earlier studies. They usually make use of indirect assays. This is the case for tax evasion - a percentage of the taxes -, shoplifting - a quota of gross income -, attempts on human life - the value of a human life and the number of people killed - or of narcotics offences - consumption and amounts seized. In other cases they are based on police sources (for homicides, procuring and white collar crime, for example).

The findings may be shown as a hierarchy of losses, mentioning the status of the assay, the bottom, medium and ceiling estimations (see table).

When a different approach to crime is attempted and a monetary unit of accountancy is used to measure it, the outcome, above all, is to point up one type of victimless crime with a low visibility : **tax evasion**. With a figure of 160 billion francs (settlement of arrears not deducted), including 100 billion for income tax, it definitely still ranks first.

Attempts on human life are second on the list, with a minimum of 45 billion francs and a ceiling of 60 billions, referenced on the recent estimations of the value of human life based on the value for the community of the years of life saved. Unintentional attempts prevail by far (75%) ; 2/3 of these are traffic accidents. Moreover, a better assessment of the actual numbers for manslaughter show them to account for 10% of the total price of attempts on human life.

Figures for **infringement of the legislation on narcotics** are somewhere between 18 and 33 billion francs, with a mean estimation of 25 billions.

For heroin, these findings are based on estimated figures for consumption ; for cannabis and cocaine, they are based on seizures. The wide gap between evaluations reflects the different hypotheses applied (degree of concentration of the

¹ Godefroy (Th.), Laffargue (B.), Spending for Security ; trends for 1981-1991, *Penal Issues*, 1994, 5, 7-8.

substance, coefficient of seizures and percentage re-exported). Despite the vagueness of these estimations (in a ratio of almost 1 to 2), neither a high nor a low evaluation would change the hierarchy of losses. Monetarily speaking, the consumption of narcotics costs 6 times less than tax evasion and less than half of attempts on human life.

Statistics on crime generally have little to say about **procuring**, and yet the sums involved - from 10 to 14 billion francs - rank fourth here.

Theft in department stores is in fifth position, with close to 12 billion francs including 9 billion for the large supermarkets. There is a possibility that the method used for calculation - the same percentages applied to pilfering and thefts in all department stores - leads to an overestimation of the extent of these losses.

The following entries count for somewhere between 3 and 6 billion francs. These are generally "bottom" estimations. Some - such as **white collar crime** - are in fact probably a far cry from the actual figures. For the latter, it should be remembered that the statistics available are confined to losses recorded by certain policing agencies. If indirect estimations of the type used for tax evasion, for instance, were available for this category, its rank in the hierarchy would be reevaluated. **Smuggling** is another largely underestimated field. Only smuggling involving trading operations has been considered in the present evaluation. A sector as major as smuggling offences affecting the European Union budget could not be assayed. Estimations pertaining to smuggling as a whole (for both national and EU budgets) arrive at figures between 17 and 34 billion francs. Use of this estimation would class these offences in second position. The method utilized to assay **thefts** (on the basis of insurance company reimbursements) underestimates actual losses. The amounts involved in automobile-linked thefts are actually rising much more rapidly than those connected with other thefts. While these sums were similar in the early 1980s, ten years later the former are seen to have doubled, in proportion to other thefts. Last, for **payments**, bad cheques are still the most costly offence, despite the decline in the quota of definitively unpaid cheques (which dropped from 2/3 to 1/3) and the development of banking cards.

Clearly, we cannot contend to have accurately measured the various types of offences. However, their respective magnitudes do point to a probable hierarchy of losses. This hierarchy has hardly changed since the first estimations.

EVALUATION AND EVOLUTION

Earlier findings on the monetary impact of criminal activity have been published by the CESDIP for the years 1968 to 1987. However, a presentation of the evolution of the sums at stake in criminal offences over close to 25 years is not feasible, given the considerable changes in the methods of calculation as well as in the way of dealing with the problem. Nor is it possible within a same up-dating campaign (the years 1988 to 1991, in this case), despite the uniformity of the methods of calculation. First of all, this would be meaningless for those categories for which the degree of uncertainty attached to the evaluation exceeds any virtual evolution. This is the case for procuring, and for infringement of the legislation on narcotics.

Next, the measurable trends would simply represent trends in various indirect figures from which we have derived quotas. This is true for tax evasion (a percentage of taxes), shoplifting (a quota of gross income) and attempts on human life (a multiple of the number of people killed). The changes

in figures for these categories often represent changes in gross income, in the number of people killed or wounded or in tax returns. Measurement of the evolution of these entries would hardly afford any information useful for assessing the evolution of the actual crimes.

We have therefore confined our presentation to a comprehensive table of evaluations, from which a documented hierarchy of losses may be constructed, but one with no comparison of trends.

In monetary terms, the respective weight of the various criminal offences differs considerably from the conclusions derived from their incidence in criminal justice statistics.

The monetary impact of criminal activities is therefore one aspect of the indirect estimation of criminal offences. The image of the magnitude of criminal activity yielded by this analysis is different, complementary to that advanced by allegedly direct means such as police statistics or victimization surveys.

The use of a different unit of accountancy (money) produces a different picture of criminal activity. It is of course a monetary picture only, but because it sheds a new light on the subject, this approach has a legitimate place alongside of other quantitative methods, to which it is a valuable complement.

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For further information, the reader is referred to :

Godefroy (Th.), Laffargue (B.), *Les coûts du crime en France : les dépenses de sécurité. Données pour 1988 à 1991*, Paris, CESDIP, 1993, Etudes et données pénales, n° 66.

Godefroy (Th.), Laffargue (B.), *Les coûts du crime en France : estimation monétaire des criminalités*, Paris, CESDIP, 1995, Etudes et données pénales, n° 71.

**Monetary estimation of criminal offences :
the hierarchy of losses in 1991 in millions of francs**

	Estimations		
	bottom	medium	ceiling
Tax evasion		161.234	
Income tax		102.916	
Inheritance taxes		17.883	
Consumer taxes		40.435	
Attempts on human life	45.458		59.786
Intentional	13.020		15.234
Unintentional	32.438		44.552
Infringement of the legislation on narcotics	17.700		33.000
Heroin	15.000		25.000
Cocaine	1.200		6.000
Hashish	1.500		2.000
Procuring	10.500		14.000
Theft in department stores		11.781	
Supermarkets		9.050	
Department stores		880	
Specialized large stores		1.851	
White collar crime	6.341		
Automobile theft	6.325		
Computer crime		5.910	
Smuggling	3.930		
Theft	3.570		
Bad cheques	3.192		
<i>Source : CESDIP</i>			