
Valuing crime-related impacts: the basics

Philip J. Cook
Duke University
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Two approaches to valuation

Approach 1: *Ex post valuation of a crime:*

Financial loss to victim, lost productivity, costs to third parties, criminal justice followup

Approach 2: *Ex ante valuation of safety from crime*

- Financial and subjective costs of self-protection and avoidance (including externalities)
- Public crime control
- Value of remaining risk of victimization

Example

Assess crime-related benefits of lead-exposure reduction program

If youths are less crime prone, then benefits include:

- Δ Likelihood of victimization
- Δ Private avoidance, protection, fear
- Δ CJS expenditures
- Δ in-migration, econ development

Ex ante valuation methods

Willingness to pay for safer community, as measured by contingent valuation survey

- Cook and Ludwig (2000) – gun violence
- Cohen et al. (2004) – several crime types

burglary \$ 25K

robbery \$ 232K

rape \$ 237K

murder \$9,700K

Problems with WTP estimates

1. CV questions specify a change in crime rates – but that's not the same thing as safety
 - the “little old lady” problem
 - economic development
3. Change in property values as an alternative – but difficult to estimate in practice
4. What about the offenders?

Does the criminal have standing?

1. One missing ingredient in CV: Should the offender “count” when it comes to valuing crime and punishment?
2. If so, theft is a transfer
3. *Implication: For equal \$\$, costs of vandalism > theft*

Standing of convicts

Becker: Goal is to minimize this *sum*:
costs of crime + costs of control

Question: Should costs of control include *costs to prisoners* as well as taxpayer costs?

A social program that reduces crime & hence imprisonment should be valued accordingly

What's next?

1. Continue developing WTP approach.

“It is better to be imprecisely right than precisely wrong”

2. Learn from analogy between crime and disease.

(Valuation of the Salk/Sabine vaccine for polio has same issues as valuation of lead reduction program for crime.)

3. Confront the “standing issue”