
REVIEWS

Strengthening Crime Deterrence

*Cathy Buchanan and Peter R. Hartley, Controlling Crime in New Zealand,
New Zealand Business Roundtable, Wellington, 1996*

Reviewed by Joe Wallis

THIS publication received relatively short shrift from the New Zealand popular press, being largely dismissed as the sort of thing one would expect to come out of a 'New Right think tank'. Attention has been focused mainly on those of its policy recommendations (the privatisation of prisons, the reallocation of police resources from family violence to deterring property crime and the endorsement of recent microeconomic reforms as ways to expand employment opportunities) which seem to be consistent with an ideologically-driven reform agenda. In my opinion, such reviews fail to do full justice to what is a well-written, accessible application of standard economic theory to an analysis of crime and crime control. The study is presented in a 'user-friendly' form, with its main arguments being gathered together in its first chapter with a fuller discussion of the underlying economic model of criminal behaviour, statistical tests of this model, alternative theories of crime, and policy implications of the economic theory of crime being developed in the later chapters. What perhaps sets this report apart from similar works of 'economic imperialism' is the care the authors have taken to defend, on philosophical grounds, their application of the standard model of *homo economicus* to the problem of crime.

Cathy Buchanan (who teaches philosophy at the University of Houston-Clear Lake) and Peter Hartley (currently director of the Melbourne-based Tasman Institute) argue that since criminal behaviour, like other forms of behaviour, is responsive to changes in incentives, criminals can be treated as rational individuals who choose to commit crimes on the basis of their comparisons of the expected net benefits of criminal and legitimate uses of their time, effort and other resources. The authors contrast this approach with that taken by the sociological, psychological and criminological theories which have shaped the 'official' view that criminals are less rational than other individuals and are driven by social factors beyond their control (such as unemployment, family breakdown, poverty and poor education) to commit crimes. The main implication of these 'deterministic' theories is that the incidence of crime can be most effectively reduced by directing more resources toward the mitigation of those factors which drive people to engage in criminal activities. While the authors acknowledge that an individual's assessment of these factors may influence the attractiveness of criminal activities relative to legitimate employment opportunities, they hold strongly to the belief that criminals are rational indi-

viduals who are responsible for their own actions. To believe otherwise 'diminishes their moral stature and makes them fit only to be the objects of social or psychological engineering' (p. 7). In this regard, the economic theory of crime (ETOC) they advocate is closer to the view of the 'general public' that criminals must 'expect to be punished if they are found guilty, and punished sufficiently harshly to satisfy the (public) demand for retribution and to deter the incidence of crime' (p. 6), than it is to an official view which, in its attempt to reflect a 'civilised sensitivity to external factors', is in danger of degenerating into 'sentimentalism' (p. 7).

Through a careful analysis of the supply of and demand for crime (after taking into account the protective response by victims), the writers show how the two main testable hypotheses of the ETOC can be derived. These are that the incidence of crime is negatively related to (i) the expected penalty for criminal acts and (ii) the attractiveness of alternative legitimate employment activities. The expected penalty for crime is the product of the criminal's assessment of (i) the probability of being detected, convicted and punished, and (ii) the size of the penalty associated with the crime, which would include not just the costs associated with legally imposed penalties but also the costs arising from a stricken conscience, family discipline, social ostracism and so on. After acknowledging the difficulties associated with statistical testing, the authors cite an impressive body of evidence, gathered in other countries, which provides a rather firm corroboration for the significance of expected penalties in crime deterrence. They do, however, concede that no such firm inference can be drawn from studies of the significance of income and unemployment variables in explaining variations in crime rates.

Nevertheless, they conclude that there is a relatively strong theoretical and empirical support for the ETOC. They criticise some recent changes in New Zealand's criminal justice system and recommend a redirection of crime control policy on the basis of this theory. In particular, they argue that the more stringent procedures which have been imposed on the police and the courts by the Bill of Rights Act 1990 and the Children, Young Persons and their Families Act 1989 have lowered the expected penalty for crime by making it more difficult to catch and punish criminals. They propose a re-evaluation of the criminal justice system with a view to strengthening its role in serving the interests of victims by deterring crime rather than scrupulously protecting the rights of criminals. Another proposal which seems to follow directly from the ETOC is that there should be greater use of fines and electronic surveillance of criminals under 'house arrest', with incarceration being used as a punishment of last resort.

The policy section of the publication adds to these policy recommendations a number of others which are derived less from the ETOC than from agency theory, contestable market theory and the 'new institutional economics'. These include the recommendations that prisons and the traffic surveillance functions of the police should be privatised, that social workers should deal with problems of family violence so that the police resources can be reallocated towards crimes which they have a comparative advantage in detecting, and that police performance should be assessed in terms of its impact on 'outcomes' such as crime rates and costs per arrest.

While these recommendations have merit, they are not necessarily derived from the ETOC and their inclusion has left the book open to the criticism that it uncritically advocates the general policy line advanced by the New Zealand Treasury and the New Zealand Business Roundtable.

Any substantial criticism of the report should, however, be directed toward the ETOC and those policy recommendations which are directly derived from it. One possible line of criticism could be directed toward the assumption of stable individual preferences which, as Gary Becker has emphasised, is crucial to this type of analysis. The assumption that individual preferences remain stable over choice processes implies that the identities of individuals are unaffected by their decisions. This may be a reasonable assumption to make with respect to most types of decisions, including those to engage in relatively insignificant crimes such as speeding in traffic. But it would seem that certain factors can change people's self-understanding or identities so that their *ex ante* and *ex post* evaluations of these actions can differ. In particular, the price individuals attribute to certain crimes may fall sharply after they have committed them. This is because the commission of these crimes may cause individuals to 'cross the line' which separates a criminal from a non-criminal both in their own self-understanding and in the public identification or 'labelling' of them as belonging to either class. Put technically, a person's process of identity formation may be subject to 'hysteresis' effects which cause discrete shifts in their preference functions. The authors' criticism of the juvenile justice system may thus have failed to appreciate the way recent reforms have mitigated the hysteresis effects of 'labelling' juvenile offenders as criminals. Moreover, the establishment of self-help communities of 'reformed criminals', whether inside or outside the prisons, may facilitate the process of identity adjustment required for rehabilitation which tends to be ignored by the ETOC.

The suggestion that the ETOC should be modified to take these effects into account should not, however, be allowed to diminish the significance of the book, which has directed the attention of the crime policy network in New Zealand to the importance of ensuring that the criminal justice system provides adequate deterrents against crime.

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