MUTUAL DEPENDENCY BETWEEN SOCIAL FACTORS AND CRIME

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Abstract: The issues of crime, its causes and effects, are perpetually current issues. Although legislators are investing efforts to act preventively and reduce the scope and types of criminal activities, crime is present in all countries of modern society. The occurrence of crime is conditioned by social, economic, and cultural factors, but also by the behaviour of individuals, their biological and psychological characteristics. There are conflicting views in literature and the professional public about the dependency between social factors and crime. The subject of the analysis in the paper is the impact of economic and social factors, primarily the poverty and unemployment, on the level of crime, but also the impact of crime on the economic development. Resources engaged in police, judiciary, and crime itself have opportunity costs, and their application in other fields can affect the economic development and social well-being. We used economic tools and methods in the analysis.

Keywords: *crime*, *social factors*, *unemployment*, *poverty*.

INTRODUCTION

The connection and mutual dependency of social phenomena often makes differentiating between the cause and the effect impossible. Whether social conditions, primarily unemployment and poverty, are the cause and crime is the effect, or whether crime has conditioned social development, poverty and unemployment, are issues that occupy the attention of a large number of scientists and practitioners, but are also the subject of analysis of a significant body of research in this connection.

The most significant number of studies on the association between social conditions, primarily unemployment and crime, was carried out in the USA. However, in Europe, empirical research is modest, so this critical and current topic analysis is yet to come.

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Analysing the economic causes of crime has been especially popular following the publication of Gary S. Becker's *Crime and Punishment: an Economic Approach* in 1968, which emphasizes the cost-benefit ratio of crime, and the work of Ehrlich, *Participation in illegitimate activities: A theoretical and empirical investigation* from 1973, which expands Becker's model and includes the opportunity costs of illegal and legal work in the analysis.

The occurrence of a criminal offense and the causes that preceded or conditioned it are viewed as a whole. Social circumstances create an opportunity for individuals who are likely to commit a crime. On the one side, the increase in personal wealth and, on the other, the impoverishment of a part of population is stimulating enough for the unemployed and the margins of society to resort to crime. In addition, the increase in and higher fluctuation of the population in cities allowed the potential criminals to get closer to a more significant number of people and multiplied the likelihood of an increase in crime. Although many factors influence the level of crime and its occurrence, this paper's analysis is limited to the relationship between poverty, unemployment and crime.

SUBJECT DETERMINATIONS

The issue of poverty is one of the issues faced by the largest number of modern economies. Accelerated progress and development of technology have created conditions for increased comfort and rising standards of the population. However, despite the significant improvement in living and working conditions, a significant part of humanity still lives in poverty. The concept of poverty implies a comprehensive observation of both the material standard related to income, consumption, and property, and health, education, and social conditions.

Unemployment implies a situation when a person who is actively searching for employment is unable to find work. If an individual is able to work, but does not look for a job and does not do anything to find it, they are not considered unemployed. Many modern economies face high unemployment rates, which leaves room for an increase in crime. This certainly does not mean that the unemployed or the poor are potential criminals, but the inability to make a living in legal flows can influence an individual's decision to enter the grey zone and crime.

Regardless of the form and intensity of its manifestation, crime is a negative phenomenon that accompanies society development from its establishment until today. Crime has been more or less pronounced depending on social conditions, but it has always absorbed social resources and affected social wellbeing. Therefore, one gets the impression that crime is getting out of control in modern living and working conditions, i.e. that the increasing investments in crime prevention and suppression do not give the expected results and that it is challenging to outwit criminals, i.e. their creativity.

POVERTY, MATERIAL WEALTH AND CRIME

Until recently, poverty referred to insufficient income to purchase a minimum basket of goods, while today poverty is considered to be the absence of conditions for a dignified life. The UN defined poverty in the Copenhagen Declaration as "the lack of income and productive resources to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or the lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion. It is also characterised by the lack of participation in decision making and in civil, social and cultural life." Absolute poverty, on the other hand, is defined as "a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services" (UN, 1995: 57).

According to the definition adopted by the European Union in 1975, "people are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live. Because of their poverty they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate health care and barriers to lifelong learning, culture, sport and recreation. They are often excluded and marginalised from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted" (Council of the European Union, 2004: 8).

The impact of poverty on crime levels can be manifold. Material insecurity and poverty can affect children's development from the earliest childhood. Poverty is often the reason for dropping out of school, leading to development without work habits, later without employment opportunities and the like. Dropping out of school, poor school performance and low level of education have been recognized as an important factor and condition for delinquency (Nikolić-Ristanović, Konstantinović-Vilić, 2018: 357-358).

In addition, poverty and the inability to live independently force a large number of teenagers to stay in a family in which they often face domestic violence. Young people who live in conditions of poverty and who do not receive the necessary conditions and support in the family very often become the prey of various vices, ending up in the sphere of life on the other side of the law. The poor should not be labelled as potential criminals, but the inability to meet basic needs can be one of the key reasons for engaging in criminal activities. Adolescents are a group particularly prone to engaging in crime due to material poverty.

The modern age is characterized by a system of values in which the amount of material goods and wealth are the basic criteria for evaluating people. Their success and importance are determined by the amount of money they have at their disposal. Being poor is a shame, and getting money in any way, even unlawful, is not. From such a system arises the aspiration of the vast majority, especially young people, to get money as quickly and easily as possible.

Aspiring for a certain level of wealth, i.e. the possibility of satisfying needs should not be viewed negatively. Creating conditions for a decent life is stimulating for every individual. The problem arises when the desire and need for the amount of money and wealth are not limited and go beyond the borders of rationality. Almost daily, we come across the news that the director of a company committed embezzlement, that the rich caused damage to the budget by tax evasion, etc. In the case of the poor, we find the causes of crime in the scarcity and impossibility of satisfying the basic needs, so the question arises as to what is the cause leading the rich to commit crimes and what the limits are of enough money and goods that are not essential for life.

The root cause of the pursuit of increasing wealth can be recognized in the increased need for sensual satisfaction. The level of satisfaction is largely set by the media which daily place information about the wealth of a small part of society. As a significant part of society does not even have an average amount of money and goods, it makes many people feel less valuable so they resort to crime to afford a higher level of comfort.

The fact that they have more money or wealth at their disposal does not make rich people untouchable by crime. On the contrary, they are often the target of criminals, and they, or members of their families, often get involved in criminal activities. The possession of material wealth is very often accompanied by psychological poverty and dissatisfaction. According to the research conducted in the USA in the late 20th and early 21st century, the increase in wealth of Americans was accompanied by an increase in murders among teenagers, the number of divorces, and drug users among rich children (Myers, 2000: 61). From personal experience, but also based on monitoring the social trends, each individual can conclude that the growth of material wealth does not guarantee happiness and satisfaction. The many benefits in terms of security that material wealth provides are important for a life worthy of a 21st-century man, but not crucial for personal happiness and wellbeing. In that sense, the essence of the new society organization concept is a state of wellbeing that will stimulate the creation of a society in which man as an individual is important regardless of the level of wealth at their disposal.

(UN)EMPLOYMENT AND CRIME

Unemployment and inequality are challenges the world economy and every national economy faces. The labour market is characterized by excess supply, resulting in a certain unemployment rate. Unemployment implies a situation when a person who is actively searching for employment is unable to find work. If an individual is able to work, but does not look for a job and does not do anything to find it, they are not considered unemployed.

Depending on the manner and conditions in which unemployment manifests, it can occur as frictional, structural or cyclical.

Frictional unemployment is temporary short-term unemployment resulting from changing jobs, looking for a new, better paid job, the changes in residence, temporary inability to work, breaks due to illness and the like.

Structural unemployment is a more severe problem for the economy in which it occurs. It refers to the unemployment resulting from changes in the economy and does not refer to an individual but to a larger number of people who cannot get a job for a long time due to economic flows and the lack of need for their engagement.

Cyclical unemployment is inherent in a decline in economic activity, recession, or depression. It results from a drop in aggregate demand and reduction in the number of workers needed.

The fact that the unemployed are able to work and that regardless of whether the reasons why they do not work are personal or there is no need to engage them, indicates that they remain unable to make a living by doing legal jobs. The inability to meet basic needs can influence the decision to ensure sustainable livelihoods by engaging in illegal activities.

By behaving as rational individuals, the unemployed compare the benefits they can get from a legal job and the likelihood of being employed and the benefits they would get from engaging in crime, and the likelihood of being caught and punished for it.

According to the model presented by Becker in the above paper, the expected usefulness of engaging in legal activities is determined by the expression:

$$EUi = piU(Yi\,) + (1 - pi\,)U(Yi) = U(Yi\,)\ i \neq j \qquad (1)$$

According to the above model, the expected value from engaging in crime is obtained by the expression

$$EUj = pjU(Yj - fj) + (1 - p\, j)\, U(Yj) \tag{2}$$

where E is the expected value, U is the function of utility for the potential criminal, Yj is the yield from committing the crime, fj is to be interpreted as the monetary equivalent of the threatened punishment, pj is the probability that the offender will be discovered, i.e. the probability of pronouncing the final verdict for the crime.

If $EUj > EUi,\ j \neq i,$ (the utility of engaging in crime is greater than the utility of engaging in legal activities), the condition of committing a crime is met.

A particularly important issue is the duration of unemployment. In the conditions of longer unemployment, there is a devaluation of human capital and increased willingness to take risks and engage in criminal activities. The situation in the economy is also important at the moment when an individual loses his job. If it is a developing economy, individuals will be focused on looking for a job, because there is a real possibility for employment. However, when it comes to an economy in recession, the employment opportunities are weak, and the unemployed resort to alternative earning opportunities. Although the cause-and-effect relationship between unemployment and crime levels is still insufficiently explored, and the existing research does not provide reliable evidence of its existence, its non-existence cannot be ruled out because of the inability to find employment and work legally and the fact that needs must be satisfied can affect individuals and their decision to choose crime as a source of income.

There are different views but also different study results on the impact and relationship between crime and unemployment.

Cantor and Land developed a structural approach to analysing the relationship between unemployment and crime that synthesized the opposing effects of motivation and opportunity into one working model, finding that opportunity dominates motivation. They argue that doubts in this area stem from a failure to distinguish between two separate cause-and-effect relationships: a positive motivational relationship (unemployment increases the attractiveness of certain forms of crime) and a negative effect of opportunity (unemployment keeps people at home and reduces the availability of goods through reduced consumption) (1985: 317-322). Consequently, they argue that the relationship between the unemployment rate and crime levels can be positive, negative or null depending on the type of crime under consideration. Hale and Sabbagh found a significant positive link between poverty and burglary, theft, and robbery (1991: 400-417).

Agell and Nilsson (2003: 5), as well as Papps and Winkelmann (1999: 1-16) believe that there is a positive relationship between these categories, while according to Choe (2008: 31-33) the results of studies on the cause-and-effect relationship between these categories are contradictory and insufficiently reliable. Box (1987) points to 35 reliable studies on the subject, 20 of which find a positive relationship between unemployment and crime, while the rest could not find such a relationship.

The occurrence of crime can be influenced by both unemployment and employment, i.e. the amount of earnings and the conditions in which an individual works. The social status and position of individuals (but also their families) are most often determined by the workplace, the jobs they perform and their earnings (Petrović, 2020: 240-241). The individuals who earn a higher level of income, i.e. have a larger amount of money at their disposal, become the subject of potential robberies and burglaries. Dissatisfaction of employees with the conditions in which they work, but also the fact that many are not paid enough and do not have the conditions to ensure a decent life for their families affects the status of the whole family and family members resorting to crime.

In addition, the level of crime can be affected by working conditions in which an individual or more of them are not sufficiently controlled in performing the tasks entrusted and may abuse the position and authority given to them. We often witness scandals in which individuals or groups of employees put personal interest before the interests of the entities employing them. The abuse of opportunities provided by the workplace constitutes serious crimes, destroying the reputation of employers and the institutions in which they are employed.

The relationship between crime and macroeconomic variables has caused the great interest of policymakers in defining the measures that would reduce the level of crime and increase the economic results. The fact that crime causes high social costs indicates the need to create such an economic environment in which able-bodied people can work and live from their work, that is, the increased job availability is insisted on. In order to reduce the level of crime, it is necessary to make crime more costly and less accessible.

EMPIRICAL RESEARCH ON THE RELATIONSHIP BETWEEN CRIME AND UNEMPLOYMENT

The analysis of the mutual dependency of unemployment and crime has a long history. Most of the research and studies that have examined the correlation between crime and unemployment were carried out in the 1980s and 1990s. There is little research analysing this relationship in modern conditions.

One of the more comprehensive analyses on the association between crime and unemployment is done by Chiricos. The analysis included 63 studies in which 288 assessments of relationships were made, namely, 125 for property crimes, 138 for violent crimes, 25 for other crimes. The analysis pointed to the positive and negative impact of unemployment on the level of crime and determined the impact unemployment has on different types of crimes. The results of the analysis are presented in Table 1.

Table 1. Summary of Direction and Statistical Significance for Unemployment and Crime Rate Relationships by Type of Crime

	(N)	% % positive/negative	% % positive/negative
All Crimes	288	75/25	31/02
Property Crimes	125	85/15	40/03
Violent Crimes	138	64/36	22/02
General Crime Bur-	25	84/16	32/02
glary	42	86/14	52/02
Larceny	32	84/16	47/03
Auto Theft	28	79/21	21/07
General Property Oth-	18	89/11	33/00
er Property Murder	05	100/00	20/00
Robbery	38	66/34	16/00
Rape	41	66/34	22/02
Assault	17	71/29	35/00
General Violent	25	52/48	12/00
	17	76/24	41/00

Source: Chircos G. T., (1987), Rates of Crime and Unemployment: An Analysis of Aggregate Research Evidence, Social Problems, Vol. 34, No. 2 p. 193.

Table 1 describes the essentially positive relationship between unemployment and crime. The relative frequency of positive findings is the highest for property crimes, especially burglaries and thefts.

In addition to numerous studies indicating the correlation between crime and unemployment, a significant number of scholars who have analysed the association indicate that it does not exist and that unemployment is a "mediator" in the much broader relationship between economic activity and crime (Begović, 2009: 120). There is a negative correlation between the level of economic activity and unemployment, which can also be determined between economic activity and crime, so based on these correlations, crime and unemployment can be associated (Begović, 2009: 117).

The differing views on the relationship between unemployment and crime may be due to errors in the specification of the econometric regression model and the omission of the relevant variable. Given that the level of crime, but also the unemployment rate, is affected by a large number of variables, different results can be obtained and thus different conclusions about the mutual dependency of these phenomena by including or excluding the relevant variable.

The regression model which determines the level of crime against the unemployment rate is represented by the following expression:

$$Crime_{it} = \alpha_t + \boldsymbol{\sigma}_i + \boldsymbol{\gamma} Unemployed_{it} + \beta X_{it} + \boldsymbol{\mu}_{it} \qquad (3)$$

where the dependent variable $Crime_{it}$ is the number of crimes committed, $Unemployed_{it}$ is the explanatory variable denoting the unemployment rate, X_{it} is the vector of standard controls, such as annual household income, education and sex, α_t is the year fixed effect, δ_i is the area fixed effect, γ is the elasticity of the unemployment rate in relation to the crime rate, β is the parameter vector for the control variables in X_{it} and η_{it} is the residual (Raphael and Winter-Ember 2001, 265). The condition for the existence of a cause-and-effect relationship between unemployment and crime is that the residual η_{it} should not be correlated with the unemployment rate. This expression indicates that a large number of factors determine the level of crime, that it is partly determined by the unemployment rate, and that both variables are conditioned by economic activity, education, the characteristics of the territory under analysis, etc.

CONCLUSION

The issue of the relationship of social factors, especially employment and crime, has occupied the attention of the scientific and professional public for the last 30 years. Despite numerous studies, the economists have not reached a consensus on the mutual dependency of these phenomena, which does not mean that further analysis should be abandoned. On the contrary, further research is necessary to correct methodological errors and determine to what extent these phenomena are mutually conditioned. Previous research indicates that crime is conditioned by the unemployment rate, but as a consequence of the decline in economic activity. The research results indicate that the correlation is notable in property crimes, while it is insignificant in violent crimes. Final and complete evidence of the relationship between social conditions and crime can be sought in inequality, status, but also in the potential offenders' perception that the risk of being caught is low.

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