

More bang for the buck? Effective budgetary investments for crime prevention

This first in a series of Urban Safety Policy Briefs considers the evidence on whether increased budgetary allocations for crime fighting and crime prevention are effective investments and how they should be applied in order to be so.

The SA Cities Urban Safety Reference Group's Policy Briefs Series is designed to distil the state of current knowledge on urban safety-related topics for a policy and planning audience. It is presented quarterly to the City Budget Forum and other key stakeholders.

BACKGROUND

Crime imposes a huge range of tangible and intangible costs on national and local governments, on taxpayers, victims and their families, offenders and their families, businesses, and so on. Fighting crime is understandably a priority for most governments and leaders. But how much should be spent on reducing crime and in what way?

The usual resort is to the police. Discussions around reducing crime often rely on increasing budgetary allocations for the police, something

that police bureaucracies are very effective at leveraging. The reality is more complex. The brief explores the state of current knowledge on the topic. It begins with a consideration of the costs of crime and the cost-effectiveness of prevention. It then moves to an assessment of the current knowledge of effective expenditure on crime prevention, and concludes with three general principles against which any crime control programme expenditure should be tested.

DISCUSSION

1. Getting Bang for your Buck

During the last three decades, there has been a growth in attempts to measure the costs of crime and weigh them up with spending on crime control and prevention in order to maximise fiscal 'bang-per-buck'. Some iconic early work involved modelling the economics of spending on imprisonment versus spending on childhood intervention, education, and other social programmes. Many found that the monetary benefits of a range of crime prevention strategies outweighed their monetary costs. Early childhood developmental programmes in the United States have been estimated to save about \$16 for each \$1 spent, proving that even programmes that are barely effective at

all can be highly cost-effective, because the costs of crime are so enormous.

2. Costs of Crime

There has been relatively little comprehensive research on the costs of crime in the developing world generally and in South Africa specifically. Nevertheless, a few research projects illustrate the magnitudes involved. One 1995 project posited that the direct costs of crime to businesses in that year came to R15.8 billion, and another in 2000 estimated that direct medical costs and loss of income alone cost a victim of rape R1605 and a victim of attempted murder R3928.¹ Other research estimated

¹ Brett Bowman and Garth Stevens, *Injury Costing in South Africa: The State of the Sector*, 2002, 2002, p. 7.



that each homicide victim in the Western Cape in 1998 involved productivity and opportunity costs of about \$15,000.² More recently, one attempt at including direct financial losses as well as medical, emotional, institutional, and private security costs estimated that the aggregated cost of crime in South Africa amounted to \$22.1 billion or 7.8% of GDP in 2007.³ Institutional (i.e. criminal justice expenditure) and health costs (especially the costs associated with crime-related disability adjusted life years as opposed to direct short-term costs) contributed most to this total.

3. Estimation is complicated

Methods of estimating the economic impact of crime have improved in nuance and sophistication over the years, for example extending to use self-reported offending rather than just official records, and to attempt to include the cumulative costs that criminal justice action can exert on already-marginalised communities. But they are more likely to be the subject of obscure academic journal articles than presentations to parliamentary committees debating the next budget. These quantitative approaches will always be beset by debates about the appropriate weighting of costs of various kinds and against different groups in society, about whether some crucial factors can be meaningfully translated into monetary terms, about whether it is wise to conflate crime prevention and social policy, and overall about how to take account of inevitably differing conceptions of fairness and equity.

4. Unsafety affects growth and development

What we do know is that the cumulative costs of crime also have a huge impact on development. In order for communities to prosper, their residents need to be assured of a certain

level of security. It has been estimated, for example, that the cumulative effect of the 'lost growth' due to high levels of crime and violence in several developing countries is as much as 20%. Cities with high crime levels discourage investment in physical and human capital, have reduced productivity, and lose out to other cities where there is less uncertainty and better quality of life. Crime also disproportionately affects those to whom it is most devastating: the poor. Those who have very little are most likely to be robbed of it, and to lack the resources to recover from the shock, worsening cycles of poverty and entrenching inequality.

5. Quantifying the growth impact of crime

This task is extremely difficult and requires considerable further research in South Africa, but the plausible mechanisms by which crime might restrain growth can be grouped under seven broad themes:

- a. Costs to business reduce profits and divert funds away from investment in productive capacity;
- b. Costs to government divert funds from spending that could stimulate growth;
- c. Costs to households divert funds from growth investments such as education;
- d. Human capital is eroded through injury, death, and flight of skilled workers;
- e. Workers are excluded from job market through, for example, fear of accepting jobs in off-hours and far from home;
- f. Foreign investment is discouraged; and
- g. The impact of spending on long-term growth investments (such as schooling and public transport) is blunted if they are disrupted by crime.⁴

² Deepali M Patel and Rapporteurs; Forum on Global Violence Prevention; Institute of Medicine Rachel M. Taylor, *Social and Economic Costs of Violence: Workshop Summary*, 2012, p. 37

http://www.nap.edu/openbook.php?record_id=13254.

³ Erik Alda and Jose Cuesta, *A Comprehensive Estimation of Costs of Crime in South Africa and Its Implications for Effective Policy Making*, 2011, *Journal of International Development*, 23 (2011), 926–35.

⁴ Christopher Stone, *Crime, Justice, and Growth in South Africa: Toward a Plausible Contribution from Criminal Justice to Economic Growth*, *Economic Growth Working Papers*, p. 9.



6. Prevention is cheaper than reaction

As a result of the huge costs of crime, prevention is almost always a much more cost-effective strategy – for government at various levels, and for the economy and society as a whole – than reaction. Of course, there are a number of different approaches to crime prevention, and programmes of varying effectiveness within each. Cost-effectiveness is easier to assess for short-term programmes than for example for developmental (early childhood) ones, even though the latter may be very promising and have cumulative positive effects beyond crime rates that are hard to quantify and measure over long periods.

7. Criminalisation of social policy

The literature on crime prevention and social policy does discuss a more general conclusion which is important to consider. That is, that expenditure on general social policies, health or education for example, which bring benefits in their own right, should not be reduced to their crime fighting potential only. That has been referred to as the 'criminalisation of social policy'. Broader, more long-term initiatives can be successful at reducing crime, but they are probably best not labelled this way directly.

8. Effective Targeting

Determining effectiveness and cost-effectiveness is easier for more targeted programmes, which makes their expenditure easier to justify. They also turn out to be highly effective at reducing crime rates – much more so than generic policing approaches.

9. Highly focused resources

The question of what actually works in crime prevention is a widely debated one, but an increasing body of research is showing that although other approaches can have other broad positive effects, what works best for reducing crime rates is a high degree of focus. This is because crime and victimisation are highly concentrated among certain areas and people. One famous study found that half of all the calls to the police in a crime ridden American

city came from less than 3% of addresses.⁵ Focus can involve traditional law enforcement tools like high visibility patrolling in identified hotspots, or it can make use of a wider array of techniques and actors to solve specific crime problems. Hot spots policing and problem-oriented policing are the approaches finding most success in recent crime prevention research.

10. Proactively target specific problems

Meta-analysis shows that some of the most reliable and significant reductions in crime can be brought about by policing that is not only highly geographically targeted and proactive, but also based on good understanding of the dynamics of the problem and focused on solving that specific problem through a range of actors and approaches. The fact that generic, reactive approaches to crime are less effective than ones that proactively target specific problems means that developing good knowledge of the dynamics at play in those crime problems and the record of the various intervention options available is more important than ever. Unfortunately, stations overwhelmed by their volume of calls can struggle to think strategically and creatively about preventing narrowly-defined problems, and budgets and bureaucracies can be slow to change. However, besides their internationally proven effectiveness, a key advantage of programmes based on this approach to policing is that they are relatively easy to monitor and cost.

11. Choose levers and places

Targeting means selecting specific categories of crime in crime-affected places and spending on a variety of 'levers' that contribute to reductions. Identifying the correct levers is of utmost importance and monitoring the results in as localised a way as possible is essential. Studies in South Africa have already demonstrated that much crime (particularly violent crime) is concentrated in a relatively few places. This raises the question as to why more concentrated crime prevention initiatives have so seldom been used in the country.

⁵ Lawrence W Sherman, 'Hot Spots of Crime and Criminal Careers of Places', *Crime and Place*, 4 (1995), 35–52 (p. 86).



CONCLUSIONS

Crime prevention can be highly cost-effective, because the cost of crime is so high. Expenditure on policing beyond a certain point brings few if any reductions in crime, unless it is highly targeted at specific types, specific places, and specific categories of victims and offenders. Highly targeted approaches also make it easiest to determine cost-effectiveness and redirect quickly. Social policies aimed at improving the life chances of people (like health or education) are very likely to reduce crime, but that is only one of their outcomes, and one that is hard to measure with any degree of precision. Broader key messages are that:

- The cumulative costs of crime are incredibly high, so even very expensive and marginally effective crime prevention can make financial sense.
- The way to achieve prevention is almost certainly not just more generic crime prevention spending or more police officers.
- The evidence suggests that resources must be highly focused to get results. Targeting resources at high risk people (offenders and victims) and places has consistently been shown to be the most effective way to prevent crime.
- Effective targeting must be based on a proper understanding of specific problems – how those particular people, places, or circumstances work and why they make for such disproportionately high crime risk.
- Some crime prevention programmes are easier to cost and assess than others. The more direct and immediate the relationship between the expenditure and the crime reduction goal, the easier it will be to monitor impact and determine cost-effectiveness.
- Long term programmes like those targeting early childhood have been shown to deliver cost-effective crime prevention and other benefits, but they are difficult and expensive to track.

RECOMMENDATIONS

A review of the literature suggests that funds allocated to crime control and prevention in the short to medium term therefore should focus on supporting interventions that:

- **More is not necessarily more:** Have a strong focus on the quality and appropriateness of the strategy in question, rather than simply its quantity;
- **Narrower is stronger:** Proactively target specific crime problems in specific places and/or among specific people;
- **Direct is nimbler:** Have strong capacity for monitoring and flexibility, which will tend to mean a fairly short, direct link between the expenditure and the expected policy outcome.

It is recommended that a rapid diagnostic is conducted to summarise the status quo of the 8 metros in respect of the 3 points above pertaining to strategy, targeting, and monitoring. This must be coupled with the identification of specific support requirements, particularly in relation to budget allocations as linked to cities' growing set of safety-related functions.

This brief was compiled by the SA Cities Urban Safety Reference Group with support from the UCT Centre of Criminology.

The Urban Safety Reference Group is a platform for peer-to-peer learning and knowledge sharing amongst practitioners from the SACN member cities as well as other key government role-players on urban safety and violence prevention. It is convened by the South African Cities Network (SACN) with the support of the GIZ-Inclusive Violence and Crime Prevention (VCP) Programme.

