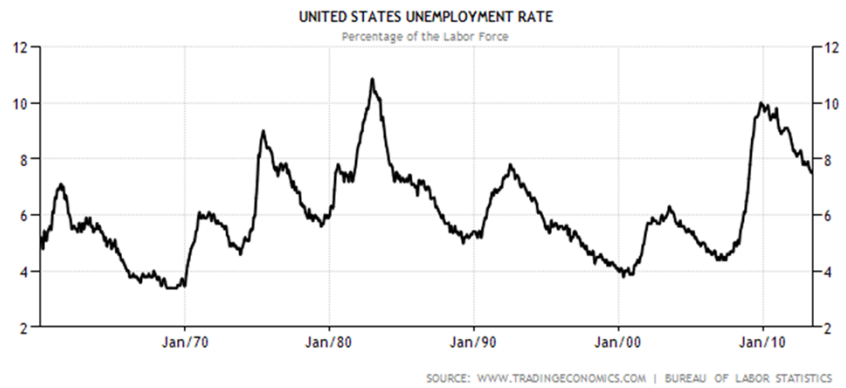# Adulthood, Work, and Crime

Crime and the Life Course
SOC 401D
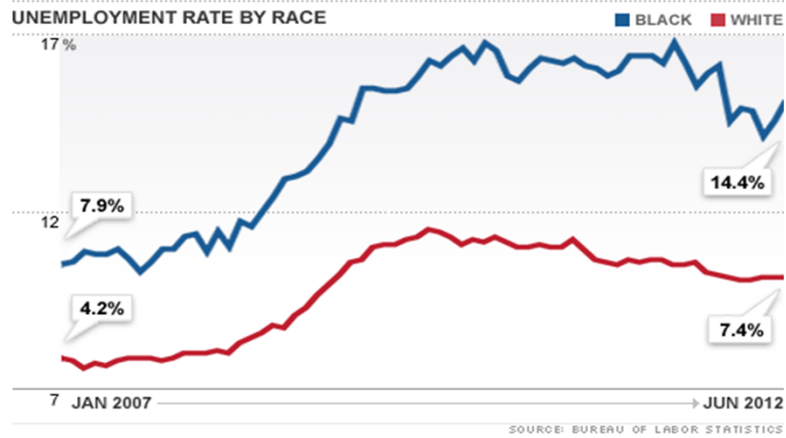
Unemployment Trends 1960-2013

UNITED STATES UNEMPLOYMENT RATE
Percentage of the Labor Force

SOURCE: WWW.TRADINGECONOMICS.COM | BUREAU OF LABOR STATISTICS

Racial Differences in Unemployment (1880-1990)
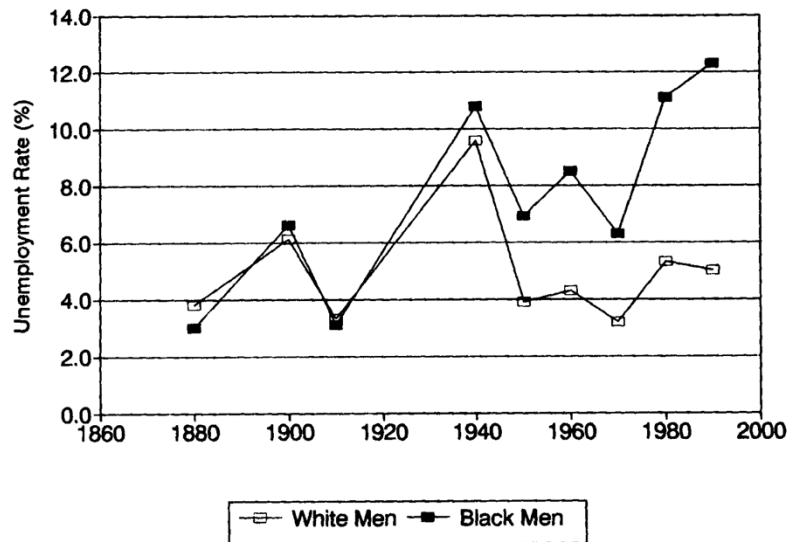
Racial Differences in Unemployment (2007-2012

UNEMPLOYMENT RATE BY RACE ■ BLACK ■ WHITE

7.9%

14.4%

4.2%

7.4%

JAN 2007 → JUN 2012

SOURCE: BUREAU OF LABOR STATISTICS

Sectors of US Economy as Percent of GDP
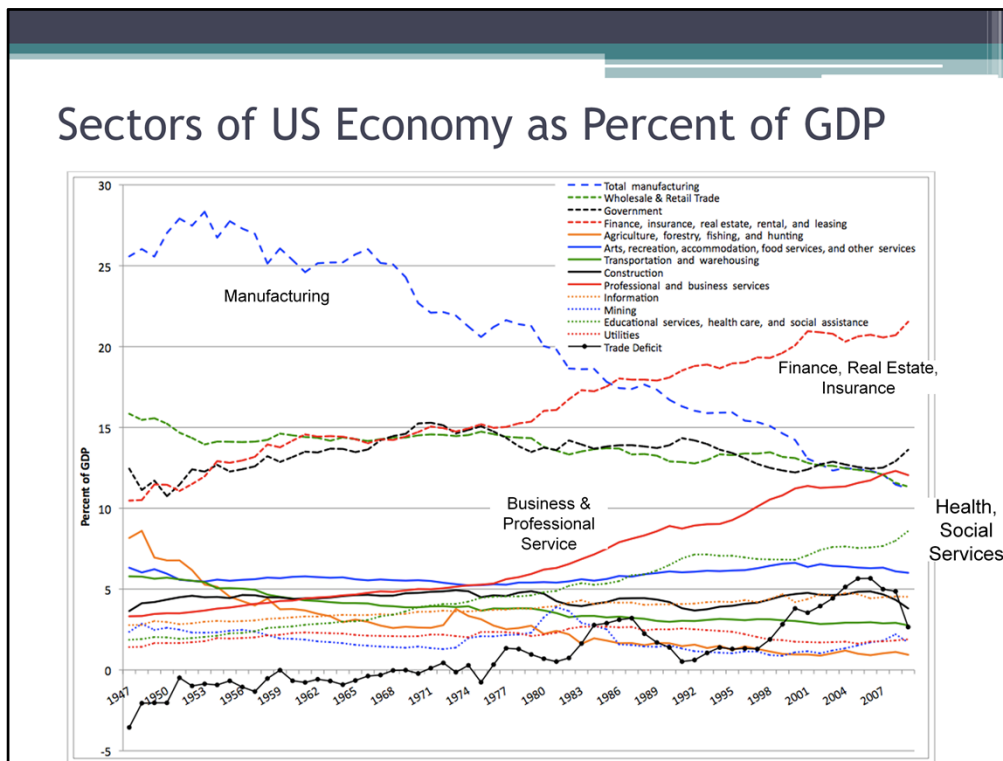
Jobs and Crime Over the Life Course

- High school
  - Work has a nonlinear relationship with delinquency
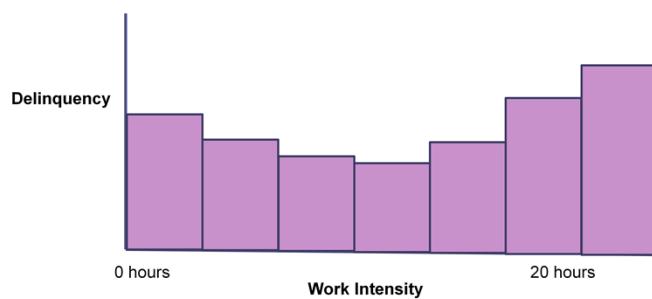
  - This effect diminishes when controlling for selection into work (unobserved heterogeneity)

Jobs and Crime Over the Life Course

- Adults: Survey Research
  - Job stability and job quality is associated with desistance from crime
  - It is not any work, but stable and quality work creating commitment and attachment to the labor market
  - But what about selection into jobs?
    - Individuals low on criminal propensity more likely to select into jobs
    - Individuals high on criminal propensity less likely

Jobs and Crime Over the Life Course, con't

- Experimental Research: National Supported Work Study
  - Randomized field experiment: random assignment of offenders, addicts, dropouts to jobs
    - Atlanta, Chicago, Hartford, Jersey City, Newark, NY, Oakland, Philadelphia, San Francisco
    - Painting, maintenance, manufacturing projects, clerical services, construction, health services
    - Followed for 27 months: self reported arrest and crime
  - Early cohorts: treatment group committed fewer crimes
  - Overall, no treatment effect
  - Evidence of treatment heterogeneity
    - Addicts: treatment group committed fewer crimes
    - Older offenders (>30): treatment group committed few crimes
- Conclusion
  - Giving secondary sector jobs to chronically unemployed has little effect on recidivism
  - But it works for older offenders (speeds desistance)
  - Difference between jobs as assigned treatment versus development of careers

Crime as Work

- Some monetary crimes are viewed as "work" or sources of income
  - Mafia and organized crime
  - Drug dealers, loan sharks, pimps, numbers bankers, fences, armed robbers, burglars
  - Some illegal behavior is embedded in conventional work
    - White collar crime: insider trading, securities fraud, ponzi schemes, embezzlement
    - Employee theft, fraud
- Moonlighting ("Doubling Up")
  - Many criminals work conventional jobs sporadically
  - Trade off conventional and illegal work
  - Those at the margin may be acting rationally

Prestige of Criminal and Conventional Occupations

Occupation	Looked Down on (0–24)	Not Respected (25–49)	Average Respected (50–74)	Highly Respected (75–99)	Very Highly Respected (100)	Mean	Standard Deviation
Legal occupations							
Doctor	2	1	6	13	77	91.4	19.7
Teacher	2	2	12	23	61	85.5	22.3
Construction worker	2	2	20	24	52	81.8	23.0
Postal worker	2	2	20	25	51	81.0	23.4
House painter	3	5	33	25	34	71.7	25.3
Factory worker	4	9	34	22	31	68.1	27.5
Cleaning person	5	10	33	19	33	67.4	28.7
Police officer	19	10	25	17	29	57.6	36.3
Car washer	11	19	37	13	20	54.4	30.1
Prison guard	27	14	28	14	17	45.7	35.2
Illegal occupations							
Numbers banker	30	16	24	11	18	43.3	36.4
Hustler	33	18	26	10	13	39.0	34.5
Gambler	31	20	29	9	11	38.4	32.5
Numbers runner	32	24	26	8	9	34.9	31.3
Loan shark	43	21	19	7	9	30.1	32.7
Counterfeiter	46	18	19	8	8	28.8	32.4
Prostitute	48	18	19	6	8	27.3	31.7
Drug dealer	52	18	16	5	8	25.5	31.9
Pimp	56	15	15	7	7	24.2	32.1
Purse snatcher	77	13	6	1	2	9.5	19.9

Note: Number of cases is 2,844.

Economic Model: Utility Maximization

- For disadvantaged populations, many are at the margin of legal and illegal behavior
  - Identities are fluid (criminal vs. conventional)
  - Lack strong commitments or morals
  - Drifting between conventional and criminal activity
  - Fit economic model: Tastes & preferences unimportant
- Chronically unemployed: illegal earnings are an attractive alternative
  - The size of the group will vary by economic conditions
  - Fewer opportunity costs
  - Note: criminal record reduces employment and opportunity costs to crime
- Decision to engage in illegal work
  - Objective opportunity for drug selling, auto theft, fencing stolen goods
  - Probability of getting caught
  - Cost of the sanction (incarceration, victimized in prison)

Estimates of Illegal Earnings

National Supported Work Sample Offender and Addicts

	Wave 1	Wave2
Avg. legal earnings/month	$70	$264
Percent with any illegal earnings	81%	75%
Avg. total illegal earnings/month	$60	$60

TABLE 3

Illegal Wage Estimates

Study	Data	Year	Annualized Crime Income ($)	
Wilson and Abrahamse (1992)	NCVS	1988	2,368	(mid-rate burglars)
			5,711	(high-rate burglars)
Freeman (1991)	Three cities	1980	1,807	(active offenders)
Freeman (1992)	Boston	1989	3,008	(active offenders)
			752	(infrequent offenders)
			5,376	(high-rate offenders)
Freeman (1991)	Three State Prison Inmate Survey	1986	24,775	(prison inmates)
Viscusi (1986)	Three cities	1989 (adjusted)	2,423	(underreported by .33)
Reuter, MacCoun, and Murphy (1990)	Washington, D.C.	1988	25,000	($30 per hour)
Fagan (1992b)	Two New York City areas	1987–89	6,000	(infrequent drug sellers)
			27,000	(frequent drug sellers)
Hagedorn (1994a)[a]	Milwaukee	1987–91	12,000	(29%)
			20,000	(20%)
			36,000	(25%)
Huff (1996)	Five cities	1990–91	30/hour	(reservation wage)
Grogger (1995)	NLSY	1979	11,476	(crime income as % of total income)

[a] Drug sellers only.

Gang Revenues from Levitt and Venkatesh

TABLE II
GANG FINANCES BY YEAR
Monthly Averages in 1995 Dollars

Category	Year 1	Year 2	Year 3	Year 4
Total revenues	18,500	25,600	32,000	68,400
Drug sales	11,900	19,100	24,800	53,000
Dues	5,400	5,200	5,100	9,600
Extortionary taxes	1,200	1,300	2,100	5,800
Total nonwage costs	8,100	11,600	14,000	25,200
Cost of drugs sold	2,800	4,000	5,000	11,900
Tribute to gang hierarchy	3,200	4,400	5,000	6,000
Mercenary fighters	1,000	1,000	1,300	1,200
Funerals/payments to families of the deceased	300	1,200	0[a]	1,100
Weapons	300	400	300[a]	1,800
Miscellaneous expenses	500	800	2,400[a]	3,200
Total gang wages	6,200	8,000	9,500	32,300
Officers	2,600	2,600	2,100	3,300
Foot soldiers	3,600	5,400	7,400	29,000
Net profit accruing to leader	4,200	6,000	8,500	10,900
Monthly wage per foot soldier	140	200	180	470
Price and quantity of drugs sold:				
Quantity	1,310	2,054	3,109	7,931
Price	8.64	9.18	8.00	6.69

Gang Revenues from Levitt and Venkatesh

TABLE III

GANG PARTICIPATION AS A TOURNAMENT

	Estimated hourly wage including only official income sources			Estimated hourly wage including both official and unofficial income sources		
	Average wage for all gang members	Gang leader wage	Foot soldier wage	Average wage for all gang members	Gang leader wage	Foot soldier wage
Year 1	$4.80	$25.20	$1.70	$ 5.90	$32.30	$2.50
Year 2	$5.90	$36.00	$2.40	$ 7.40	$47.50	$3.70
Year 3	$5.60	$51.00	$2.20	$ 7.10	$65.90	$3.30
Year 4	$8.70	$65.40	$5.60	$11.10	$97.20	$7.10

Sanction Costs

- Those without an incarceration history may likely discount arrest and sanction
  - Don't think about getting caught
  - Deterrence literature: consequences of sanction is key—stigma of felon status in community
- Mass incarceration reduces stigma of sanction
  - Stigma is highest when only few are labeled
  - When groups of peers (disadvantaged inner-city minorities) are incarcerated, it becomes commonplace and a badge of status
- Those with incarceration histories face barriers to legal employment
  - Fewer opportunity costs for crime
  - More likely to return to crime

Conclusions

- Lucrative Occupational Careers Reduce Crime
  - Develop strong conventional identities
  - Few incentives to commit crime
  - Few opportunities to commit crime
- Job Stability Increases Desistance
  - Increased commitments
  - Menial sporadic work probably has little effect
- Disadvantaged Groups
  - Doubling up: back and forth between legal and illegal work
  - Trade off probability of sanction with opportunities for conventional work