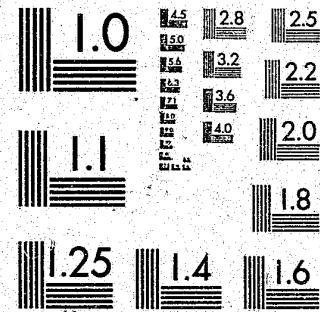


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BLACKS AND CRIME: ECONOMIC THEORIES AND REALITIES

Samuel L. Myers, Jr.
Assistant Professor of Economics
The University of Texas
Austin, Texas, 78712

Prepared for the VISTA national conference on self-help strategies, June 13-15, 1980, Washington, D.C. Financial support from the Visiting Faculty Fellowship program of the National Institute of Justice is gratefully acknowledged.

The call for greater community involvement in crime control and crime prevention has come at a time when alternatives to traditional criminal justice system strategies have failed. Evaluations of in-prison training programs, vocational programs, educational programs, work release programs, job assistance programs, supported work programs, and even outright cash subsidy programs seem to support the view that (a) nothing works or, at best, (b) that nothing works as well as the good old medicine of "Lock 'em up, keep 'em there."

Many of the alternatives to the traditional use of the police, courts and prisons in fighting crime have sought to deal with the economic problems that offenders or exoffenders face. In order for community-based, grass-roots and self-help strategies for crime prevention or crime control to work, though, it is important that their planners understand how economic institutions and the criminal justice system interact.

Toward the goal of developing such an understanding, this paper relates a few facts and a theory about how employment opportunities--specifically how minority employment opportunities--are intertwined with crime. The interaction is complex. We will see that for one segment of society--blacks--facing problems in one economic institution--the labor market--there are all sorts of complicated linkages which ultimately lead many blacks into and through the criminal justice system.

The Overrepresentation of Blacks with Criminal Records

A black man named Green, who had gone to prison because he failed to report for military induction, applied for a job as a clerk with

the Missouri Pacific Railroad. He was denied the job because of the railroad's long-standing policy of refusing employment to persons with a criminal record. Green charged that the railroad's employment policy was racially discriminatory in that, statistically, the policy resulted in greater fractions of blacks being excluded from jobs than of whites.¹ There was sufficient merit to Green's charge for the U.S. Court of Appeals to agree.

The statistics certainly support the view that blacks are over-represented in the criminal justice system. In 1975, for example, of the 1.8 million arrests for serious crimes reported in the United States, nearly one-third were arrests of black men and women. More than half of those under eighteen arrested for violent crimes were black youths.² Because blacks are more likely to be convicted and then receive longer prison terms, they are even more overrepresented in the prisons. While they account for eleven percent of the total U.S. population, blacks represent forty-seven percent of the total prison population.³ Some contend that these facts arise because of the greater propensity of blacks to engage in crime. Others assert that there is a greater propensity of blacks to be labeled criminal, while in fact they are not. These facts have fueled an ongoing debate about the crime rate differentials for blacks and whites.⁴ More importantly, though, these facts correlate almost amazingly with racial disparities in employment.

Repeatedly, labor market studies reveal that relative to white workers blacks receive lower wages, are disproportionately represented in menial occupations, have higher turnover rates, and consistently have higher unemployment rates.

It is useful to sketch an economic model that describes the process by which racial imbalances in labor markets can be transmitted to higher crime rates among blacks.

A Theoretical Model

The model, as models go, abstracts significantly from reality. An appeal to the model is made for now, however, to demonstrate how even in a simple, abstract world, employment opportunities may interact with crime.⁵

Assume that there are exactly two income-earning prospects facing potential criminals--work and crime--and that total income is the sum of legal and illegal earnings. Illegal and legal earnings, of course, depend upon the rates of return, or wages, to crime and legitimate activities.

Now, suppose that a person chooses the amount of time to spend in crime and work so as to maximize expected income. Then, it can be shown that the optimal allocation of time to crime depends upon the relative attractiveness of crime and work.

This simple, abstract model yields an intuitive result that could have been obtained through a more realistic vehicle. Implicit is the assumption that we are all rational, self-interested, individualistic calculating beings. Despite this obvious lack of realism, the model goes further.

Suppose that blacks and whites are identical in every respect save that blacks are less likely to be hired, receive lower wages, and therefore expect lower wages than whites because they are discriminated against in the labor market. Given these assumptions, relative return

to crime for blacks is greater than that for whites. Hence, rational, self-interested, individualistic, calculating blacks should spend more time in crime, because it pays!

Now it is easy to see how a color-blind criminal justice system interacting with a racially imbalanced labor market can lead to very unequal outcomes for blacks and whites. Within the context of this same model, however, it is possible to visualize unequal outcomes for blacks and whites when the labor market is perfectly balanced and the criminal justice system is fair and unbiased.

Suppose, once incarcerated, blacks are less likely to be released, not because they are black, but because they have in abundance characteristics, like being young and living in urban areas, that the statisticians have discovered are intimately linked to crime. Thus blacks will serve longer prison sentences, and all other things being equal, prisons will be disproportionately black.

When they are released, blacks and whites with the same job experiences and employment histories will be paid the same wages and be offered equivalent jobs. This is fair and just; it derives from the assumption that the labor market is perfect--that there are no distortions, imbalances or ugly imperfections such as "racial discrimination." Yet for the very reason that blacks serve longer sentences than whites, they will receive lower average wages upon release from prison than whites, because they have accumulated less work experience and are less valuable to rational employers. Since the returns to work will be lower for blacks, their relative returns to crime will be higher and thus they should

rationally allocate more time to crime, because crime pays!

Theoretical Implications

If there is any truth to the model just sketched, it will be in those implications or hypotheses that can be empirically tested. Two important hypotheses generated are (1) that longer prison sentences should be associated with higher crime rates and (2) that better wages should be inversely related to crime.

Using a sample of all prisoners released on parole in the United States in 1972, the first hypothesis was tested by examining the effects of time served on recidivism. It was found that although longer time served tended to lower recidivism for white parolees, it was associated with higher parole failure among blacks. This of course is what one would expect, if legitimate opportunities diminish for longer absences from the labor market.

From a sample of prison releases in a Baltimore experiment to provide transitional financial aid to exoffenders, it was found that higher wages were strongly associated with lower rearrest rates.⁷ Because of the small size of the sample, the effect of wages on black and white exoffenders was not examined separately. However, the separate effect of race on participation in crime was found to be weak once differences in postrelease wages and other variables are accounted for.

Whether one believes the abstract model or not, the conclusion emerges that employment outcomes which are--intentionally or not--racially differentiated are intimately linked to racial differences in crime.

Public Policy Implications

One should not jump to the conclusion that the crime problem will be solved by reducing racial employment disparities. Nor should one blindly believe that better jobs or lower unemployment and higher wages will wipe out all the theft, murder and rape in society. Regretably, the many novel attempts to solve the crime problem through employment strategies have met with at most mixed results. For example, although unemployment insurance worked to reduce recidivism in the Baltimore experiment, this result was not replicated in the followup experiments in Texas and Georgia.⁸ Job training programs, employment assistance and other labor market aids have appeared to fall short of the goal of significantly lowering crime rates.

There is a reason why this is so, and the evidence has been around for some time. In a 1976 conference held to discuss the employment problems of women offenders, three persistent claims were made. First, that the deprived economic condition of the majority of women exoffenders--who, by the way, are even more disproportionately black than male offenders--is the single most important cause for reentry into crime. Second, few of the employment programs available to disadvantaged workers are accessible to women offenders. In addition, it was argued, most of these programs provide skills that are either useless in the real world or are in licensed or restricted occupations posing barriers to exoffenders. Third, and most importantly, the frustration was voiced that existing programs are mostly aimed toward incarcerated offenders, not toward those who have been paroled, are on probation or are on

pretrial release.⁹

These three criticisms are as relevant for male exoffenders as females. Elsewhere it has been argued that effective strategies for integrating exoffenders into the community can only be successfully implemented outside of prison walls.¹⁰ It is clear that employment training needs to be related to existing, desirable jobs for which the training will actually qualify the applicant. Moreover, if we wait until the person has gone all the way through the system, from the police line-up to the prison cell, we may have waited too long for any intervention, employment or otherwise, to be effective.

A Specific Proposal

Much recent research has focussed extensively upon the effects of unemployment insurance on crime, leaving analysts bewildered about why this reasonable alternative does not work.

In a nutshell, the theory goes: exoffenders have low economic resources upon release from prison and are generally ineligible for unemployment compensation. So they return to crime, unable to find work or legitimate earnings during the normal period of transition after prison. By providing cash subsidy to individuals upon release from prison, one would hope to reduce recidivism because the financial incentive would be there to search for a better job, and as we have argued before better jobs and higher relative returns to work mean lower crime. But it has not turned out that way in actual experiments. The subsidy causes longer periods of unemployment and thereby results in higher recidivism rates.

The key here is whether the subsidy is for employment or unemployment. In light of my own findings that higher wages lead to lower rearrest rates, it appears that wage subsidies will be successful in reducing crime. The economic rationale is clear. On average exoffenders, either because they are disproportionately black or because of their long absence from the labor market, receive lower wages than comparable nonoffenders. Hence their relative rewards to crime are high and they return to crime. By making work more attractive through wage subsidy, we could reduce crime.

But who should receive the subsidy? From the theoretical point of view it does not matter. Paying the employer an extra dollar for every dollar I earn is indistinguishable from paying me directly. However, theory assumes that there is just one job market. In reality, there are good jobs and bad jobs. And employers are unwilling to hire exoffenders for good jobs even at low wages. To encourage them to hire exoffenders we need to make it advantageous for them to do so.

This proposal may seem politically unacceptable on a number of grounds. Why should businesses that begin to do what they should have been doing all along be rewarded? Why should criminals be rewarded with better jobs? Wouldn't every one want to become a crook so as to be able to qualify for the special treatment exoffenders would receive?

In dollars and cents, though, it appears that any serious intervention strategy for the labor market will have to deal with the fact that nobody really wants to hire a criminal. Since other employment strategies appear ineffective, we may be approaching an era when no

attempts will be made to integrate the realities of the labor market with traditional criminal justice practices.

CONCLUSION

It was argued by using the example of labor markets for black exoffenders that there is an intimate link between our economic institutions and the official criminal justice system. There are other examples of course. Drug prices depend on prices of other goods in the market. The price determines in part how much flows into our communities. And, the supply of illegal drugs is somehow related to the number of crimes committed.

Unfortunately, the specific policy proposal flowing from this example may be unworkable. That is because talking about markets or institutions says nothing about the powers or forces that make them tick. Here local communities can play an important role.

For example, with respect to the employment of exoffenders, it seems that the only real hope is for communities, community-based organizations, and self-help groups to start pressuring local employers--and the giant national corporations--to open their doors. Although incentives like wage subsidies will make hiring exoffenders more palatable, pressure from the community will make it possible. Yet too often we read in the newspapers how communities even reject the establishment of half-way houses and treatment centers in their midst. So who will be accountable for

the economic survival of former offenders, especially minority ones?

No matter how many job training, unemployment insurance, or wage subsidy programs we may propose, unless the community is willing to push for the labor market success of exoffenders, these employment aides will continue to just "almost work."

FOOTNOTES

1. The United States Court of Appeals, 8th Circuit, held that the railroad's rule against hiring exoffenders was racially discriminatory and could not be justified by business necessity. See "Conviction Records in Barriers to Employment: Racial Discrimination under Title VII - Green v: Missouri Pacific Railroad, 523 F.2nd 1290 (8th Circ. 1975)" Washington University Law Quarterly, v. 1976 N.1 (1976) pp. 122-134.
2. National Criminal Justice Information and Statistic Service, Source Book of Criminal Justice Statistics, 1978, Table 4.7.
3. "Profile of State Prison Inmates," National Prison Statistics Special Reports, No. SC-NPS-SY-4 August, 1979.
4. See S. L. Myers, "Black-White Differentials in Crime Rates," Review of Black Political Economy, (1980), 133-153.
5. This section is based on Myers, "Black-White Differentials."
6. "The Rehabilitation Effect of Punishment," Economic Inquiry, v. 28, N.3, (July, 1980) 353-366.
7. "Estimating the Economic Model of Crime: The Baltimore Case," unpublished manuscript, Institute for Research on Poverty, Madison, Wisconsin, May, 1980.
8. See P. H. Rossi, et al. Money, Work and Crime (Academic Press, 1980).
9. The proceedings of the conference are detailed in the U.S. Department of Labor, Women's Bureau, "Employment Needs of Women Offenders: A Program Design," 1977.
10. "Work Experience, Criminal History, and Post-Prison Performance," University of Wisconsin - Madison, Institute for Research on Poverty Discussion Paper #595-80, January, 1980.

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