

Prevention trumps punishment

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Investing in high school graduation pays off

If governments want to reduce crime, a new UBC study suggests that improving high school graduation rates offers greater social and economic benefits than tightening crime laws and increasing prison sentences.

The study raises important questions about policies designed to reduce crime through increased punishment and incarceration, a major trend among Western governments, which have spent billions on correctional facilities over the last decade. According to the study's authors, targeting the root causes of crime is a more cost-effective approach.

The study focused on property crime, which includes burglary, robbery and fraud, and is more likely to be driven by economic considerations than violent crime. According to researchers, high school dropouts aged 16—23 are the demographic most likely to commit property crime, which represents nearly 90 per cent of crime in the United States.

"Our findings suggest that targeting property crime reductions through improved graduation rates provides large economic and welfare gains that are absent when we try to lower crime with longer prison sentences," says UBC Economics Prof. Giovanni Gallipoli, who co-authored the study with Prof. Giulio Fella of the University of London.

To study the long-term effects of different crime reduction policies, the researchers developed and analyzed an economic model of the U.S. Using a framework developed by Nobel Prize for Economics recipient Gary Becker to study the relationship between economic incentives and criminal behavior, Gallipoli and Fella measured key variables with data from 1980, a year in which annual U.S. property crime rates were close to their highest point in the past 50 years.

The researchers found that increasing prison sentences by 10 per cent reduced the crime rate by 5 per cent at an additional cost of between \$20,000 and \$30,000 annually per prisoner. The researchers found only small additional reductions in crime when prison sentences were increased beyond 10 per cent.

"When comparing these different policy approaches, it is important to remember how expensive it is to build and maintain prisons," says Gallipoli. According to Public Safety Canada, the annual average cost of keeping an inmate incarcerated in 2008-09 was \$109,699 per year, more than in any Western country. Gallipoli adds that Canada's federal government is working to introduce a slew of tough-on-crime initiatives, including longer prison sentences.

The researchers found that diverting comparable tax revenues to programs that increase high school graduation rates would reduce crime rates by roughly nine per cent, especially when targeting children from poor families. Gallipoli says the benefits were more pronounced over the long term. Employment rates and GDP also increased under this policy—by almost half a percentage point in the case of GDP—due to the increases in workforce education and a decrease in criminal records, which often hinders employability.

"People commit property crime for economic reasons, so providing more economic opportunities through education and employment can reduce the incentives for people to engage in criminal behavior," says Gallipoli. "Our findings suggest that keeping kids in school, making them employable and improving their value in the labour market is nearly twice as cost-effective at reducing crime as simple incarceration."

In the subsidy scenario, youth who completed high school received subsidies in the amount of \$3,000, similar to a successful U.S. program, the Quantum Opportunity Program, which provides extra support and high school graduation incentives aimed at children from disadvantaged backgrounds.

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