

PRICES, POLICING AND POLICY: THE DYNAMICS OF CRIME BOOMS AND BUSTS

Tom Kirchmaier

Copenhagen Business School
and Centre for Economic Performance,
London School of Economics

Matteo Sandi

Centre for Economic Performance,
London School of Economics

Stephen Machin

Department of Economics
and Centre for Economic Performance,
London School of Economics

Robert Witt

University of Surrey
and Centre for Economic Performance,
London School of Economics

Abstract

In many historical episodes, criminal activity displays booms and busts. One clear example is the case of metal crime in the UK (and elsewhere) where, in the face of big increases in value driven by world commodity prices, thefts rose very sharply in the 2000s, after which they fell. This paper studies the respective roles of prices, policing and policy in shaping this crime boom and bust. Separate study of each reveals metal crime being driven up via sizeable and significant metal crime-price elasticities and driven down by changes in policing and policy. A regression-based decomposition analysis confirms that all three of the hypothesised factors considered in the paper – prices, policing and policy – were empirically important in the different stages of metal theft's boom and bust. (JEL: K42)

The editor in charge of this paper was Giovanni Peri.

Acknowledgments: We are grateful to the British Transport Police, in particular to its Chief Constable Paul Crowther, Keely Duddin and Sukhaib Raza, as well as the Metropolitan Police Service for providing us with the data and very helpful advice. Also special thanks to Robin Edwards, who was in charge of Operation Tornado at the time, for answering all our questions so patiently. Very helpful comments were received from the Editor, Giovanni Peri, three referees and from participants in the 2018 RES, CEP and EEA-ESEM annual conferences

E-mail: t.kirchmaier@lse.ac.uk (Kirchmaier); s.j.machin@lse.ac.uk (Machin); m.sandi@lse.ac.uk (Sandi); r.witt@surrey.ac.uk (Witt)