

## Costs of Crime

*A survey of the literature on methodology, results,  
and challenges in the research on the costs of crime*

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English summary of Brå report 2017:8

The complete report is available in Swedish at [www.bra.se/publikationer](http://www.bra.se/publikationer)

## **The Swedish National Council for Crime Prevention (Brå) – centre for knowledge about crime and crime prevention measures**

The Swedish National Council for Crime Prevention (Brå) works to reduce crime and improve levels of safety in society. We do this by providing factual information and disseminating knowledge on crime, law enforcement, and crime prevention work, first and foremost to the Government and law enforcement agencies.

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## Summary

The commission of a crime leads to consequences, one of which can be costs for the victim or for society at large. The Government has instructed Brå to conduct a survey of existing studies regarding the costs of crime and the gains realised through crime prevention work, and to assess the need for additional Swedish studies in the area. In brief, this survey shows that there is a substantial body of research being conducted internationally, focused variously on the costs of crime, on economic benefits of crime prevention measures, or on other anti-crime measures. The conclusions of the review are as follows.

- The different studies which estimate the costs of crime vary in terms of which methodologies are employed, whether so-called intangible costs (such as the cost of psychological distress) are considered, whether the estimates include unregistered crimes, and which types of offences which are included in the analysis.
- In many foreign studies which compared the costs of violent offences with those of property offences, the estimated costs of violent offences are greater.
- Brå has found few studies which compare, on the basis of detailed analyses, the costs of traditional criminality and the costs of economic criminality.
- Obtaining results regarding the economic utility of crime prevention measures requires studies which have, firstly, succeeded in reliably measuring the effects of such measures and, secondly, can reliably assign a monetary amount to these effects. Such studies are difficult to conduct and are thus relatively uncommon.
- Foreign research (primarily from the US) in the form of systematic surveys which compare the economic utility of various types of crime-prevention programmes or other efforts show that there are major variations in the assessed cost-effectiveness of different programmes.
- No similar types of systematic surveys from Sweden have been found.
- According to a foreign research overview, prevention programmes which focus on high-risk groups and high-risk situations appear to generate the greatest financial savings.
- Both foreign and Swedish research indicate that the greatest savings for society are realised when young people can be prevented from falling into long-term and intensive criminal careers.

The field of study of the costs of crime is a broad one in which many different types of studies have been conducted. The studies differ in respect of which costs are calculated as "costs to

society" and "societal costs" (and similar terms) and how these terms are to be defined or whether they can be defined at all. Some studies include costs incurred by victims – both or individuals and private companies – while others do not. The types of offences included in the studies varies, as does whether offences which are not reported to the police are taken into account. Certain studies focus only on one or a few types of offences, or certain types of victims, while others attempt to estimate the total costs of crime by means of various methods. Certain studies address costs associated with various types of criminal careers (based on longitudinal studies of individuals over a lengthy period of time). In terms of studies regarding the utility of crime prevention measures, we have found relatively few which address the pecuniary advantages of situational prevention as compared with programmes for social prevention directed towards children and youth.

## Disagreement regarding what should be included as the costs of crime

The consequences of crime often include not only tangible losses or physical injury, but also psychological stress and emotional reactions which are experienced as diminishing the quality of life of those who are personally affected by crime (and their families). The general public can also experience negative feelings and discomfort as a result of criminality. In the eyes of many researchers, disregarding these aspects when weighing various crime prevention efforts is a shortcoming and an unduly narrow approach. Certain studies include measurement of such intangible costs in their analyses while others do not. In the literature on costs for crime, it is not unusual for researchers from the Anglo-Saxon countries, in particular, to have applied different methods to measure the intangible costs with a focus on the victim or society at large; at the same time, based on the literature referred to here, this appears to be more uncommon in Sweden. On the one hand, one can see the task of developing and applying methods to assign monetary value to the intangible costs (such as costs for "pain-and-suffering" and diminished quality of life) resulting from crime as an appropriate and important one for research. It can make it possible to draw a more complete picture of the costs of criminality. On the other hand, a number of researchers have levelled criticism at the various methods involved and pointed out the uncertain reliability of the generated results. Accordingly, studies which evaluate and develop the existing methods for measuring the intangible costs of crime, and the adaptation to Swedish circumstances of any such methods which are used, would be desirable. In those cases where studies include intangible costs (as well as tangible costs), it is clear that the recommendation should be to describe the method for measuring these costs in detail and to clarify ambiguities. Moreover, the various types of costs (tangible and intangible, respectively) should be separately reported in the results.

It is also important to emphasise that the research also shows an absence of agreement regarding how the tangible costs are to be calculated and what is to be included. For example, there is a difference of opinion on the rather significant question of whether or not the transfer of value from the crime victim to the perpetrator in conjunction with property crimes is to be calculated as a cost (or transfer) which should be included in the calculations. Since the transaction does not take place on a voluntary basis, a number of researchers argue that it must be calculated as a cost. For people in general, and not in the least for crime victims, not calculating it as a cost resulting from crime probably also appears extremely odd.

The ambiguities in the literature are not limited to the most suitable course of action for measuring the cost of crime – certain studies also contain uncertain estimates which are not based on empirical measurements, but rather on various types of assessments. There is also a tendency for uncertain estimates to be reused by other researchers. The shortage of good measurement methods and specificity regarding how the costs of crime should be measured leads to the estimates being viewed as provisional. Obtaining results which show the economic utility of crime prevention measures requires studies which reliably succeed in measuring the effects of such measures (taking into consideration methodology requirements regarding experimental or quasi-experimental design, control groups, measurement of before-and-after effects, and selection of sufficient number of cases or individuals). The next task is to estimate the financial impact of these effects. Such studies are not easy to conduct. This may be one reason why it appears that such analyses are seldom done in respect of the many local crime prevention projects carried out in Sweden.

The Swedish studies which were found lack the same type of broad estimates and calculations of the social costs (including intangible costs) of total criminality or comparisons of different types of offences as those in the studies which are included in international surveys of the literature (e.g. Wickramasekera et al. 2015, Glaubitz et al. 2016). The latter studies often report, in table form, estimates of total costs of various crimes, or the average cost per offence, and break down offences within various types of offences. None of these surveys include any studies from Sweden. A Norwegian report by Bakke (2011) reports, in table form, the result of estimates of the socioeconomic costs of numerous types of offences. However, it does not apply national data to make any independent attempt to estimate the intangible costs (such as loss of quality of life) which are often included in the Anglo-Saxon studies.

The existing Swedish studies largely consist of evaluations of various programmes or estimates of the costs which municipalities or other public authorities would incur under alternative hypothetical scenarios. Many of the non-Nordic studies are published in international scholarly journals. When compared with the Anglo-Saxon countries, only a small number of Swedish studies have been located when searches have been conducted in academic data bases. However, it must be pointed out that it is highly likely that there are more articles than those reported here.

## Differences in the view of the value of cost-benefit analyses.

Steve Aos<sup>1</sup>, a well-known name among researchers in the field of cost-benefit analyses of criminal policy programmes, recommends that cost-benefit analysis not be seen as an alternative to programme evaluation, that decisions regarding measures to combat crime not be based solely on cost-benefit analyses but, instead, should also take other factors into consideration, and that uncertainties in the estimates be acknowledged (Aos 2015). However, like a number of other researchers, Aos believes that cost-benefit analysis should be an important component when making a decision regarding action to be taken. According to Tonry (2015), however, ambiguous data regarding calculated costs of crime in studies conducted by a number of influential researchers have skewed many cost-benefit analyses of actions taken against crime; these include studies undertaken by the Washington State Institute of Public Policy (WSIPP), which has compiled many results regarding which programmes and measures are cost-effective in respect of reducing criminality.

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<sup>1</sup> At the Washington State Institute of Public Policy (WSIPP).

The Swedish macroeconomist Hultkrantz (2015a) takes an essentially positive view of the type of research conducted at WSIPP. He argues that social investments in the area (on a broader level and not only in respect of crime prevention) require national methodological support in respect of impact evaluations and sharing information regarding outcomes. Moreover, developing the methodology for socioeconomic assessments of the various types of interventions, including actions intended to affect the long-term development of young people, is a pressing matter. Accordingly, he recommends that a number of measures be carried out on a national level. Among other things, Hultkrantz recommends using WSIPP's models as a template and adapting the method to Swedish circumstances in order to develop calculation models in Sweden. He further recommends that methodological support for conducting effectiveness measurements, obtaining cost data, and documenting and making evaluations, be provided to municipalities and county councils/regions which work with social investments. Accordingly, he proposes that the Swedish Social Insurance Inspectorate be instructed to issue and develop methodological support for municipalities, county councils/regions, and national authorities that wish to carry out socioeconomic analyses of social investments.

Analyses conducted by Swedish economist Ingvar Nielsen and his colleagues indicate that the long-term socioeconomic savings which society as a whole can realise as a result of preventive efforts focused on individuals are probably very significant, even when a specific action has a relatively small impact. Socioeconomic estimates of the costs which can be incurred by, for example, a criminal career which leads to non-participation in the employment market or exposure to various types of serious criminality, form an important basis for demonstrating the significant social investment gains which are made possible by actions to prevent exposure to crime and criminal careers. At the same time, Hultkrantz (2015a) argues that Sweden still lacks a systematically developed model for making such estimates in a reliable manner, and that it is urgent that such a model be developed.

Another important piece of the puzzle is that the ability to make a rational choice between various possible types of crime prevention actions depends on the availability of reliable evaluations of the actions, including the anticipated type of impact of these actions and anticipated magnitude of this impact. As is clear from a Swedish studies analysis by *Multisystemisk terapi för ungdomar* (Multisystem therapy for youth) (MST) in Sweden (Andrée Löfholm et al. 2014), one cannot take for granted that a programme which functions in other countries will also show positive effects under Swedish conditions and, as mentioned, there is a relative paucity of methodologically strong studies of the effects of crime prevention measures.

## Brå's assessment

The international literature regarding the costs of crime and the methods employed to estimate such costs, as well as evaluation of the financial benefits which result from various crime prevention measures, gives the general impression of the desirability of more standardised and reliable methods in this area. The survey shows that developing the methods to estimate cost for crime and making such estimates in regard of Swedish circumstances is challenging. In a situation where there is still significant disagreement among researchers regarding how such estimates are to be made, as well as regarding the reliability of existing estimation methods, this can be seen as a task which is primarily suitable for academic research at universities and colleges. In the

alternative, attempting to produce a list of costs of various types of crime may be a task for some form of multi-disciplinary expert group or committee<sup>2</sup>.

When considering the need for additional Swedish studies on the costs of crime and the financial advantages of crime prevention measures, it is important to bear in mind that needs can vary, depending on the actors. Are we looking at the needs of the State, municipalities, county councils, the business community, universities, other organisations, or private individuals? A simple answer might be that all of these actors would benefit from gaining access to current data on the costs of crime and the financial benefits of crime prevention efforts, which means that there is probably a need for continually updated studies in the area. At the same time, one cannot ignore the methodological problems, as identified in the survey, which can be associated with estimating costs and benefits.

The survey shows that there is Swedish research which focuses on evaluating the effects and financial benefits of actions and which are relevant to municipalities and other actors. Researchers have the important task of providing methods for following up on the financial benefits of various actions on the local level. Given the prevailing disagreement on how to calculate the monetary value of the impact of such actions, academic researchers or a multi-disciplinary expert group should be tasked with developing methods in this area as well. One important prerequisite is the more systematic performance of reliable impact evaluations of preventive measures.

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<sup>2</sup> Including researchers from various disciplines, such as economics, criminology, and sociology.