

# Multilevel study finds no link between minimum wage and crime rates

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A new study out of the University of Cincinnati is a unique examination into whether public policy on the minimum wage can affect the crime rate. The study finds that, contrary to conventional belief, increasing the minimum wage will not lower violent crime or property crime. Derek Cohen, an analyst for the Texas Public Policy Foundation and PhD candidate from the nationally top-ranked University of Cincinnati criminal justice program, along with Jay Kennedy, also a doctoral candidate in the UC criminal justice program, and Scott Dannemiller, a UC senior and undergraduate research assistant in the criminal justice program, will present their findings on Nov. 21, at the American Society of Criminology's 69th annual meeting in Atlanta.

The researchers studied official U.S. [crime](#) data and economic data from 1977 to 2012 to compare [violent crime](#) and property crime rates among states that abided only by the federal [minimum wage](#) standards, and the 18 states that had raised their minimum wage requirement at one time or another above the federal mandate.

The minimum wage data came from the U.S. Department of Labor. Researchers also reviewed data from the Consumer Price Index, while state crime data was pulled from the F.B.I.'s Unified Crime Reporting (UCR) program, which holds statistics from law enforcement agencies around the nation.

The researchers were examining the effect on property and crime rates in regard to changes in minimum wage and the Consumer Price Index. Introducing the Consumer Price Index into the analysis factored in purchasing power – comparing ability to buy goods with what was coming home in a paycheck.

"We were looking at whether we could see a crime trend that moved over time in regard to what we call 'shocks,' changes in policy," explains Cohen. "These shocks impart change, so if there's a trend, the rate-of-change-of-crime should increase or decrease, but ultimately, among the 18 states that had raised the minimum wage, there was no significant change – in this speculation – a drop, in violent crime and [property crime](#). If raising the minimum wage is meant to impart a change in [crime rates](#), we should have seen a more pronounced deterrent from crime."

Among the other states that adhered to just the federal minimum wage-set salary, the researchers saw the same pattern. There was no discernible effect for any sort of minimum wage policy, says Cohen.

Researchers used a technique of econometric time series analysis called the autoregressive integrated-moving average (ARIMA) to analyze the

large aggregate datasets. The approach allowed researchers to identify variation between states that raised minimum wage beyond the federal standards and states that had stayed with only the federal minimum wage increase.

Based on the analysis, the researchers concluded that crime is fundamentally an individual-level phenomenon; that scholarship on the topic suggests that state-level policy effects are very marginal; and that conceptually, proper specification of a direct-effects model (as a cause or insulator) is likely impossible.

"Minimum wage legislation is divisively political; theoretically, a pure, strong- to strictly-causal model also is impossible," state the researchers.

"Very few researchers are examining this issue from a macro level," says Cohen. "It's a macro level issue that is being thrust into [public policy](#), often under claims of crime prevention, without the justification to do so."

States that had raised the minimum wage above the federal mandate:

- Alaska
- Arizona
- California
- Colorado
- Connecticut
- Florida
- Illinois
- Maine
- Massachusetts
- Michigan
- Missouri
- Montana

- Nevada
- New Mexico
- Oregon
- Rhode Island
- Vermont
- Washington

Provided by University of Cincinnati

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