

Study shows allocation of police resources affects economic welfare, inequality

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Decisions about how to allocate police resources in a community are likely to influence not only crime but also housing prices, overall economic welfare and social inequality, according to a new study by economists at Indiana University and the University of Maryland.

The study, "Stirring up a hornets' nest: Geographic distribution of crime," develops a model for examining the behavior of socioeconomic groups in response to two possible strategies: one in which police are concentrated in certain areas and another in which they are dispersed equally across the city.

The researchers conclude that equal dispersal of police will lead to a city that is economically integrated, with housing prices comparable from one neighborhood to the next. On the other hand, concentrating police in certain locations will lead to unequal neighborhoods but may produce greater overall wealth.

Authors of the article are IU Bloomington College of Arts and Sciences assistant professor Gustavo Torrens and Ph.D. student Ivan G. Lopez Cruz and University of Maryland professor Sebastian Galiani. A summary by the authors is published on Vox, the policy portal of the Centre for Economic Policy Research.

The researchers create a model in which residents of a city are either skilled or unskilled and can make choices in an open economy about where they will live and how they will earn their living—through

employment or, if it's profitable, by crime. Then the study examines what happens if police resources and crime prevention are concentrated in certain locations or dispersed evenly.

The model suggests that concentrating policing could lead to greater overall wealth as successful individuals move to well-policed neighborhoods, protecting their wealth and boosting housing values. Poor people, with fewer resources and less incentive to avoid crime, may end up in high-crime neighborhoods.

"Policymakers should be aware of a potential trade-off between overall wealth and inequality, especially in very unequal societies," Torrens said. "In such cases, concentrating police resources tends to produce higher overall wealth but also higher inequality, while dispersing police resources tends to produce lower overall wealth but lower inequality."

A potential response, the authors write, is to concentrate policing in certain areas and implement taxes and resource transfers to compensate for the inequality that results.

The paper's title refers to the practice of directing police resources to high-crime areas, the "hornet's nests" of criminal activity. The authors suggest a problem with this strategy: If policing is targeted, criminals are likely to move to other areas to escape scrutiny. The hornets will build a new nest.

There is evidence that this is happening in some Latin American cities, the authors say. The only way to prevent it is to deploy policy more evenly across the city.

But efforts to create a more egalitarian society by evenly dispersing police resources could face problems if wealthy individuals hire private security or create gated communities to protect themselves from crime.

In that case, dispersed policing will not necessarily produce economic integration.

The authors say the paper is a starting point for a research agenda on how to improve police deployment strategies. While some policy conclusions may need to be revised, they are confident in the basic approach: that modeling tools that revolutionized urban economics and economic geography can be successfully applied to the study of how to allocate limited police resources and deter crime.

More information: Stirring Up a Hornets' Nest: Geographic Distribution of Crime, [DOI: 10.3386/w22166](https://doi.org/10.3386/w22166) , www.nber.org/papers/w22166

Provided by Indiana University

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