

Study suggests cash affects crime

14 April 2014, by Jen Hatton



Drug dealers are not known for their financial flexibility. Credit cards are rarely used; cash is king. So, if there was less cash in circulation throughout society, would crime rates decline?

That's the subject of a recent study by three members of the University of Missouri–St. Louis community.

"Less Cash, Less Crime: Evidence from the Electronic Benefit Transfer Program" was posted last month on the National Bureau of Economic Research website. It's the work of Richard Wright, Curators' Professor of Criminology and Criminal Justice at UMSL; Richard Rosenfeld, Curators' Professor of Criminology and Criminal Justice at UMSL; Timothy Dickinson, an UMSL criminology doctoral student; Erdal Tekin, professor of economics at Georgia State University in Atlanta; Volkan Topalli, professor of [criminal justice](#) and criminology at Georgia State University; and Chandler McClellan, of the National Bureau of Economic Research in Cambridge, Mass.

"This paper was based on an idea that grew out of

research I started in 1996," said Wright, who was the lead investigator on the research.

The idea was that cash plays a critical role in fueling street crime due to its liquidity and transactional anonymity. In poor neighborhoods where street offenses are concentrated, a significant source of circulating cash stems from public assistance or welfare payments. In the 1990s, the federal government mandated individual states to convert the delivery of their welfare benefits from paper checks to an Electronic Benefit Transfer or EBT system.

The researchers examined the variation in the timing of the EBT implementation across Missouri and deduced that it did have a significant effect on crime rate as well as burglary, assault and larceny – basically overall crime decreased by 9.8 percent.

To put these results in perspective, the overall 10 percent decrease in crime corresponded to 47 fewer crimes per 100,000 people per county per month as a direct result of switching [welfare benefits](#) from cash to credit.

Wright said the findings also showed a decrease in arrests, especially those associated with non-drug offenses. However, there were no significant changes on rape, which is a [crime](#) unmotivated by [cash](#).

More information: "Less Cash, Less Crime: Evidence from the Electronic Benefit Transfer Program." Richard Wright, Erdal Tekin, Volkan Topalli, Chandler McClellan, Timothy Dickinson, Richard Rosenfeld. *NBER Working Paper No. 19996*, Issued in March 2014. www.nber.org/papers/w19996

Provided by University of Missouri-St. Louis

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