

Conferencia Interamericana de Seguridad Social



**Centro Interamericano de
Estudios de Seguridad Social**

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Well-being and Social Policy

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INTRODUCTION

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A partnership between CAF -Banco de Desarrollo de América Latina-, the United Nations Development Program (UNDP) and the Inter-American Conference on Social Security (CISS) allowed to jointly host an international conference in Mexico City on October 2010 on “Crime and Violence in Latin America and the Caribbean”. Crime has become the leading concern for citizens of the region and has been pushed to the forefront of the international policy agenda; what is more, the combination of very few success stories and abundant failures in curbing crime and violence has underscored how thin our understanding is and the difficulty of designing and implementing an effective strategy at the local level. This issue contains three of the papers presented at the conference, and touch upon various issues that are relevant for this general academic and policy debate.

In “Crime and Labor Market, Choice under Uncertainty Model and an Application for Colombian Cities” Jaime Millán offers a simple analytical model of individual choice under uncertainty to highlight the various incentives at play when an individual faces a choice between the legal labor market and crime as a source of income. The model’s focus on income as a source of wellbeing, the distinction between “highly profitable” and “low profit” illegal activities as well as an account of the role of education in increasing the wage in the legal labor market, provide an interesting look at the policy tradeoffs between carrot and stick options. The paper suggests, using data for Colombian cities, that carrot-type policies, geared towards increasing the opportunity cost of crime can be effective. The empirical analysis tries to get at a very difficult issue, which is the relationship between the socio-economic status of the potential offender and the expected value of the loot, and although not conclusive in a causal sense, it does indicate that there may be important interactions between the level of inequality within metropolitan areas and the occurrence of crime.

The second paper in this special issue, by Harrie Jonkman, Pim Cuijpers, and Jos Twisk, “Different Worlds, Common Roots A Multilevel Analysis of Youth Violence and Delinquency in the Netherlands Antilles as a Basis for Crime Prevention” describes a new and unique data set on youth risk behavior and correlates in the Netherlands Antilles, a region with very little (if any) research on crime prevention or socioeconomic correlates of criminal behavior. The survey covers over 7,800 school-going teenagers between 13 and 18 years of age in the five islands (Curacao, Bonaire, St Maarten, St Eustatius, and Saba), and investigates problem behavior in the school as well as risk augmenting (e.g. history of violence or drug use in the family, friends who show anti-social behavior) and mitigating/protective (e.g. strong emotional attachment to family or significant opportunities for involvement in social activities) factors at various levels (family, friends, community). The research shows that teenagers in the Netherlands Antilles exhibit high levels of

violence and delinquency, as measured by the frequency with which they physically attack someone else (44% of surveyed kids have engaged in at least one form of violence) and that boys are twice as violent as girls. The authors show that both risk and mitigating social factors are strongly correlated with deviant behavior, which calls for interventions directed at reducing the risk factors and increasing protective factors. Again, although this research does not provide causal estimates of peer effects or family influences on individual behavior, it does provide a good description of the many channels through which the social environment a child is raised in, may influence their anti-social behavior.

The third paper, “Economic and Socio-demographic Determinants of Crime in Uruguay” by Fernando Borraz and Nicolás González studies the dynamics of state-level crime rates and its correlation with socioeconomic variables such as per capita income, education, labor market conditions and inequality and deterrence variables like arrest rates or judicial system effectiveness and police presence. The paper suggests that crime was highly persistent over time in Uruguay in the period 1986-2006 and that it was significantly (negatively) correlated with arrest rates, but not with other deterrence factors or with most socio-economic variables. Only the urbanization rate appears to be positively correlated with crime. Although there are methodological difficulties with the analysis of dynamics in models of panel data like the one presented here, the paper presents several corrections using the latest techniques available. The finding that there is no relationship between income, inequality or unemployment and crime is intriguing, and suggests that there may exist an interaction between the effects of these variables, and the dynamics of crime over time.

Two books are also reviewed in this special issue: Rafael DiTella, Sebastian Edwards, and Ernesto Schargrodsky’s (editors) “The Economics of Crime: Lessons for and from Latin America” contains a compendium of some of the most significant contributions to the economics of crime in Latin America and is carefully reviewed by Daniel Mejía. Another recent and significant book by Douglass North, Joseph Wallis, and Barry Weingast a review of “Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History” is thoughtfully reviewed by Gabriel Martínez.