

in brief...

Crime and mental wellbeing

Crime has clear costs for its victims, but it might also cause considerable harm to other local people who fear being victims in the future. **Francesca Cornaglia** and **Andrew Leigh** measure the impact of crime on the mental wellbeing of both victims and non-victims, as well as the effects of crime reporting by local media.

In 2006, the US Senate Committee on the Judiciary heard evidence from two sources on the economic cost of crime. The director of the Bureau of Crime Statistics told the committee that according to surveys, the financial cost of crime to victims and their families is \$16 billion annually. Immediately afterwards, economist Jens Ludwig told the committee that, based on survey respondents' willingness to pay to reduce crime in their communities, the cost of crime is \$694 billion per year.

This 40-fold disparity between the direct costs to victims and the wider community's willingness to pay to reduce crime suggests an intriguing notion. What if most of the social cost of crime is not endured by victims but by non-victims? What if the financial impact of crime on those who are killed, assaulted or robbed is just the tip of the iceberg for calculating the costs of crime?

The idea that the costs of crime for non-victims may be important was noted by Jeremy Bentham as long ago as the late eighteenth century. He gave the example of a man who is robbed on a road, where the 'primary mischief' arises from the physical harm and loss of possessions occurring from the robbery, but the crime also has a 'secondary mischief':

'The report of this robbery circulates from hand to hand, and spreads itself in the neighbourhood. It finds

its way into the newspapers, and is propagated over the whole country. Various people, on this occasion, call to mind the danger which they and their friends, as it appears from this example, stand exposed to in travelling; especially such as may have occasion to travel the same road.'

What is important about this effect of crime – which Bentham referred to as 'the alarm' – is that it affects a much larger number of people than the direct impact of crime. As philosopher Jonathan Wolff pointed out in the 2005 Bentham lecture at University College London, even if the probability of harm is very low, 'the fear can be ever-present for a great number of people, depressing their lives'. The cost of crime may therefore be far larger

Increases in crime rates have a negative impact on the mental wellbeing of local residents



than commonly suggested by methods that evaluate only the effects on victims and their immediate family.

In a new study, we combine detailed crime statistics with panel survey data that provide detailed indicators of mental wellbeing for the same people over a six-year period, 2001-06. The 'Household, Income and Labour Dynamics in Australia' (HILDA) survey combines measures of respondents' tiredness, difficulties with work and social activities because of physical or emotional problems, and nervousness and depression into an overall indicator called the Mental Component Summary (MCS).

The HILDA data also include information on which people have been crime victims. This makes it possible to examine separately the effects that changes in crime in a local area have on changes in the mental wellbeing of resident victims and non-victims (controlling for changes in local economic conditions).

There is a particular analytical challenge involved in investigating the effects of being a victim of crime on people's mental wellbeing: the possibility of 'sorting' – that certain people who are more likely to be victims of crime may at the same time experience lower mental wellbeing. As far as we know, no previous study has been able to estimate the effects of different crimes on the mental wellbeing of victims, taking account of the potential selection of vulnerable individuals into incidences of crime.

Our analysis finds a strong relationship between being a victim of crime and mental wellbeing for both property crimes and violent crimes: a seven percentage point fall in the MCS for these people. Taking account of the potential selection of vulnerable individuals suggests that sorting is indeed a problem. Nevertheless, we still find a considerable impact on mental wellbeing (a two percentage point fall in the MCS), which is predominantly driven by being a victim of a violent crime.

Local media coverage of criminal activity enhances the negative effect of crime on wellbeing

Turning to non-victims, we find significant and sizeable effects of violent crime on the mental wellbeing of non-victims in the local area. Distinguishing between different categories of violent crime, it seems that these effects are driven by incidences of assaults, including sexual assault, and robbery. Thus, these results provide evidence for the hypothesis that by reducing the wellbeing of non-victims, the costs of crime may be substantial.

We also examine the role of local media coverage in enhancing the effect on mental wellbeing of crime rates within an area. Extensive coverage of crime incidences in local newspapers may exacerbate the effect of criminal activity on the mental wellbeing of non-victims. To our knowledge, no previous work has quantified such effects nor, more importantly, assessed the 'multiplier' effect of area crime through media coverage on mental wellbeing.

We find that the intensity of reporting of crime increases its negative effect on mental wellbeing. This suggests that media reporting plays an important role in enhancing the negative effect of crime on non-victims in the local area.

This article summarises 'Crime and Mental Wellbeing' by Francesca Cornaglia and Andrew Leigh, CEP Discussion Paper No. 1049 (<http://cep.lse.ac.uk/pubs/download/dp1049.pdf>).

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