Crime and Punishment in America: 1997 Update

by

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Executive Summary

After soaring to alarming heights beginning in the 1960s, serious crime in the United States began leveling off in the 1980s and has declined for the past three years. Every category of violent crime has decreased since 1993. Last year, serious crime reported to the police was only 10 percent above the rates for 1970, and in many cities across the country, it matched the crime rates of the 1960s.

A major reason for this reduction in crime is that crime has become more costly to the perpetrators. The likelihood of going to prison for committing any type of major crime has increased substantially. Since 1993:

- The murder rate has dropped 23 percent, as the probability of going to prison for murder has risen 17 percent.
- Rape has decreased 12 percent, as the probability of imprisonment has increased 9 percent.
- Robbery has decreased 21 percent, as the probability of imprisonment has increased 14 percent.
- Aggravated assault has decreased 11 percent, as the probability of imprisonment has increased 5 percent.
- Burglary has decreased 15 percent, as the probability of imprisonment has increased 14 percent.

Moreover, once in prison, criminals are staying there longer. The median prison sentence served has risen for every category of serious crime.

The best overall measure of the potential cost to a criminal of committing crimes is "expected punishment." Roughly speaking, expected punishment is the number of days in prison a criminal can expect to serve for committing a crime. It is determined by the probabilities of being apprehended, prosecuted, convicted and sentenced, and the median sentence for each crime. Even today, it's amazing how low expected punishment is.

- For every murder committed, someone spends only 32 months in prison.
- Expected punishment for rape is only 116 prison days, for robbery 46 days, for serious assault 11 days and for burglary 7 days.
- For every motor vehicle stolen, someone spends less than two days in prison.

Nonetheless, these expected prison stays are significantly longer than they were in 1980 for every category of serious crime.

- Between 1980 and 1995, expected punishment more than doubled for murder and nearly tripled for rape.
- It increased by about three-fourths for burglary and larceny/theft and increased 60 percent for motor vehicle theft.

Evidence shows that potential criminals respond to incentives. Crime increases when expected punishment declines, and vice versa. Between 1950 and 1980, expected punishment declined more-or-less continuously from an average of seven weeks for every serious crime committed to only 10 days — an 80 percent drop. In response, the serious crime rate more than quadrupled during those years. In the 1980s, expected punishment began to increase, accompanied by the leveling off and then a decline in the serious crime rate. Between 1980 and 1995, expected punishment for serious crimes increased from 9.7 to 22.1 prison days, a 128 percent increase, and serious crime declined.

The experience of our two most populous states — California and Texas — confirms the negative association between crime and expected punishment.

- During the 1980s, California increased its prison population at a rate faster than the nation and experienced a decline in serious crime relative to that of the nation.
- Texas, meanwhile, lagged in the growth of its prison population and its rate of serious crime shot up relative to that of the nation.
- The opposite has occurred during the 1990s, as Texas has enjoyed a 33 percent decline in serious crime while sharply increasing its prison population to the highest rate in the nation.
- During the same period, the growth in California's prison population has leveled off and now trails the national average, and California has only made slow progress against serious crime.

If we are to succeed in achieving an even lower crime rate, we must continue to make crime less profitable by further increasing expected punishment. To achieve that goal there are several options. Expected punishment will increase as we:

- increase the proportion of reported crimes cleared by arrest,
- increase the proportion of the accused who are prosecuted,
- increase the proportion of those prosecuted who are convicted,
- increase the fraction of those convicted who are sentenced to prison, and
- increase the average prison time served.

All these options are expensive in the short run. A higher arrest rate requires more money for police staffing, equipment and procedures. Higher conviction and sentencing rates require more resources for prosecution and criminal courts. All three require more prison space. But a tough approach pays, especially over the long run. As the odds worsen for criminals, crimes decline and the same numbers of arrests and convictions begin to reduce the odds favoring criminals.

Although the cost of building and maintaining more prisons is high, the cost of not doing so appears to be higher. One study found that each additional prisoner incarcerated reduces the number of crimes by approximately 15 per year, and yields a social benefit of at least $53,900 anually. Thus, even at $25,000 a year, the cost of keeping the average criminal in prison is worthwhile.

Introduction: The Recent Decline of Serious Crime

The overall rate of serious crime in the United States is at a 15-year low. The murder rate is lower than in the 1970s. In New York City, it is as low as in the 1960s. Not by coincidence, the likelihood that a criminal will be punished for a serious crime is higher today than it has been since the 1970s.

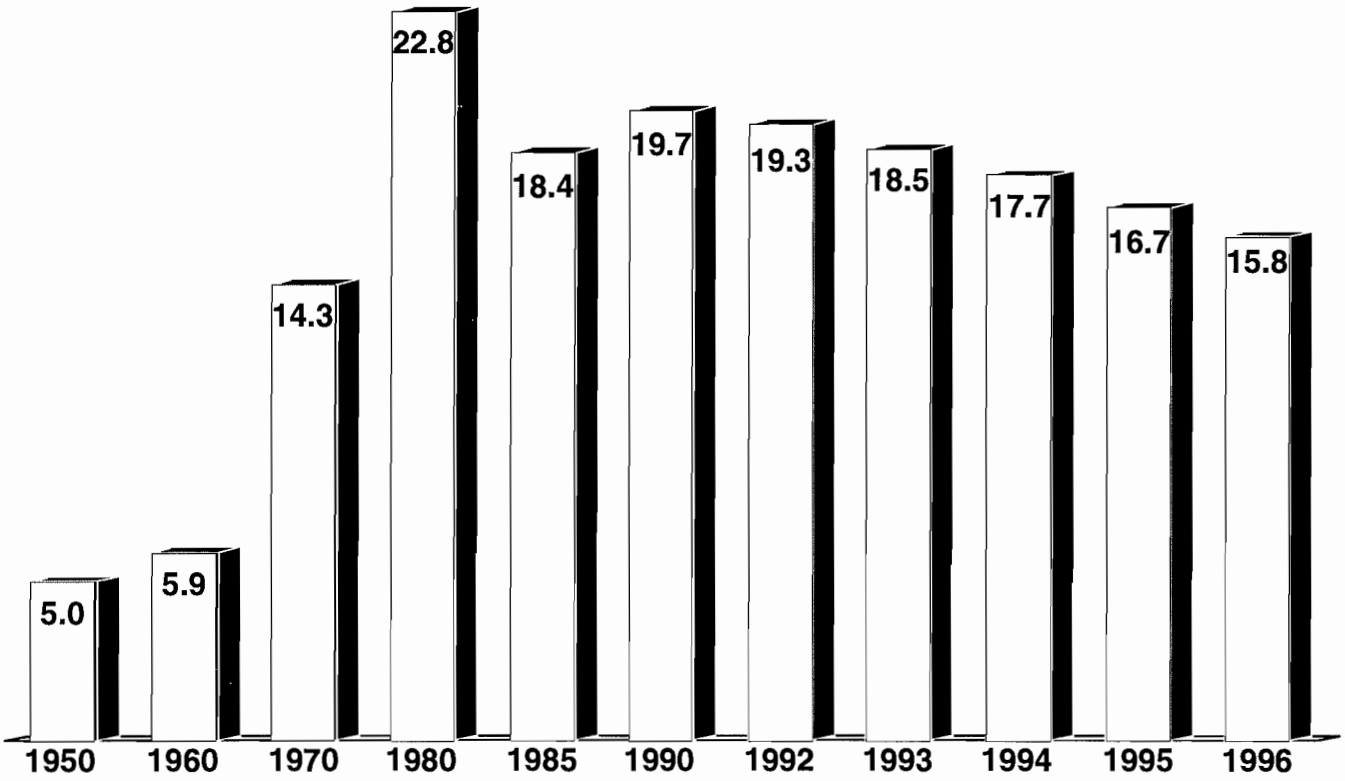
"Crime rates have been falling in the 1990s."

As Figure I shows, crimes of violence (murder, rape, robbery and serious assaults) and burglary increased fourfold during the 1960s and 1970s.[1] In the 1980s and 1990s, however, serious crime reported to the police leveled off and then fell. For example, the FBI has found that the burglary rate is down one-third over the last 20 years.[2] In 1995, violent crime fell 4 percent and property crime, including burglary, fell 1.4 percent.[3] In 1996, violent crime and burglary fell another 6 percent, led by record declines of 11 percent for murder and 8 percent for robbery.[4]

FIGURE I

Serious Crimes Reported to the Police, United States, Selected Years, 1950-96

(per 1,000 population)



Source: FBI, *Crime in the United States*, annual; and Associated Press dispatch, June 2, 1997; "serious crimes" are defined as murder/nonnegligent manslaughter, forcible rape, robbery, aggravated assault and burglary.

Despite the falling crime rate, America continues to be burdened by an appalling amount of crime and by the fear that it spawns. A 1994 Associated Press poll found that 52 percent of men and 68 percent of women are personally afraid of becoming victims. A 1997 NBC/*Wall Street Journal* opinion poll found that 57 percent of the public rank crime and education as the top policy concerns. The fear of crime is well founded:

- In 1995, an estimated 9.9 million Americans were victims of violent crimes.[5]
- Over a lifetime, the average man in our society has an 89 percent probability of being a victim of an attempted crime of violence and the average woman has a 73 percent probability, although half of the attempts are not completed.[6]
- A murder is reported to the police every 24 minutes, a forcible rape every five minutes, a robbery every 54 seconds and an aggravated (serious) assault every 29 seconds.[7]
- A motor vehicle theft is reported to the police every 21 seconds, a burglary every 12 seconds and a larceny-theft every four seconds.[8]

Clearly, there is much more to be done. Why has the crime rate been falling in recent years? What can we do to make it go lower?

Why The Serious Crime Rate Has Fallen

"Reason for the decline: the probability of going to prison has been rising and, once in prison, criminals are staying there longer."

Most offenders are not mentally deranged. And most crimes are not irrational acts. Instead, criminal acts are freely committed by people who often compare the expected benefits to the expected costs.[9] The reason we have so much crime is that, for many people, the benefits outweigh the costs.[10] But in recent years the likelihood of going to prison for committing any type of major crime has increased, as has the amount of prison time served. In response to this development, people are committing fewer crimes. Since 1993:[11]

- The murder rate has dropped 23 percent, as the probability of going to prison for murder has risen 17 percent.
- Rape has decreased 12 percent, as the probability of prison has increased 9 percent.
- Robbery has decreased 21 percent, as the probability of prison has increased 14 percent.
- Aggravated assault has decreased 11 percent, as the probability of prison has increased 5 percent.
- Burglary has decreased 15 percent, as the probability of prison has increased 14 percent.

Moreover, once in prison criminals are staying there longer. The median prison sentence served has risen for every category of serious crime.

The best overall measure of the potential cost to a criminal of committing crimes is "expected punishment." Roughly speaking, expected punishment is the number of days in prison a criminal can expect to serve per crime, as determined by the probabilities of being apprehended, prosecuted, convicted and going to prison, and the median sentence for each crime. Between 1980 and 1995, expected punishment:

- for murder increased dramatically from 13 months to 32 months,
- for rape nearly tripled to 116 days,
- for robbery increased moderately to 46 days,
- for serious assault increased moderately to 11 days,
- for burglary increased from 4 days to 7 days,
- for larceny/theft increased significantly, but remained at less than a day and
- for motor vehicle theft rose 60 percent, but remained at less than two days.

"The best overall measure of deterrence is expected punishment."

Evidence shows that potential criminals respond to incentives. Crime increases when expected punishment declines, and vice versa. Between 1950 and 1980, expected punishment for crimes of violence and burglary declined more-or-less continuously from an average of seven weeks for every serious crime committed to only 10 days — an 80 percent drop. In response, the serious crime rate more than quadrupled during those years. In the 1980s, expected punishment began to increase, accompanied by the leveling off and then a decline in the serious crime rate. Between 1980 and 1995, expected punishment for serious crimes more than doubled, increasing from 9.7 to 22.1 prison days. Over the same period, the crime rate fell by almost one-third.

Figures II to VI show the relationship between each type of violent crime and burglary and its respective expected punishment since 1950. While far from perfect, the negative association between the amount of each crime and its expected punishment is apparent.[12]

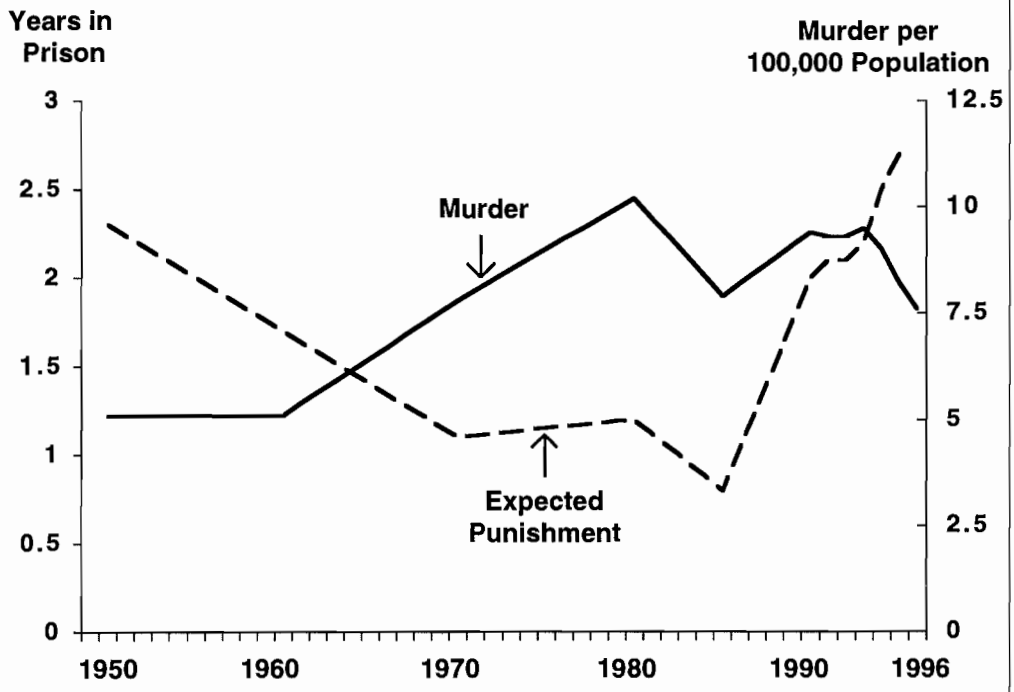
Calculating Expected Punishment

It is virtually impossible to prevent people outside of prison from committing crimes. Since criminals do not knowingly commit crimes in front of the police, the police rarely catch them in the act. The criminal justice system relies on punishments imposed afterward. In effect, the system constructs a list of prices (expected punishments) for various criminal acts, and

"Between 1980 and 1995, expected punishment for murder increased from 13 months to 32 months."

FIGURE II

Murder and Expected Prison Time, 1950-96

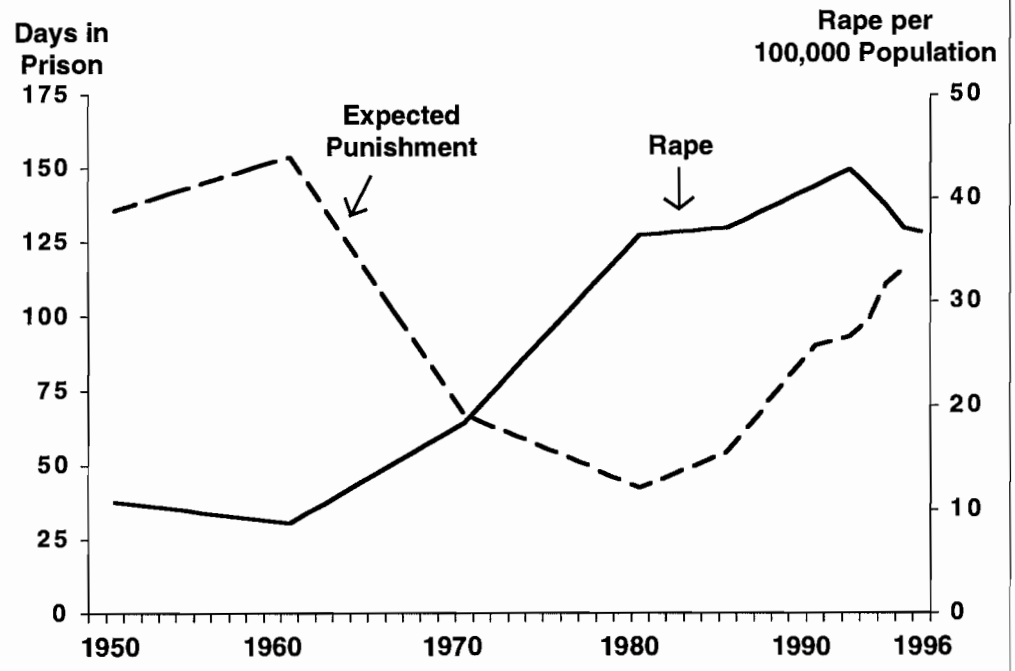


Source: FBI and Table III.

"Expected punishment for rape nearly tripled to 116 days."

FIGURE III

Rape and Expected Prison Time, 1950-96

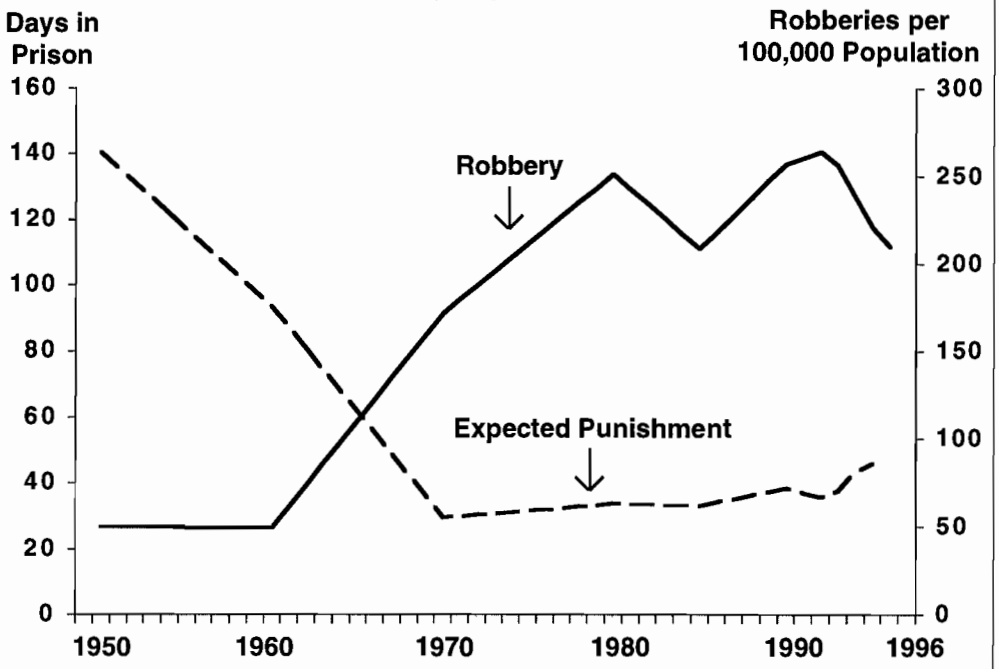


Source: FBI and Table III.

"Expected punishment for robbery rose moderately after 1980 to 46 days in 1995."

FIGURE IV

Robbery and Expected Prison Time, 1950-96

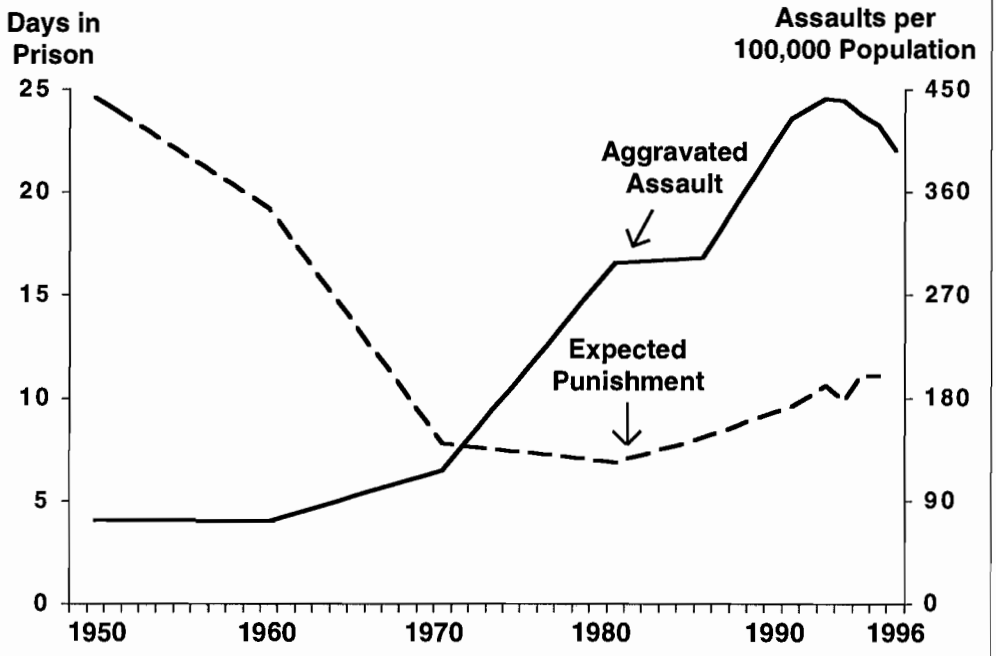


Source: FBI and Table III.

"Expected punishment for aggravated assault went from 7 days in 1980 to 11 days in 1995."

FIGURE V

Aggravated Assault and Expected Prison Time, 1950-96

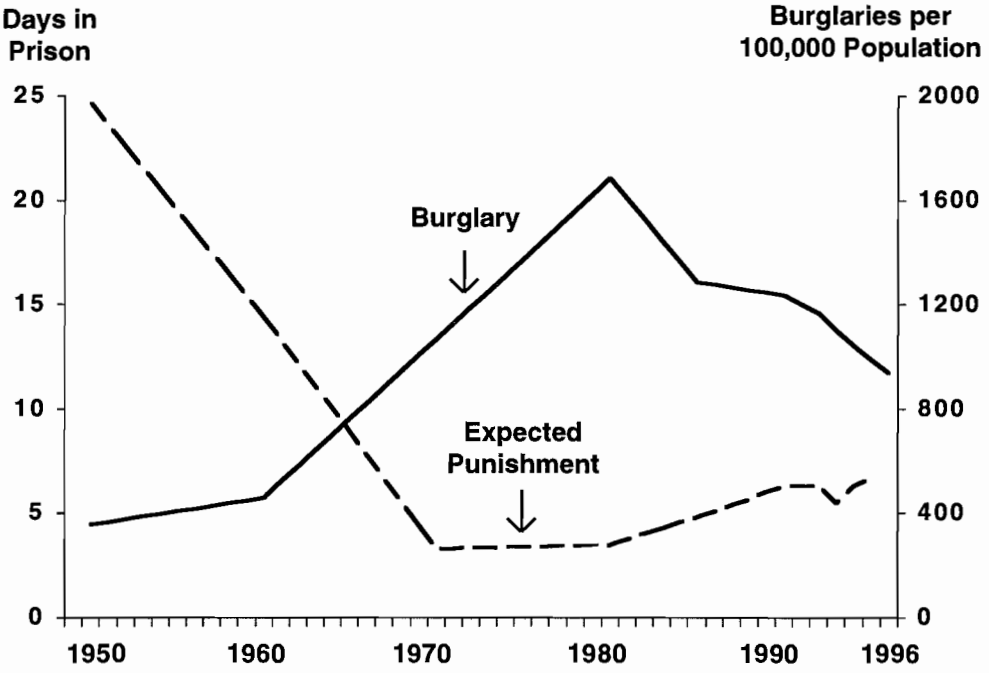


Source: FBI and Table III.

"The burglary rate fell by 44 percent after 1980 as expected punishment increased."

FIGURE VI

Burglary and Expected Prison Time, 1950-96



Source: FBI and Table III.

criminals decide whether they are willing to pay, just as many of us decide whether to risk parking or speeding tickets.

Viewed this way, the expected prison sentences are the prices we charge for various crimes. Thus, the price of murder is about two to three years in prison after we factor in the odds of getting away with it, the price of burglary is about seven days and the price of auto theft is no more than two days.

Expected punishment as a measure of the cost of committing a crime also captures the effectiveness of the criminal justice system in a single number. Expected punishment is not the same as the length of time criminals stay in prison. Rather, expected punishment is calculated by multiplying four *probabilities* — of being arrested for a crime after it is committed, of being prosecuted if arrested, of being convicted if prosecuted and of going to prison if convicted — and then multiplying that product by the median time served for an offense.

Limited data restrict the calculation of these detailed probabilities to a few years (the most recent largely relies on 1990 data), but they illustrate how these probabilities result in low odds of prison time and therefore low expected punishment. Consider the details for burglary.

"The odds of going to prison for a burglary are just over 3 percent."

Example: Expected Punishment for Burglary. In the United States, about half of all burglaries are reported to the police, according to the National Crime Victimization Survey. As shown in Figure VII, therefore:

- For every 100 burglaries committed, about 50 will be reported to the police.
- FBI data for 1995 show that about 13.4 percent of reported burglaries will be cleared by arrest, or about 6.7 burglaries out of the 50 reported.
- The data on tracking offenders [see Table I] show that about nine out of every 10 arrests for burglary will be prosecuted, or six out of 6.7.
- Just over half of the resulting six prosecutions will result in felony convictions, or 3.2 felony convictions out of every 100 burglaries.
- Of these convictions, 1.3 felons will be sent to prison while the remaining 1.9 will receive some combination of probation, fines or jail time.

TABLE I

The Criminal Justice Process for Index Crimes in the 1990s

	(1) Probability of Arrest if Crime Reported to Police[1]	(2) Probability of Prosecution if Arrested[2]	(3) Probability of Felony Conviction if Prosecuted[3]	(4) Probability of Prison if Convicted of a Felony[4]	(5) Overall Probability of Prison[5]
Murder/Nonnegligent Manslaughter	**64.8%**	**90.0%**	**70.0%**	**92.0%**	**37.6%**
Rape	**51.1**	**80.0**	**54.0**	**66.0**	**14.6**
Robbery	**24.7**	**85.0**	**56.0**	**67.0**	**7.9**
Assault	**55.7**	**81.0**	**36.0**	**33.0**	**5.4**
Burglary	**13.4**	**90.0**	**64.0**	**44.0**	**3.4**
Larceny/Theft	**19.6**	**89.0**	**49.0**	**40.0**	**3.4**
Motor Vehicle Theft	**14.1**	**71.0**	**50.0**	**28.0**	**1.4**

[1] Federal Bureau of Investigation, *Crime in the United States, 1995*, p. 199.

[2] Bureau of Justice Statistics, *Tracking Offenders, 1990*, p. 2 (based on 11 states representing 32 percent of the nation's population).

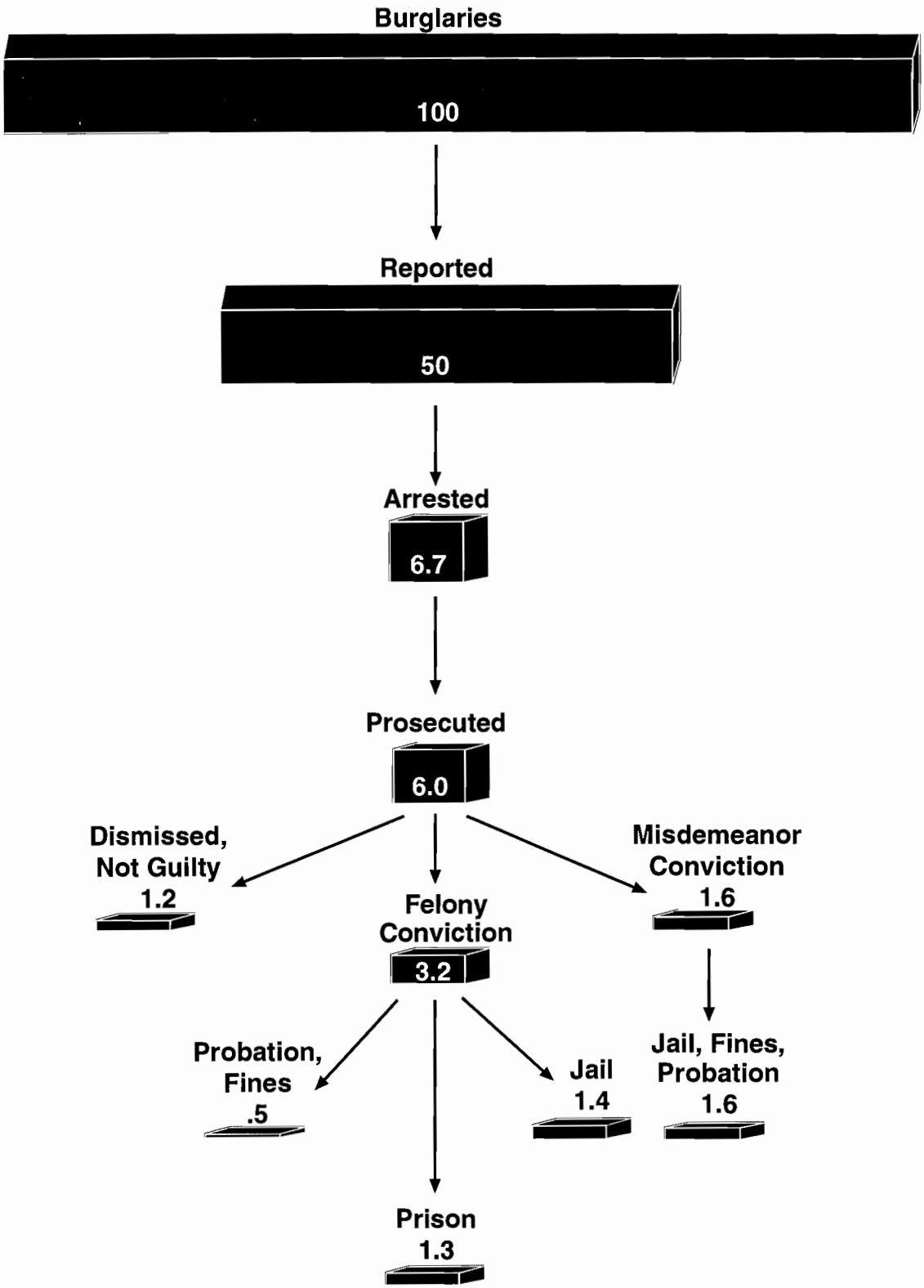
[3] Bureau of Justice Statistics, *Felony Defendants in Large Urban Counties, 1992*, July 1995, NCJ-148826, p. 26.

[4] Ibid., p. 31.

[5] Column (1) x (2) x (3) x (4).

FIGURE VII

The Crime Funnel for Burglars



Sources: Calculated from Bureau of Justice Statistics, *Sourcebook of Criminal Justice Statistics, 1995*, p. 250; FBI, *Crime in the United States, 1995*, p. 199; Bureau of Justice Statistics, *Tracking Offenders, 1990*, pp. 2, 5, 8.

TABLE II

The Decline in Arrest Clearance Rates, 1950-1995

	1950	1960	1970	1980	1990	1995
Murder/Nonnegligent Manslaughter	**94.0%**	**92.0%**	**86.0%**	**72.0%**	**67.2%**	**64.8%**
Rape	**80.0**	**73.0**	**56.0**	**49.0**	**52.8**	**51.1**
Robbery	**44.0**	**39.0**	**29.0**	**24.0**	**24.9**	**24.7**
Aggravated Assault	**77.0**	**76.0**	**65.0**	**59.0**	**57.3**	**55.7**
Burglary	**29.0**	**30.0**	**19.0**	**14.0**	**13.8**	**13.4**

Note: Almost 14 million crimes reported each year to the police are index crimes against person and property. In 1995, 2.9 million police arrests were for index crimes, including 1.2 million for crimes of violence and burglary. The table shows the decline in the probability of arrest for each serious index crime since 1950 (the so-called clearance rate). For example, a murderer had only a 6 percent chance of avoiding arrest in 1950, but now has a 35 percent chance.

Source: Federal Bureau of Investigation, *Crime in the United States,* annual.

"The clearance of serious crimes by arrest has declined since 1950."

Thus, the overall probability of doing any prison time for committing a burglary is only 1.3 percent. Making a direct calculation with different data, Table I shows that after a burglary is reported, the odds of going to prison are 3.4 percent.

Once in prison, a burglar will stay there for a median sentence of about 14 months. In 1995, 1.6 of every 100 burglaries reported to the police actually resulted in prison time (41,687 court commitments to prison of 2,595,000 reported burglaries), so the median prison term per act of reported burglary is only 6.7 days (1.6 percent x 14 months x 30 days per month). While this may seem like a short time, it is a sharp increase over the expected punishment of 4.8 days in 1990.[13]

On average then, a potential criminal can expect to spend less than seven days in prison for an act of burglary. This expectation of prison time per crime is, of course, heavily influenced by the chances of getting away with it. What a rational, risk-neutral criminal would consider is this: burglary is profitable so long as what is stolen is worth more than seven days behind bars.

Expected Punishment for Other Crimes. Table I displays the 1995 probabilities of arrest, the 1990 probabilities of prosecution, and the 1992

probabilities of conviction and imprisonment for the other FBI index crimes as well.[14] Multiplying these probabilities together results in probabilities of prison time ranging from 1.4 percent for motor vehicle theft to 37.6 percent for murder. Table II shows how the clearance of serious crimes by arrest has declined since 1950. In 1950, for example, 94 percent of murders were cleared by an arrest but only 65 percent of murders in 1995 were (i.e., the chance of getting away with murder rose from 6 percent to 35 percent). Similar declines in arrest clearance ratios occurred for the remaining crimes.

"Capital punishment is much less a concern for murderers today than in the early 1950s."

Expected punishment for five serious crimes for selected years is shown in Table III. In 1950, expected punishment for murder and nonnegligent manslaughter was 2.3 years. This had dropped to 1.1 years by 1970, but recovered to 2.7 years by 1995. Capital punishment also was a more serious concern for murderers in the late 1940s and early 1950s, when over 100 prisoners were executed each year after relatively short stays on death row. This compares to only 30 executions per year in the 1990s after lengthy stays on death row averaging nine or 10 years. In 1950 the chances of a murderer being executed was 1.5 of every 100 murders and in 1995 only 0.14 of every 100 murders, less than one-tenth of the already low risk in 1950.

Table IV shows the probability of prison time and median months served for the five serious crimes combined. This is perhaps the best overall index of the effectiveness of the criminal justice system, as well as a measure of the threat posed by the system to criminals. The probability of prison declined steeply between 1950 and 1970 and then slowly recovered, yet it is only half that of 1950. Median months served have recovered to more than two years but still fall short of the 32 months served in 1950. Expected punishment has recovered to 76 percent of what it was in 1960 (22 days versus 29 days).

TABLE III

Expected Prison Time for Serious Crimes, 1950-1995

	1950	1960	1970	1980	1995
Murder/Nonnegligent Manslaughter	**2.3 years**	**1.8 years**	**1.1 years**	**1.2 years**	**2.7 years**
Rape	**136 days**	**154 days**	**67 days**	**42 days**	**116 days**
Robbery	**140 days**	**93 days**	**30 days**	**34 days**	**46 days**
Aggravated Assault	**33 days**	**19 days**	**8 days**	**7 days**	**11 days**
Burglary	**25 days**	**14 days**	**3 days**	**4 days**	**7 days**

Source: NCPA calculations derived from data described in the notes to Table IV.

"Expected punishment has recovered to three-fourths of what it was in 1960."

TABLE IV

Expected Prison Time for Serious Crime, Selected Years, 1950-95

	Probability of Prison per Serious Crime[1]	x	Median Months Actually Served in Prison[2]	=	Expected Prison Days per Serious Crime
1950	5.27%		31.6 months		50.0 days
1960	3.63%		26.7 months		29.1 days
1970	1.33%		25.1 months		10.0 days
1980	1.57%		20.6 months		9.7 days
1985	2.07%		20.3 months		12.6 days
1990	2.39%		25.1 months		18.0 days
1992	2.50%		24.8 months		18.6 days
1993	2.45%		27.5 months		20.2 days
1994	2.58%		27.5 months		21.3 days
1995	2.68%		27.5 months		22.1 days

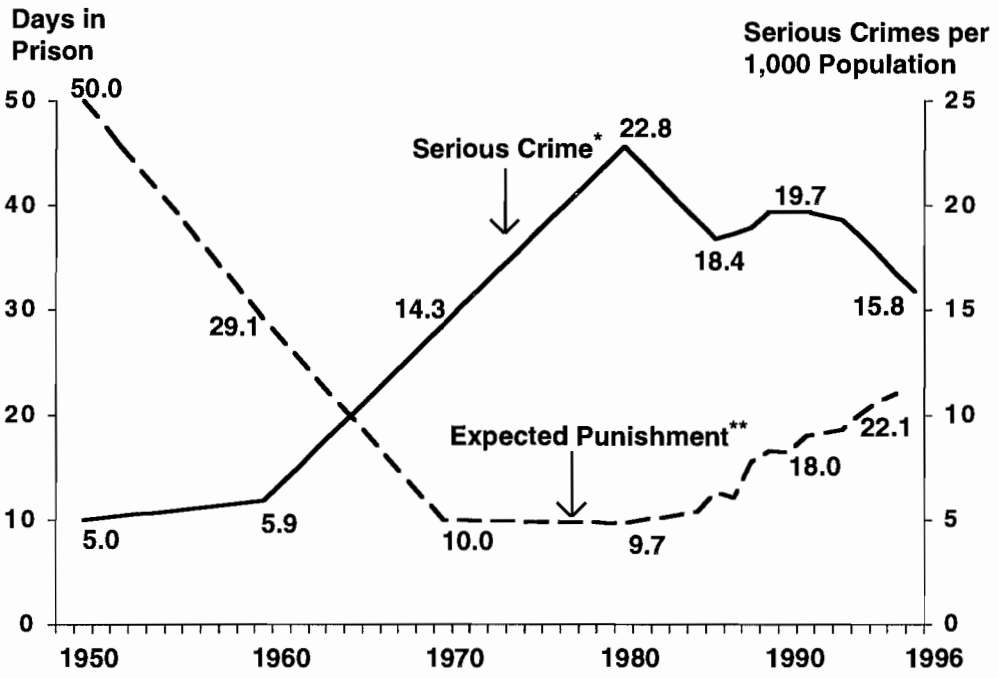
[1] Numerator for 1950 to 1970 based on court commitments to state and federal prisons for murder/nonnegligent manslaughter, rape, robbery, aggravated assault and burglary as reported in Bureau of Justice Statistics (BJS), *Historical Corrections Statistics in the United States, 1850-1984*, December 1986, NCJ-102529, pp. 37 and 45. Numerator for 1980 to 1994 (1994 numbers also used as estimates for 1995 commitments) as reported in Bureau of Justice Statistics, *Correctional Populations in the United States, 1994*, June 1996, NCJ-160091, pp. 16-20. Note that between 1910 and 1960 the state data are inconsistent in whether they report all commitments, including those for less than one year, or only new commitments of more than one year; all commitments would inflate the probability of prison because they include various recommitments to prison; by 1980 the data include only new commitments. Note also that the estimated probabilities of prison for serious crimes calculated by the BJS in its publication *Prisoners in 1986*, May 1987, NCJ-104864, p. 6, which range from 6.2 percent in 1960 to a low of 2.3 percent in 1970, 2.5 percent in 1980 and 4.2 percent in 1985, are nearly twice as high as the statistics in the Table above because the BJS calculations mistakenly include all court commitments for any offense. The denominators in the probability-of-prison calculations depend on FBI data for the appropriate index crimes for the United States as reported in *Crime in the United States,* annual.

[2] Median months actually served for serious crimes for 1953 and 1960 (data for 1950 not available) were obtained from BJS, *Historical Corrections*, p. 52, except that the data for rape were reported in the document cited below. Median months served in 1970 and 1980 were obtained from BJS, *Prison Admissions and Releases, 1982*, p. 8. Median months served for murder in 1970 were estimated at 43 months as a midpoint between the 52 months served in 1960 and the 37 months reported for 1980. Median time served for 1985-92 was obtained from BJS, *National Corrections Reporting Program*, with data for 1985 on p. 24, 1990 on p. 26 and 1992 on p. 38. Median months served for 1993 from unpublished data from BJS, National Corrections Reporting Program, 1993, Tables 2-4. Median months served for 1994 and 1995 estimated as 7.5 percent higher than 1993 median months served based on 7.5 percent increase in mean time served 1992-94 as reported in BJS, *Sourcebook of Criminal Justice Statistics, 1995,* p. 572.

"Since 1980, the rate for all serious crime fell by almost one-third, as expected punishment more than doubled over the same time period."

FIGURE VIII

Crime and Punishment, Selected Years, 1950-96



* Defined as FBI Index crimes of violence (murder and nonnegligent manslaughter, forcible rape, robbery, aggravated assault) plus burglary, per thousand population; see Table I.

** Defined as probability of prison per serious index crime x median days served in prison per serious index crime; see Table IV.

The serious crime rate exploded during the 1960s and 1970s, rising from only five per 1,000 per year to more than 22. This quadrupling in the rate of serious crime reported to the police is shown in Figures I and VIII. Meanwhile, expected punishment per crime plunged from 50 prison days in 1950 to only 10 days in 1970 [see Figure VIII]. In the midst of the 1960s and 1970s crime explosion, punishment philosophy softened so much that the number of commitments by courts for serious predatory crimes actually fell from 40,000 in 1960 to 37,000 in 1970 as the number of serious crimes reported to police nearly tripled from 1 million to 2.9 million. As a result, the probability of imprisonment for committing a serious crime reported to the police nearly collapsed, plunging from 3.6 percent per crime in 1960 to 1.3 percent in 1970, as shown in Table IV.

Expected punishment per reported serious crime remained low until the early 1980s because prison time fell while the probability of going to prison began to increase, leaving expected punishment essentially unchanged. Sentences served were shorter primarily because of court orders and prison capac-

ity constraints that kept the criminal justice door revolving rapidly. Not until the mid-1980s did expected punishment begin to rise for predatory crimes. Yet expected punishment in the 1990s remains well below the 29 days of 1960 and the 50 days of 1950.

"In recent years, the odds of going to prison have increased and prisoners are serving longer sentences."

Expected Punishment, 1985-95. Between 1985 and 1995, the overall probability of going to prison for all index crimes, including larceny/theft and motor vehicle theft, increased from 0.8 percent to 1.13 percent. The expected punishment for property crimes increased about 15 percent, for violent crimes about 25 percent. Yet criminals still can expect to spend only about two days in prison per property crime. The primary reason for the low expected punishment rate is that the vast majority of reported property crimes are not cleared by an arrest and do not result in any prison time served (although the latter fact may be consistent with justice for many property crimes).

Much of the recent increase in expected punishment results from an increase in the probability of going to prison, especially the higher odds of being prosecuted, convicted and sent to prison following an arrest. In the last 10 years, prisoners served longer sentences too. During that period, the median time for those serving a prison term for a violent index crime increased from 20 months to 22 months while the median time served for property offenders remained flat at 12 months.[15]

How to Reduce Crime Further

If we are to succeed in lowering the crime rate to, say, the level of the 1950s, we must create at least as much deterrence as existed then. For example, robbers served expected median prison terms of 140 days in 1950 vs. 46 days in 1995. Getting back to 1950 punishment for robbery would require tripling the expected punishment per robbery. The three ways of doing so are to:

- increase the proportion of reported robberies cleared by arrest from 24.7 to 74 percent,
- increase the proportion of the accused who are prosecuted, convicted and imprisoned from 26 to 78 percent, or
- increase the median prison time served by robbers from 27 to 81 months.

All three are expensive in the short run. A higher arrest rate requires more money for police staffing, equipment and procedures. Higher conviction and sentencing rates require more resources for prosecution and criminal courts. All three require more prison space for robbers. But a tough approach pays, especially over the long run. As the odds worsen for criminals, crimes decline and the same numbers of arrests and convictions begin to reduce the odds favoring criminals.

Case Study: California vs. Texas

The two most populous states, California and Texas, together account for nearly one in four inmates in the country, with 131,860 and 127,092 prisoners, respectively, as of June 30, 1996. These two states have followed opposite paths during the 1980s and 1990s, with very different impacts on the amount of serious crime.

In 1980, the California state prison population (98 per 100,000 population) was 30 percent below the national average and its rate of violent crime and burglary was 40 percent above the national average. In Texas, by contrast, the prison population (210 per 100,000 population) was 50 percent above the national average and its serious crime rate only 5 percent above the national average [see Figures IX and X]. By the end of the 1980s, California's state prison population was 9 percent above the national average and its serious crime rate had declined to 22 percent above the national average [see Figure X]. In Texas, meanwhile, the state prison population had fallen 5 percent below the national average and its rate of serious crime had jumped to 38 percent above the national average.

"California and Texas, the two most populous states, followed opposite paths during the 1980s and 1990s, with very different results."

The ratio of prisoners to Texas residents remained below the national average in the late 1980s, primarily due to federal court orders and prison capacity constraints. During the 1990s, however, Texas went on a building spree and nearly tripled its prison population. At 659 prisoners per 100,000 population, Texas had the highest number of inmates per resident at midyear 1996. (Louisiana stood second at 611 and Oklahoma was third at 580; lowest was North Dakota at 80, or only 14 percent of Texas' prison rate.) [See Figure XI.]

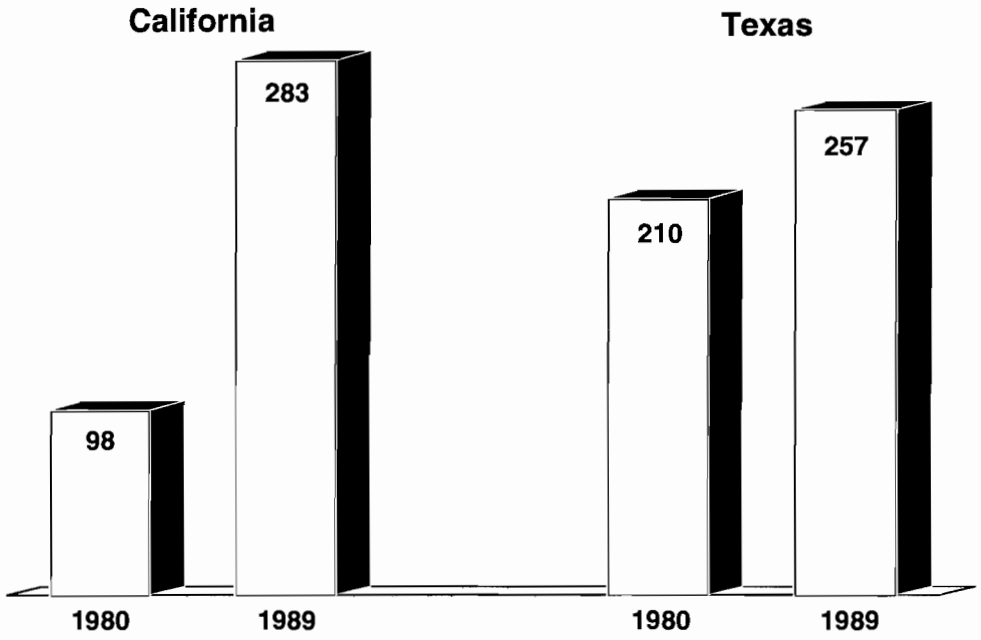
Has crime in Texas declined? Definitely. As Figure XII shows, California was able to reduce its rate of violent crimes and burglaries by only 13 percent, while in Texas the rate declined 34.5 percent. By contrast, between 1990 and 1995 the national rate of serious crime fell only 15 percent. When compared to 1990 rates, the lower 1996 crime rates in Texas imply that 1,200 fewer Texans were murdered, violent felony crimes fell by 22,000 and 404,000 fewer index crimes were reported to the police. Houston Mayor Bob Lanier has attributed the continuing decline in crime in his city to "increased law enforcement and an increase in state action on prisons and paroles."[16]

"Root causes" of crime did not change in Houston or Texas, although the economy has strengthened in recent years and unemployment has dropped to the national average. Despite liberal rhetoric to the contrary, factors like poverty, a poor economy, low wage or income growth and high unemployment do not cause crime. If anything, the reverse is true: crime causes poverty and

"During the 1980s, California's prison population went from below the national average to above, while Texas' dropped from above the national average to below."

FIGURE IX

State Prisoners per 100,000 Population

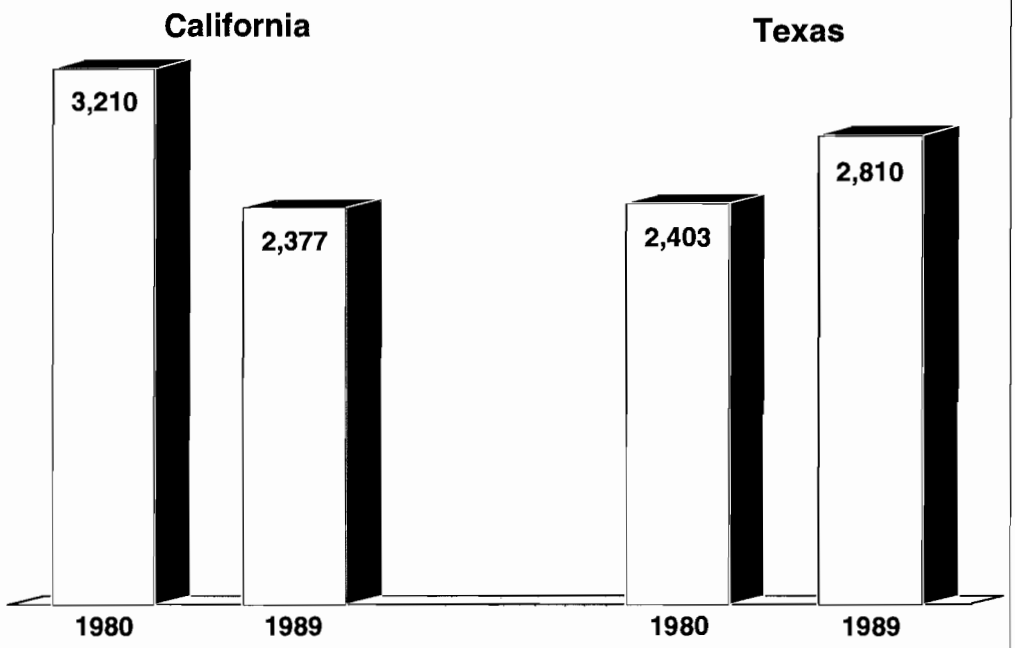


Source: Bureau of Justice Statistics.

"During this period, serious crime fell in California and rose in Texas."

FIGURE X

Violent Crimes and Burglaries per 100,000 Population

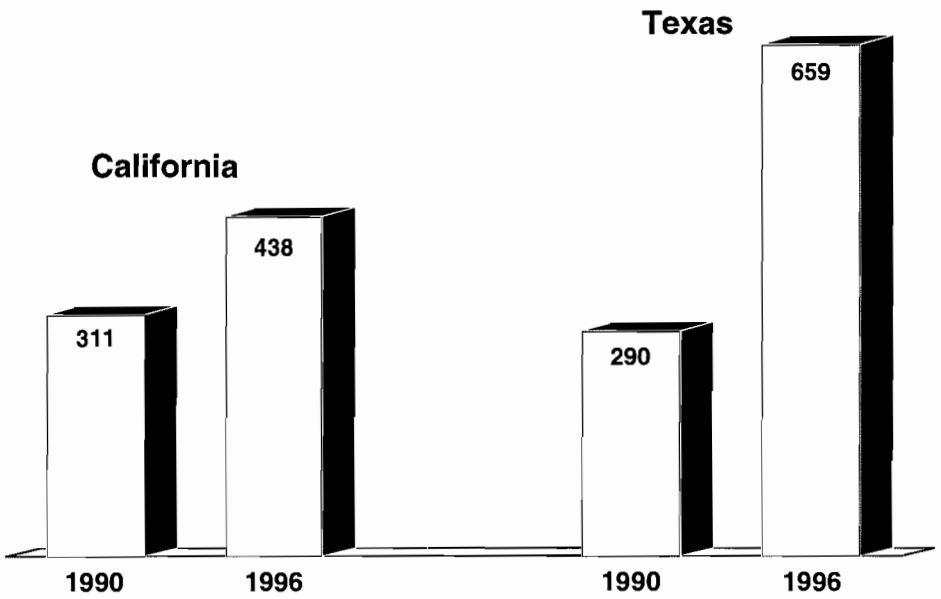


Source: FBI.

"Texas went on a prison-building spree after 1990 and nearly tripled its prison population."

FIGURE XI

State Prisoners per 100,000 Population

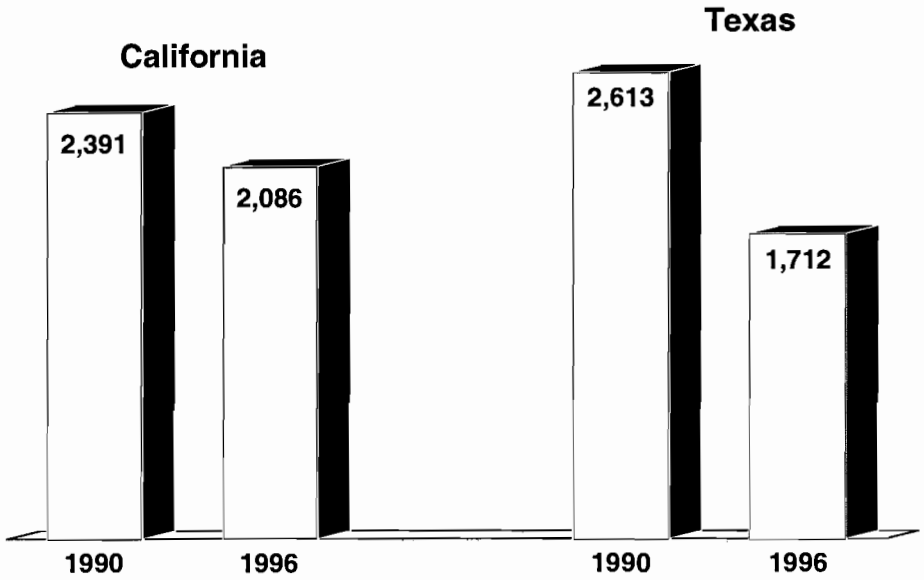


Source: Bureau of Justice Statistics.

"In the 1990s, California was able to reduce its crime rate only 13 percent, while the Texas rate declined 34.5 percent."

FIGURE XII

Violent Crimes and Burglaries per 100,000 Population



Source: FBI.

economic stagnation. None of the unpleasant social or demographic facts about Texas have changed: high school dropout rates remain at about 20 percent and Texas ranks fourth among the states in the percent of the population living in poverty (19.1 percent in 1994), the percent of children living in poverty (26.8 percent in 1994) and food stamp recipients as a percent of the population (14.8 percent in 1994).[17]

The Cost of Not Building Prisons

Although the cost of building and maintaining more prisons is high, the cost of not doing so appears to be higher. A number of researchers have found that keeping most prisoners behind bars lowers their cost to society.[18]

- Bureau of Justice Statistics figures from a few years ago showed that it cost under $16,000 per year to keep a prisoner in state or federal prison. Hidden and indirect expenses to taxpayers may inflate this figure to $20,000 or $25,000 per year.
- In the late 1970s, the Rand Corporation found in prisoner surveys in Texas, Michigan and California that the median number of nondrug crimes committed by prisoners the year before they were incarcerated was 15; similar surveys in Wisconsin in 1990 found 12 nondrug crimes, as did a 1993 New Jersey survey.
- Based on Vanderbilt University management professor Mark Cohen's analysis of jury awards, the average annual social damage prevented by incarcerating a newly admitted New Jersey criminal is $1.6 million and the median damage prevented is $70,098.
- A study of 12 states that were forced by court orders to reduce levels of imprisonment found that incarcerating one additional prisoner reduces the number of crimes by approximately 15 per year, the majority of them property crimes, and yields a social benefit of at least $53,900 annually.[19]

Thus, even at $25,000 a year, keeping the "average" criminal in prison is worthwhile, since on the streets he would commit an average of 12 or more nondrug crimes each year. For serious crimes, therefore, imprisonment pays for itself.[20] The researchers measured benefits only in terms of crime prevention and ignored retributive, deterrent and rehabilitative benefits. Thus they underestimated the benefits of prison to society.

"Incarcerating an additional prisoner yields a social benefit more than twice the cost of imprisonment."

Moreover, the failure to keep offenders in prison once they are there is another hazard created by a lack of prison space, and early release often leads to more crime.

- A Rand Corporation survey of former inmates in Texas found that 60 percent were rearrested within three years of their release and 40 percent of those were reconvicted.[21]
- A survey of 11 states showed that 62 percent of all released prisoners were rearrested within three years, 47 percent were reconvicted and 41 percent were reincarcerated.[22]
- A study of 22 states for the Bureau of Justice Statistics (BJS) found that 69 percent of young adults (ages 17-22) released from prison in 1978 were rearrested within six years, after committing an average of 13 new crimes.[23]

As BJS statistician Patrick Langan pointed out in *Science*, whatever the causes, in 1989 there were an estimated 66,000 fewer rapes, 323,000 fewer robberies, 380,000 fewer assaults and 3.3 million fewer burglaries than there would have been if the crime rate had been at the 1973 level. If only one-half or even one-fourth of the reductions resulted from increased incarceration, imprisonment has reduced crime significantly.[24] Few would deny that "Still, a great deal of research remains to be done on the social costs and benefits of imprisonment and other sentencing options."[25]

Bringing Down Costs Through Privatization

"A number of studies have found savings of 20 percent for private construction of prisons and 5 to 15 percent for private management."

The private sector can build and maintain prisons less expensively. A number of studies have found savings of 20 percent for private construction costs and 5 to 15 percent for private management of prison units.[26] Further, independent observers who monitor, for example, the contracts of Corrections Corporation of America (CCA), a Nashville, Tenn., company, praise the quality of the company's operation.[27] George Zoley of Wackenhut Corp. in Coral Gables, Fla., years ago predicted a gradual building process in which the private sector establishes a "good track record and proves it can do the job."[28] Within a decade, it has come to pass:

- With 44,353 adult prisoners in secure private correctional facilities at year-end 1996, the market share of private prisons has risen to nearly 3 percent of the U.S. prison and jail population.[29]
- Between 1995 and 1996, private facilities under contract in the United States also rose from 92 to 118, a one-year increase of nearly 30 percent.
- Nearly 7,000 federal prisoners were housed in private correctional facilities at the end of 1996.
- Texas leads the nation in privatization, with 39 private adult correctional units in operation or under construction.

Major companies in the industry include CCA, with a rated capacity of 40,365 in facilities under construction and planned expansions in the United

States, Wackenhut Corrections with 19,479 and U.S. Corrections Corporation with 4,038. Profits, however, remain elusive.[30] For example, CCA and Wackenhut report small profits, but Pricor, Inc., of Murfreesboro, Tenn., an early leader in the industry, quit adult corrections after suffering a series of losses. More recently, the stock prices of publicly traded companies like CCA and Wackenhut Corrections have traded at historic highs and other corrections companies have been able to successfully sell initial and secondary stock offerings.[31] CCA sold at 80 times earnings and Wackenhut at 46, very high multiples, suggesting great investor optimism about future earnings.

Economic theory implies that if there were a formal market to buy, sell and rent prison cells, the problems of funding and efficiently allocating prison space would decrease. And there are numerous — unexploited — opportunities to reduce the net costs of prisons by creating factories behind bars, having prisoners earn their keep and compensating victims.

The most promising ways to control taxpayers' costs include privatizing prison construction and operation. Short of full privatization, government-operated correctional facilities could be corporatized and operated like private businesses.

Prison Operation. There is no insurmountable legal obstacle to total privatization of prison operation.[32] Unlike government agencies, private firms must know and account for all their costs, including long-run costs.[33] Markets are cost-revealing (as well as cost-reducing) and governments cost-concealing. If private enterprises operate prisons for less than the government with equal or better quality services— and all indications are that they can — then government should set punishments for felons and let the private sector supply prisons.

"Unlike government agencies, private firms must know and account for all their costs, including long-run costs."

- CCA charges Harris County, Texas, and the Immigration and Naturalization Service only $35.25 per inmate per day to operate a 350-bed minimum-security facility in Houston, a charge that includes recovery of the cost of building the facility.[34]
- Operating costs for government-run prisons can be twice that amount, even without taking construction and land costs into account.[35]

Employing Prisoners. America's prisons originally were intended to be self-supporting, and during the 19th century many state prisons ran surpluses and returned excess funds to their governments. In 1885, three-fourths of prison inmates were involved in productive labor, the majority working in contract and leasing systems. Fifty years later only 44 percent worked, and almost 90 percent of them worked in state rather than private programs.[36] Today, prison inmates are a huge drain on taxpayers, despite the millions of available hours of healthy, prime-age labor they represent.

Increasing productive work for prisoners can be facilitated by repeal or liberalization of some federal and state statutes and clearing away bureaucratic obstacles. The federal Hawes-Cooper Act of 1929 authorized states to prohibit the entry of prison-made goods produced in other states. The Walsh-Healy Act of 1936 prohibited convict labor on government contracts exceeding $10,000. The Sumners-Ashurst Act of 1940 made it a federal offense to transport prison-made goods across state borders, regardless of state laws.[37]

Throughout the nation, a score of exceptions to the federal restrictions on prison labor have been authorized, *provided* the inmates were paid a prevailing wage, labor union officials were consulted, other workers were not adversely affected and the jobs were in an industry without local unemployment.[38]

A survey commissioned by the National Institute of Justice identified more than 70 companies that employ inmates in 16 states in manufacturing, service and light assembly operations.[39] Prisoners sew leisure wear, manufacture water-bed mattresses and assemble electronic components. PRIDE, a state-sponsored private corporation that runs Florida's 46 prison industries — from furniture making to optical glass grinding — made a $4 million profit in 1987.[40]

Such work enables prisoners to earn wages and acquire marketable skills while learning individual responsibility and the value of productive labor. It also ensures that they are able to contribute to victim compensation and to their own and their families' support while they are in prison. A 1991 study by the U.S. Bureau of Prisons found that only 6.6 percent of federal inmates who had been employed in prison industries violated their parole or were rearrested within a year of their release vs. 20 percent for nonemployed prisoners.[41]

By the end of 1996, the Private Sector Prison Industry Enhancement program had nearly 100 private firms employing just over 2,000 prison inmates to manufacture goods ranging from circuit boards to bird feeders to graduation gowns.[42] Airline reservations, telemarketing, data processing and map digitizing services employed others. At the current annual rate, $13 million in gross wages is being paid (approximately $6,600 per prison-employee year), for a cumulative total of $50 million since 1979. Prisoners have retained 56 percent of their wages and paid out the rest in room and board (19 percent), taxes (12 percent), victim restitution (6.6 percent) and family support (6.4 percent).

"Only about 5,000 prisoners (less than 1 percent) work for private companies."

South Carolina and Nevada have become leaders in private sector use of prison labor, yet nationally only about 5,000 prisoners (far less than 1 percent) work for private companies because of the additional costs of doing business in prisons.[43]

Fred Braun Jr., president of Workman Fund in Leavenworth, Kan., has been a key promoter of Private Sector Prison Industries (PSPI). Organized as

a nonprofit foundation, Workman lends venture capital to private enterprises interested in training and employing prisoners on-site in "real world" work. Workman reported promising results from an enterprise in which convicts worked alongside nonconvict labor. Braun also is president of Creative Enterprises, the umbrella company for two plants, Zephyr Products, Inc. (sheet metal products) and Heatron, Inc. (electric heating elements), which train and employ minimum-custody inmates at the Lansing East Unit in Leavenworth.[44] Braun's original vision was of an industrial park of three or four firms employing 200. Thirteen years after opening Zephyr, he had added no more businesses, but his two original plants were employing about 150 prisoners.[45]

"Bureaucratic inertia slows the transition to private work for prisoners."

Bureaucratic inertia slows the transition to private work for prisoners. For example, the state corrections system in Texas has long been a leader in state-run prison industries, which probably has hindered the introduction of private sector opportunities for prison employment and production there.

Among the steps that should be taken to make prisons hum with productive activity are:

- Repeal or liberalize the various state and federal laws that restrict trade in prison-made goods.
- Repeal the laws that compel government agencies to buy prison-made goods in favor of competitive bidding for government purchases.
- Create prison-enterprise marketing offices within prison and jail systems.
- Allow private prison operators to profit from the gainful employment of convict labor.

Such reforms would overwhelmingly benefit American taxpayers, consumers, workers and businesses.[46]

Conclusion

The odds of imprisonment for a serious offense increased in the late 1980s and 1990s as legislators responded to the public's "enough is enough" attitude. The result has been a decreasing national crime rate. To build on this trend, we must continue raising the odds of imprisonment, making crime less lucrative for potential criminals. We also must reduce prison costs through privatization.[47] Finally, we must relax the laws hampering the productive employment of prisoners.

NOTE: Nothing written here should be construed as necessarily reflecting the views of the National Center for Policy Analysis or as an attempt to aid or hinder the passage of any bill before Congress.

Notes

[1] The U.S. Department of Justice administers two statistical programs to measure the magnitude, nature and impact of crime in the nation: the Uniform Crime Reporting (UCR) program and the National Crime Victimization Survey (NCVS). Crimes reported to state agencies or the FBI — murder/nonnegligent manslaughter, forcible rape, robbery, aggravated assault, burglary, larceny/theft and motor vehicle theft — are compiled in the FBI Index of Crime — part of the UCR program — and are sometimes referred to as "index crimes." The NCVS collects detailed information on crimes from a nationally representative sample of approximately 56,000 households to determine the amount of crime according to victims age 12 and older — not all of whom report the crime to the police. Since fewer than four of every 10 crimes are reported, the NCVS is thought to be the best estimate of the true amount of crime, yet both the UCR and the NCVS undercount crime in America. For example, the NCVS does not measure murder, crimes against those under age 12 or against those in jails and prisons. According to the survey, the rate of violent victimization declined from 1981 to 1986 (a drop of 20 percent), and then rose from 1986 to 1991 (up 15 percent). Because of a survey redesign, the data are not directly comparable with the data collected prior to 1993, but the Bureau of Justice Statistics asserts that violent crime victimization rates showed little change from 1992 to 1994, then dropped 10 percent in 1995. See Bureau of Justice Statistics, *National Crime Victimization Survey, 1995: Preliminary Findings*, September 1996, Press Release NCJ 162603; and Bureau of Justice Statistics, *Criminal Victimization 1994*, April 1996, NCJ-158022, p. 5. Overall, the numbers of violent crimes have remained high, and the FBI Index of Crime shows that the serious crime rate rose from 14.3 per 1,000 population in 1970 to 22.8 in 1980 before beginning its decline to 15.8 in 1996. The NCVS shows that household willingness to report crime to the police has risen since 1973 from 32.4 percent of crimes to 38.7 percent, nearly a 20 percent increase. See Bureau of Justice Statistics, Special Report, *Reporting Crimes to the Police*, December 1985, NCJ-99432. Studies show that reporting itself discourages crimes. For example, see Itzhak Goldberg and Frederick C. Nold, "Does Reporting Deter Burglars? — An Empirical Analysis of Risk and Return in Crime," *Review of Economics and Statistics*, 62, August 1980, pp. 424-31. Some of the movement in the FBI numbers on serious crimes no doubt reflects this increased willingness to report to the police, as well as improvements in recording and data management by police organizations. Because of this trend toward better reporting, the 1990s decline may understate the real decline in crime. See Federal Bureau of Investigation, *Crime in the United States, 1995,* pp. 378-79; and John J. DiIulio Jr. and Anne Morrison Piehl, "What the Crime Statistics Don't Tell You," *Wall Street Journal*, January 8, 1997, p. A16.

[2] Federal Bureau of Investigation, *Crime in the United States, 1995*, p. 58.

[3] Ibid.

[4] "Violent Crime Rate Dives 7 Percent," Associated Press dispatch, *Houston Chronicle*, June 2, 1997, p. 1A.

[5] Bureau of Justice Statistics, *National Crime Victimization Survey, 1995: Preliminary Findings*; and DiIulio and Piehl, "What the Crime Statistics Don't Tell You."

[6] Bureau of Justice Statistics, Technical Report, *Lifetime Likelihood of Victimization*, March 1987, NCJ-104274, p. 2.

[7] Federal Bureau of Investigation, *Crime in the United States, 1995*, p. 4.

[8] Ibid.

[9] Stanton Samenow, a criminal psychologist and interviewer of thousands of criminals, insists, "The criminal is rational, calculating and deliberate in his actions. Criminals know right from wrong.... A habit is not a compulsion. On any occasion, the thief can refrain from stealing if he is in danger of being caught." In Robert James Bidinotto, ed., *Criminal Justice? The Legal System Versus Individual Responsibility* (Irvington-on-Hudson, NY: Foundation for Economic Education, 1994), p. 48.

[10] UCLA professor James Q. Wilson has written, "The average citizen thinks it is obvious that people discovered it is easier to get away with it." James Q. Wilson, *Thinking About Crime,* rev. ed. (New York: Basic Books, 1983), p. 117. "The risks posed by the criminal enforcement system are notoriously low," wrote economist Kip Viscusi, "and data show that youthful criminals know it." W. Kip Viscusi, "The Risks and Rewards of Criminal Activity: A Comprehensive Test of Criminal Deterrence," *Journal of Labor Economics*, Vol. 4, No. 3, 1986, pp. 317-40. See also the earlier surveys of the literature in Gordon Tullock, "Does Punishment Deter Crime?" *The Public Interest*, Vol. 36, Summer 1974, pp. 103-11; Morgan O. Reynolds, *Crime by Choice* (Dallas: Fisher Institute, 1985), ch. 12; Donald E. Lewis, "The General Deterrent Effect of Longer Sentences," *British Journal of Criminology*, Vol. 26, January 1986, pp. 47-62; Samuel Cameron, "The Economics of Crime Deterrence: A Survey of Theory and Evidence," *Kyklos*, 41, 1988, pp. 301-23; Bidinotto, ed., *Criminal Justice? The Legal System Versus Individual Responsibility*; Levitt, "Using Electoral Cycles in Police Hiring to Estimate the Effect of Police on Crime." Steven D. Levitt, "The Effect of Prison Population Size on Crime Rates: Evidence from Prison Overcrowding Litigation," *Quarterly Journal of Economics*, Vol. 111, Issue 2, May 1996, pp. 319-51; Isaac Ehrlich, "Crime, Punishment and the Market for Offenses,"*Journal*

of Economic Perspectives, Volume 10, No.1, Winter 1996, pp. 43-67; and Simon Hakim and Yochanan Shachmurove, "Spatial and Temporal Patterns of Commercial Burglaries: The Evidence Examined," *American Journal of Economics and Sociology*, Vol. 55, No. 4 (October 1996), pp. 443-56.

[11] See Appendix, Tables A-2 and A-4.

[12] Statistically, a simple correlation between two variables may range from +1.0 to -1.0, indicating that crime and expected punishment go up and down together perfectly (+1.0) or go up and down in a pattern perfectly opposite from each other (-1.0) or somewhere in between. The simple correlation between each crime and its respective expected punishment is zero for murder, -.47 for rape, -.63 for aggravated assault, -.86 for robbery and -.86 for burglary. All correlations but murder are negative and therefore consistent with the theory that punishment deters, and the correlations are most significant for robbery and burglary, increasing our confidence that crimes with an obvious economic motive are particularly sensitive to expected punishment. If each crime rate is regressed on its respective expected punishment and a time trend to account for other determinants of crime, the time trend is strongly positive for crimes of violence and virtually zero for burglary. The punishment impact remains strongest for burglary in these regressions.

[13] Morgan O. Reynolds, "Why Does Crime Pay?" NCPA Policy Backgrounder No. 110, National Center for Policy Analysis, November 6, 1992, p. 3.

[14] The criminal justice probabilities shown in Table I are available only for the late 1980s and early 1990s. Fortunately, we do not need such detail to calculate expected punishment. We require only three numbers for each type of crime: (1) the number of new convicts the courts sent to federal and state prisons for those crimes, (2) the number of those crimes reported to the police and (3) the median prison time served by those released from prison. Mathematically, the probability of prison equals the percentage of crimes cleared by arrest multiplied by the ratio of prosecutions to arrests multiplied by the ratio of convictions to prosecutions multiplied by the ratio of those sent to prison to total convictions; that is, the ratio of new prisoners to number of crimes. Reasonable approximations for these data are available in selected years all the way back to 1950, while the more abundant data since 1985 allow more reliable calculation of expected punishment.

[15] The average sentence served is more relevant to habitual criminals while the median is more appropriate for offenders with less substantial criminal records and less heinous crimes. Average time served is calculated by adding all the time served for index crimes and dividing by the number of crimes reported. Median time served is calculated by arranging the time served in order from shortest to longest; the median is the middle value, with half below and half above. If average time served is used as the measure of punishment severity, then the expected cost of punishment to criminals is substantially higher. The average time served in prison exceeds the median time served because the average is sensitive to the minority of prisoners released after serving extremely long sentences. The median, by contrast, is insensitive to the longest imprisonments. In 1985 the average time served exceeded the median time by about 30 percent and in 1995 by 40 percent due to tougher sentencing policies.

[16] *Houston Chronicle*, January 26, 1995, p. 23A.

[17] Texas State Comptroller's Office, Web site: http://www.cpa.state.tx.us/comptrol/wwstand/wwstand.html

[18] Anne Morrison Piehl and John J. DiIulio Jr., "Does Prison Pay? Revisited," *The Brookings Review*, Winter 1995, pp. 21-25; also see William J. Bennett, John J. DiIulio Jr. and John P. Walters, *Body Count: Moral Poverty and How to Win America's War Against Crime and Drugs* (New York: Simon & Schuster, 1996), pp. 112-117.

[19] Steven D. Levitt, "The Effect of Prison Population Size on Crime Rates: Evidence from Prison Overcrowding Litigation," *Quarterly Journal of Economics*, May 1996, pp. 319-51.

[20] Prisons, however, do not pay for themselves with many drug offenders, who have grown to 30 percent of new state prisoners, up from 7 percent in 1980. There is no social benefit for incarcerating drug dealers, according to Piehl and DiIulio, because they are readily replaced in the drug marketplace. Hence, the researchers calculate that prisons cannot pass a cost-benefit test for about one in four prisoners.

[21] Stephen Klein and Michael Caggiano, *Policy Implications and Recidivism* (Santa Monica, CA: Rand Corporation, 1986); and Joan Petersilia et al., *Prison Versus Probation* (Santa Monica, CA: Rand Corporation, 1986).

[22] U.S. Department of Justice, Bureau of Justice Statistics, *Sourcebook of Criminal Justice Statistics, 1988*, p. 658.

[23] Allen Beck, *Recidivism of Young Parolees* (Washington, DC: Bureau of Justice Statistics, 1987). Also see "The Case for More Incarceration," Office of Policy Development, U.S. Department of Justice, in Bidinotto, ed., *Criminal Justice? The Legal System Versus Individual Responsibility* .

[24] Quoted in Bidinotto, *Criminal Justice? The Legal System Versus Individual Responsibility*, p. 214. Also see George Allen, "The Courage of Our Convictions: The Abolition of Parole Will Save Lives and Money," *Policy Review,* Spring 1995, pp. 4-7.

[25] Bennett, DiIulio, and Walters, *Body Count,* p. 116. A recent Rand Corp. study, for example, finds that mandatory long-term prison sentences for low-level cocaine users and dealers are not cost effective compared to judicial discretion to order offenders to serve shorter terms and undergo treatment. Full text @ www.Rand.Org/publications/RB/RB6003/

[26] Gary W. Bowman, Simon Hakim and Paul Seidenstat, eds., *Privatizing Correctional Institutions* (New Brunswick, N.J.: Transaction Publishers, 1993); and Charles W. Thomas, Director, Private Corrections Project, Center for Studies in Criminology and Law, University of Florida, Gainesville, FL, *Private Adult Correctional Facility Census*, Tenth Edition, March 15, 1997, p. vi.

[27] For a comparison of the quality of private and public prisons, see Charles H. Logan, "Well Kept: Comparing Quality of Confinement in Private and Public Prisons," in *Journal of Criminal Law and Criminology*, Vol. 83, No. 3, Fall 1992, pp. 577-613. In a comparison of privately and publicly operated corrections facilities in Kentucky and Massachusetts, both staff and inmates generally gave higher ratings to the services and programs at the privately operated facilities, where escape rates also were lower and disturbances fewer. See Dana C. Joel, "The Privatization of Secure Adult Prisons: Issues and Evidence," in Bowman, Hakim and Seidenstat, eds., *Privatizing Correctional Institutions.*

[28] Bruce Benson, *The Enterprise of Law: Justice Without the State* (San Franciso: Pacific Research Institute for Public Policy, 1990), p. 345.

[29] Thomas, *Private Adult Correctional Facility Census*, p. 37.

[30] *Wall Street Journal*, June 10, 1993, p. B2.

[31] Thomas, *Private Adult Correctional Facility Census*, p. vi.

[32] CCA offered to operate the entire prison system for the state of Tennessee in the 1980s, but the state government declined the proposal. See Bowman, Hakim and Seidenstat, eds., *Privatizing Correctional Institutions*, p. 29. It is on the public agenda once again, at this writing, with support from the governor and many other public officials.

[33] Charles H. Logan, *Private Prisons: Cons and Pros* (New York: Oxford University Press, 1990).

[34] Author's telephone conversation with CCA Program Director, Houston, TX, March 14, 1995.

[35] Ibid. For the hidden costs of public corrections, see Charles H. Logan and Bill W. McGriff, "Comparing Costs of Public and Private Prisons: A Case Study," National Institute of Justice, U.S. Department of Justice, No. 216, September/October 1989. See Thomas, *Private Adult Correctional Facility Census*, pp. vi-viii, for a recent discussion of government reports that private cost savings of 10-20 percent are typical.

[36] Alexis M. Durham, "The Future of Correctional Privatization: Lessons From the Past," in Bowman, Hakim and Seidenstat, eds., *Privatizing Correctional Institutions,* p. 39.

[37] Barbara Auerbach, "Federal Government Involvement in Private Sector Partnerships in Prison Industries," in Bowman, Hakim and Seidenstat, eds., *Privatizing Correctional Institutions*, pp. 91-104.

[38] Bruce Fein and Edwin Meese III, "Have to Fight Crime Within Our Limited Means," *Houston Chronicle*, May 3, 1989, p. 29A.

[39] James K. Stewart, Director, National Institute of Justice, U.S. Department of Justice, in a letter to the *Wall Street Journal*, July 26, 1989.

[40] See Jack Eckerd, "Responsibility, Love and Privatization: A Businessman's Guide to Criminal Rehabilitation," *Policy Review,* 45, Summer 1988, p. 52; and Judith Schloegel, "PRIDE of Florida: A Working Model for Inmates," in Bowman, Hakim and Seidenstat, eds., *Privatizing Correctional Institutions,* pp. 105-11. PRIDE is an acronym for Prison Rehabilitative Industries and Diversified Enterprises.

[41] Andrew Peyton Thomas, *Crime and the Sacking of America* (Washington, DC: Brassey's, 1994), p. 121.

[42] Prison Industry Enhancement Certification Program, Quarterly Report, American Correctional Association, Laurel, MD, March 1, 1997.

[43] *Business Week*, February 17, 1992, p. 42.

[44] "Governor Praises Heatron, Zephyr," *Leavenworth (KS) Times*, October 7, 1992, p. A1.

[45] See also Rod Miller, George E. Sexton and Victor J. Jacobsen, "Making Jails Productive," National Institute of Justice, U.S. Department of Justice, NCJ-132396, October 1991; and "Private Sector Prison Industries" and "Prison-Based Joint Ventures," both by Criminal Justice Associates, Philadelphia, PA, December 7, 1990.

[46] For detailed arguments, see Morgan O. Reynolds, "Factories Behind Bars," NCPA Policy Report No. 206, September 1996. Also see "Business and Labor Support for Private Sector Employing Prison Inmates Is Strong in Iowa," Press release, April 30, 1997, Enterprise Prison Institute, Washington, DC.; and Greg Wees, "Prison Industries: Public Agencies and Private Industry Continue to Form Working Partnerships" and "Prison Industries 1997: Outside Federal System, Inmate-Employees Remain an Elite Group," *Corrections Compendium*, June 1997, pp. 1-4, 10-11.

[47] For more ideas on privatization, see Morgan O. Reynolds, "Using the Private Sector to Deter Crime," NCPA Policy Report No. 181, March 1994; Bruce L. Benson, *Privatization in Criminal Justice: Real Alternatives to Ineffective Big-Government Solutions for Crime Problems*, Oakland, CA: Independent Institute, forthcoming, 1997.

APPENDIX

TABLE A-1

Crimes Reported in the United States, by Offense 1950-1995

	Total	Murder	Rape	Robbery	Agg. Assault	Burglary	Larceny/ Theft	Motor Vehicle Theft
1950	1,784,640	7,020	16,520	53,230	80,950	411,980	1,044,160	170,780
1960	1,861,300	9,140	15,560	88,970	130,230	821,100	474,900*	321,400
1970	5,568,200	15,810	37,270	348,380	329,940	2,169,300	1,746,100*	921,400
1980	13,408,300	23,040	82,990	565,840	672,650	3,795,200	7,136,900	1,131,700
1985	12,431,400	18,980	88,670	497,870	723,250	3,073,300	6,926,400	1,102,900
1990	14,475,600	23,400	102,560	639,270	1,054,860	3,073,900	7,945,700	1,635,900
1992	14,438,200	23,760	109,060	672,480	1,126,970	2,979,900	7,915,200	1,610,800
1993	14,144,800	24,530	106,010	659,870	1,135,610	2,834,800	7,820,900	1,563,100
1994	13,989,550	23,300	102,220	618,950	1,113,180	2,712,800	7,879,800	1,539,300
1995	13,867,090	21,600	97,460	580,550	1,099,180	2,595,000	8,000,600	1,472,700

* Larceny/Thefts over $50.

Source: Federal Bureau of Investigation, *Crime in the United States, Uniform Crime Reports*, annual.

TABLE A-2

Crimes Reported in the United States, by Offense Per 100,000 Population, 1950-1996

	Total	Murder	Rape	Robbery	Agg. Assault	Burglary	Larceny/ Theft	Motor Vehicle Theft
1950*	1544.0	5.1	10.8	50.0	73.4	356.4	894.9	153.4
1960	1037.9	5.1	8.7	49.6	72.6	457.4	264.8**	179.2
1970	2740.6	7.8	18.3	171.5	162.4	1067.7	859.4	453.5
1980	5950.0	10.2	36.8	251.1	298.5	1684.1	3167.0	502.2
1985	5207.1	7.9	37.1	208.5	302.9	1287.3	2901.2	462.0
1990	5820.3	9.4	41.2	257.0	424.1	1235.9	3194.8	657.8
1992	5660.2	9.3	42.8	263.6	441.8	1168.2	3103.0	631.5
1993	5484.4	9.5	41.1	255.9	440.3	1099.2	3032.4	606.1
1994	5373.5	9.0	39.3	237.7	427.6	1042.0	3026.7	591.3
1995	5277.6	8.2	37.1	220.9	418.3	987.6	3044.9	560.5
1996	5093.3	7.3	36.0	203.0	393.0	938.0	2984.0	532.0

* Urban crime rates, 2,297 cities with total population of 69.6 million.

** Larceny/Thefts over $50.

Source: Federal Bureau of Investigation, *Crime in the United States, Uniform Crime Reports*, annual; and Associated Press dispatch, June 2, 1997.

TABLE A-3

Commitments to Prison by Offense, 1950-1995

	Five Crime Total	Murder/ Nonnegligent Manslaughter	Rape	Robbery	Agg. Assault	Burglary
1950	30,013	3,752	2,084	6,739	3,335	14,103
1960	40,036	3,720	3,986	8,149	4,163	20,018
1970	36,820	4,999	2,381	11,427	4,761	13,252
1980	80,562	11,408	3,260	25,652	10,665	29,577
1985	91,153	8,310	5,585	25,610	12,754	38,894
1990	116,968	8,844	7,346	31,013	22,882	46,883
1992	122,694	9,835	7,911	34,960	25,382	44,606
1993	116,735	9,648	7,907	33,250	24,772	41,158
1994	117,806	9,886	7,946	33,198	25,089	41,687
1995 (est.)	117,806	9,886	7,946	33,198	25,089	41,687

Sources: For 1950, 1960, 1970, Bureau of Justice Statistics, *Historical Corrections Statistics, 1850-1984*, pp. 37, 45. For 1980-93: Bureau of Justice Statistics, *Correctional Populations in the United States, 1994,* June 1996, NCJ-160091, pp. 18, 20. For 1994: total state admissions for 1994 on p. 16 multiplied by 1993 distribution of new court commitments by most serious offense on p. 19 plus 1994 federal offenders on p. 20, ibid. For 1995 (est.): assume same number of court commitments as in 1994. Also see notes to Table IV.

TABLE A-4

Probability of Prison for Serious Crimes, 1950-1995

	Murder	Rape	Robbery	Agg. Assault	Burglary	All
1950	53.4%	12.6%	12.7%	4.1%	3.5%	5.27%
1960	40.7	25.6	9.2	3.2	2.4	3.63
1970	31.6	6.4	3.3	1.4	0.6	1.33
1980	49.5	3.9	4.5	1.6	0.8	1.57
1985	43.8	6.3	5.1	1.8	1.3	2.07
1990	37.7	7.2	4.9	2.2	1.5	2.39
1992	41.4	7.3	5.2	2.3	1.5	2.50
1993	39.3	7.5	5.0	2.2	1.4	2.45
1994	42.4	7.8	5.4	2.3	1.5	2.58
1995	45.8	8.2	5.7	2.3	1.6	2.68

Sources: Respective entries in Table A-3 divided by those in Table A-1.

TABLE A-5

Median Months Served, 1950-1995

	Murder	Rape	Robbery	Agg. Assault	Burglary	All
1950	52	36	37	27	24	22
1960	52	-	34	20	20	21
1970	42	35	30	18	16	18
1980	44	33	25	17	13	17
1985	42	35	25	16	14	14
1990	70	43	30	16	15	13
1992	70	47	27	16	14	13
1993	67	44	25	15	13	12
1994	72	47.3	26.9	16.1	14	12.9
1995 (est.)	72	47.3	26.9	16.1	14	12.9

Sources: See Table IV, note 2.

TABLE A-6

Average Months Served, 1950-1995

	Murder	Rape	Robbery	Agg. Assault	Burglary	All
1950	75	51	49	28	30	32
1960	NA	45	42	25	25	28
1970	NA	NA	NA	NA	NA	NA
1980	NA	NA	NA	NA	NA	NA
1985	47.4	40.9	31.6	21.7	19	20.4
1990	83	55	41	23	22	22
1992	85	59	39	24	22	22
1993	81	57	38	23	21	21
1994	87	61	41	25	23	23
1995 (est.)	87	61	41	25	23	23

Sources: See Table IV, note 2. Where average months are not available, median sentence was increased by 30 percent to estimate average months served.

About the Author

Morgan O. Reynolds, an NCPA Senior Fellow and a professor of economics at Texas A&M University, received his Ph.D. from the University of Wisconsin in 1971. He has published many articles in academic journals, edited *W.H. Hutt: An Economist for the Long Run* (1986), and authored *Public Expenditures, Taxes, and the U.S. Distribution of Income* (1977), *Power and Privilege: Labor Unions in America* (1984), *Crime by Choice: An Economic Analysis* (1985), *Making America Poorer: The Cost of Labor Law* (1987), and *Economies of Labor* (1995). He has been a consultant for the National League of Cities, the U.S. Department of Labor and many private organizations. He also serves on the board of the *Journal of Labor Research* and the *Review of Austrian Economics* and is a member of the Mont Pelerin Society and an adjunct scholar of the Cato Institute.

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The National Center for Policy Analysis is a nonprofit, nonpartisan research institute, funded exclusively by private contributions. The NCPA developed the concept of Medical Savings Accounts, which were part of the 1996 health care bill passed by Congress and have been adopted by a growing number of states. Many credit NCPA studies of the Medicare surtax as the main factor leading to the 1989 repeal of the Medicare Catastrophic Coverage Act.

NCPA forecasts show that repeal of the Social Security earnings test would cause no loss of federal revenue, that a capital gains tax cut would increase federal revenue and that the federal government gets virtually all the money back from the current child care tax credit. Its forecasts are an alternative to the forecasts of the Congressional Budget Office and the Joint Committee on Taxation and are frequently used by Republicans and Democrats in Congress. The Republican Contract with America included the pro-growth tax changes recommended by the NCPA and the U.S. Chamber of Commerce as early as 1990. The NCPA also has produced a first-of-its-kind, pro-free enterprise health care task force report, written by 40 representatives of think tanks and research institutes, and a first-of-its-kind, pro-free enterprise environmental task force report, written by 76 representatives of think tanks and research institutes.

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