

To Steal or Not to Steal: The Economics Behind Criminal Activity

In Khaled Hosseini's *The Kite Runner*, a little boy named Hassan asks his father, Baba, about sin, and Baba replies that the only sin is theft. Clearly, when one takes something tangible without paying for it, one is stealing, but when one murders, one steals a life. When one lies, one steals another's right to the truth; when one cheats, one steals others' right to fairness. Therefore, when analyzed, any sin one commits can be labeled as robbery. Theft is the only and worst sin. Society, in general, views theft as a terrible crime. There is evidence of this wherever one turns. In many Middle Eastern countries, the price of theft is the loss of one's hands. In Central America, a person caught stealing is often immediately thrown in prison. In the United States, thieves are punished with heavy fines or jail time. It would appear that in all cultures across the globe, theft is viewed as a sin worth punishing; hence, most people do not steal. The question is: Do people abstain from stealing because of a strong sense of morality, or is it really due to self interest and the simple economic concept of marginal cost versus marginal benefit?

When one walks into the grocery store and sees a gallon of milk, one has two options for obtaining it: one can pay for it, using the accepted currency of the region, or one can steal it. Despite the fact that all customers have this option, the cash register lines are always full of people with currency in hand, ready to pay for their items. If one examines the proportion of people who do steal compared to the amount of people who do not steal, it is clear that the majority of people refrain from theft, but why? Many attribute this admirable behavior to vibrant virtues and exemplary ethics. Some cite religious texts, such as the Bible's eighth commandment, "Thou shalt not steal", as their reasoning behind nobly paying for their purchases. When it comes down to it, many people believe that they are simply 'too good' to

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steal. Although many people do have a strong sense of morality and would not steal regardless of the circumstances, numerous people are subconsciously making economic decisions, weighing marginal cost versus marginal benefit, when they choose to pay for items rather than steal them.

If one walks into a grocery store with the intent to steal a gallon of milk, the possible benefit from that action is acquiring a gallon of milk without sacrificing any money. It sounds like a good deal until one begins examining the possible costs. If one is caught stealing, the punishment would be a fine, for example, of two hundred dollars. The grocery store is well-lit, and there are many employees and customers in the store, making the probability of getting caught, say, twenty-five percent. If one multiplies the price of the fine, \$200.00, by the probability of getting caught, 0.25, the result is a total cost of \$50.00. Suppose the maximum cost of a gallon of milk is \$5.00. The economic concept of marginal cost versus marginal benefit states that a person will only engage in an action if he or she believes that the benefit of the action is greater than the cost. In this example, the benefit would be a \$5.00 gallon of milk, and the cost would be \$50.00, much greater than the benefit. Therefore, the would-be thief makes the intelligent economic decision to simply pay the five dollars instead.

As the possible benefit increases, so does the possible cost. If a person is contemplating robbing a bank, he or she views the marginal benefit as any money that can be attained, for example, \$10,000 dollars at a large bank. The marginal cost for this, a more serious crime, is 5 years in prison. In this case, there is no fine, but the person would sacrifice the salary that he or she would make in five years, not to mention the loss of personal freedom. If the person works as a high school economics teacher and earns the median expected salary of \$52,215, the loss

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of salary for five years would equal a total of \$261,075. Because this is a large bank with high security precautions, suppose the probability of getting caught is eighty-five percent.

Multiplying the cost of lost salary, \$261,075 by the chance of being apprehended for the crime, 0.85, results in a total marginal cost of \$221,913.75. Because of his or her educational background in economics, the teacher decides that \$221,913.75 is greater than \$10,000, and the teacher decides not to rob the bank.

In these examples, the person decided not to engage in stealing because he or she perceived the marginal benefit to be less than the marginal cost, and since human beings are constantly acting in their own self-interest, it is ludicrous to pursue a course of action where the marginal cost exceeds the marginal benefit. That is not to say that all people who do not steal do so out of sheer practicality. There are people who would not steal even if there were no fines or jail time because they know that stealing is wrong, and they would feel bad for doing it. Yet even this is simply another form of a marginal cost: guilt cost. For many people, guilt cost alone outweighs marginal benefit in almost any situation, thus explaining why they choose not to steal. For some individuals, guilt cost is zero or close to zero at almost all times, and the question to steal or not to steal is answered by analyzing the specific situation and weighing the marginal cost versus the marginal benefit. This explains why the rate of theft increases in situations where criminals are less likely to get caught. For example, during Hurricane Katrina, there was rampant looting in affected areas because, due to flooding, loss of power, and absence of security, the probability of getting caught was significantly lower, say from twenty-five percent to five percent. At the resulting lower marginal cost, individuals perceived the marginal benefit to be greater, thus viewing theft to be to their advantage.

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Governments understand the economic concept of marginal cost versus marginal benefit because it is the way human beings function, and they also understand how it is applied to theft. Although numerous people in society pride themselves in their solid morals, officials do not trust society's morals; they do not trust that every individual will naturally have a high guilt cost and choose not to steal. Therefore, officials attempt to influence people's economic decision making by increasing the marginal cost of theft. This can be done by increasing fines and jail time. It can be done by increasing technology in security in order to raise the probability of getting caught. It can even be done by stressing to society how evil a crime like stealing is, therefore increasing guilt cost. In order to reduce crime, governments turn to simple economic concepts such as marginal cost versus marginal benefit. After all, it is the way human beings function.

Ultimately, the question of whether the absence of theft is attributed to society's strong moral compass or to the pragmatic, self-interested nature of humanity cannot be answered by one general answer. The option to steal is offered to every individual, from a toddler who could easily slip some candy in his or her pocket to a corporate executive who has the skill to fudge numbers in an almost undetectable manner. It is up to every member of society to make a decision, and most choose the good path of honesty—paying for their goods despite the monetary cost. For some, it is simply the right thing to do. For others, it is simply the smart thing to do. Regardless of what path is chosen, it is clear that economic concepts, such as marginal cost versus marginal benefit, impact society's everyday decisions. Economics is not only found in the stock market and the business cycle. It is found in almost every aspect of civilization. Not only is economics found in the real world; it rules the real world.