

## The Factors Affecting Property Crime in Iran With Emphasis on Business Cycles and Social Damages

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### Abstract

Crime data in Iran, especially those related to property crime, have had an increasing trend since the late 2000s. The purpose of this study is to analyze the economic and social factors affecting crime based on rational choice and social structure theories. Given the limited data on crimes, the present study attempts to examine the effect of economic and social factors affecting robbery as one of the most important forms of property crime. The main difference of this study with previous empirical studies is that it investigates the effect of social variables such as addiction rates, divorce and education, as well as the effect of business cycles and government spending on crime rates. The provincial panel data method was used to estimate the research model over the period 2008-2016.

The results showed that the rate of robbery has a negative and significant relationship with economic variables such as per capita income and a positive and significant relationship with inflation and poverty and youth unemployment. Also, counter-cyclical behavior of robbery in the country has been confirmed. The findings further showed a negative and significant relationship between the rate of robbery and the ratio of government expenditure to GDP. Also, the negative relationship between the composite index of unemployment rate and education indicates the dominant effect of education in crime debate. The results of the study point to the positive and significant relationship of the prevalence rate of addiction and divorce rate with robbery. Addiction reduces the opportunity to participate in the legal labor market, and divorce can have serious social and psychological consequences.

**Keywords:** Addiction, Divorce, Business Cycles, Property Crime, Robbery

**JEL Classification:** K42, E24, E32, K11, J64, J11.

### 1. Purpose of the study

Crime data in Iran, especially on property crime, has had an increasing trend since the late 2000s. Prevention and fight against crime, like other social damages, in the first step, requires identifying the factors that cause it. Theories that have used economic, sociological and biological approaches to explain the reasons for the spread of crime in society include Rational choice approach, Biological approach, Social structure approach, Social processes approach and Critical approach. According to these approaches, economic conditions are of

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particular importance in explaining crime. According to Rational choice theory, the expected income from legal labor market opportunities and illegal income, the likelihood of arrest and the severity of punishment are important in spreading or reducing criminal behavior in society. According to the theories of social structure, insufficient income, poverty and economic inequality in society are considered as among the factors affecting the prevalence of crime. In the General strain theory, people in the lower social classes compare their financial and social status with the conditions of the middle class in society and commit criminal behavior due to the pressure of failure to achieve valuable positive goals.

Despite restrictions in the data related to different types of crimes in the country, this study tries to investigate the effect of economic and social factors on theft, as one of the important indices of property crimes. The main difference between the present study and previous studies is that the present study investigates the effect of social variables such as prevalence rates of addiction, divorce and education, as well as the effect of business cycles and government spending on crime rates. The research questions addressed in the study are as follows:

1. Do economic variables have a significant effect on crime in Iran?
2. How do business cycles affect crime in the country?
3. What is the relationship between social variables such as education, addiction and divorce and crime?

## 2. Method

According to the theoretical foundations, the variables of income per capita, unemployment rate, youth unemployment rate, inflation rate, poverty index, Gini coefficient, as economic variables and men's education, urbanization, addiction rate and divorce rate, as social factors explaining the theft were selected. Also, in order to investigate the role of government policies, the ratio of government expenditures to GDP was added to the model. To estimate the research models, the provincial panel data method was used in the period 2008-2016. The reason for selecting this period is due to the restriction of data for some of the studied variables. Estimating the specified research models requires the following four categories of data:

1. Macroeconomic data by province, such as per capita income, unemployment rate, inflation rate, government budget;
2. Data related to the crime of theft by province;
3. Data on social damages by province, such as divorce rate and addiction rate;
4. Data related to social variables by province such as education, inequality index, poverty index, urbanization.

In specifying the different models of research, two general theories explaining crime, which is the rational choice approach and the social structure approach, were used. The first approach mainly explains the economic factors affecting

crime, and the second approach deals with the social factors. Therefore, in the first model, the effect of income per capita, inflation rate, youth unemployment rate and dummy variable of provinces with per capita income higher than the average per capita income of the country were selected as the variables explaining theft. The second model examined the effect of addiction on theft and for this purpose the addiction rate in the provinces was used. The third model examines the effect of poverty. In this model, the variable of the ratio of food expenditures to total household expenditures in the province as poverty index, replaced the inflation rate in the first model. Also, the dummy variable of the province with more than 70% of the urban population was added to the model as urbanization index. In the fourth model, the effects of per capita government expenditures in the province, as the role of government policies, the combined effect of male unemployment and education, as well as the divorce rate as one of the social damages that cause stress were considered. Finally, the relationship between theft and business cycles, especially with emphasis on the country's recession in the early 2011, was considered in the fifth model.

### 3. Conclusions

The results of estimating the panel data models show that the theft rate has a significant and negative relationship with economic variables such as per capita income and a positive and significant relationship with inflation, poverty and youth unemployment. Also, counter-cyclical behavior of theft in the country was confirmed. These results can be interpreted in the context of rational choice theories and the general theory of pressure. Another finding of the study was the negative and significant relationship between theft rate and the ratio of government expenditures to GDP in the province. This relationship shows that theft is expected to decrease as government spending increases to improve the security and social conditions of society. This relationship can be interpreted in the context of rational choice theory and the role of the police and social costs. According to this theory, with an increase in the security and social costs of the government in an area, the opportunity to commit crime decreases.

Also, the negative relationship of the combined index of unemployment rate and education with theft shows the predominant effect of education on unemployment in the discussion of crime, so that the development of higher education, on the one hand, increases the opportunity cost of theft for the individual, and on the other hand, by influencing the preferences of the individual, eliminates theft from the individual's choices.

The results of the study confirm a positive and significant relationship of addiction rate and divorce rate with theft. The positive relationship between addiction and crime can be interpreted according to the theory of rational choice. Due to the reduced opportunity for addicts to participate in the legal labor market and the consequent lack of sufficient income, participation in crime is more attractive to these people than others. Based on the theory of pressure, drug

use and crime are also the results of sociological pressure on the individual, but the positive relationship between divorce and crime can be interpreted mainly from a social perspective because divorce can have severe social and psychological consequences for the individual.

The most important policy recommendation of the present study is to emphasize the comprehensive approach to the phenomenon of property crime. This approach has three dimensions: economic, social and prevention. Increasing government spending in the fight against crime without developing economic policies to reduce poverty, unemployment and income inequality has no significant effect. On the other hand, education as well as improving the economic variables in reducing social damages, such as divorce and addiction, leads to crime reduction.