

Minister of Justice
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Economy and Criminal Policy

Up to the end of the past century money was seldom discussed in criminal policy. At the most, these issues were taken up when substantial financial investments were being discussed, such as the building of new prisons. Indeed, in the past, financial calculations were never a central element of criminal policy. It was certainly not common to estimate the costs caused by crime, to set economic goals for penal organisations and to compare the cost-effectiveness of different alternatives within the area of criminal policy.

The same concept of economic efficiency that is characteristic of all use of public funds – the idea that you should get the most for your money - has now forced its way into criminal policy. Even if it is often hard to put a price on the values emphasized in criminal policy – basic legal ideals, traditional principles and even moral issues - we have to ask ourselves how much we are prepared to pay for the realisation our values and ideals.

We have to set goals within the limits of the realities, we have to prioritise the most important and urgent matters and we have to ask ourselves what we get in exchange for our investment. The same applies to all sectors of social policy. Why should criminal policy be an exception?

Drafting laws is cheap - it is the effects of laws that cost money

According to the guidelines for drawing up government bills, issued in 1976, legislators in Finland are obliged to consider the effects of proposed legislative reforms. According to these guidelines legislators are required to evaluate the effects of all legislative reforms, at least where state and municipal economy is concerned.

This is acknowledged as a requirement. It is not always fulfilled in detail. Even so, the underlying principle is considered important.

In criminal policy laws are often seen simply as societal messages without regard to the fact that they need to be supervised and that violations against them lead to consequences. These messages can be surprisingly expensive. Changes in the Criminal Code may easily increase the number of prisoners. In Finland, setting up the facilities for only one new prisoner costs approximately €200 000.

Especially international criminal policy obligations, those set by the European Union as well as by the United Nations, continue to emerge from decisions, the effects of which on the national economy of the Member States have not been thoroughly clarified.

Knowledge leads to action

Today we have a clearer understanding of the effects of practical actions in the field of criminal policy, and we must take advantage of this information. This does not apply only to legislators and decision-makers. Public polls have shown that people support the use of measures that are believed to be effective in combating crime – the fact that people do not necessarily have objective information about what the most effective measures are, is another issue.

Traditionally, the motivation for many proposals to reform the Criminal Code has been quite simple: the legislator has observed that one or another type of crime has increased and therefore it is deemed necessary to prescribe more severe punishments. At present the motivation for a legislative reform can hardly be as simple as that. Today we would probably start by trying to ascertain which factors increase this type of crime and then discuss the different means we can use to remedy the problem and – at least in ideal situations- we would choose the most cost-effective solution.

Preventing crime saves money

In 1999 the Finnish Government approved the national crime prevention programme. Through this programme six Finnish Ministries committed themselves to carrying out a total of fifty different actions that aim to prevent crime and increase public safety. The main objective of the programme was to develop local crime prevention. By the end of 2002, over 300 of the almost 450 Finnish municipalities had drawn up their own crime prevention and safety programmes. Today the number is even higher. Separate co-operation networks for local crime prevention were established for the preparation and implementation of these programmes. The implementation of the national crime prevention programme will – as stated in the current government programme – be intensified.

Not many individual grants were awarded for the implementation of this programme. The only individual financing were the allowances granted to support the activities in different communities, in particular in municipalities. The total sum of money awarded through this system is not that considerable, but these allowances, granted by the Ministry of Justice to communities with matching local financing, have enabled several local crime prevention projects.

Compared to the crime prevention/crime decrease programmes in other countries, the individual financing of the programme was very modest. Even in the programme it was stated: *”The programme is intended as a cost-saving programme. The measures proposed therein seek above all to use the available resources more appropriately in order to avoid the costs that are caused at present by crime, and in particular to avoid the future costs that would be caused through a neglect of the presently available opportunities for crime prevention.”* It may well be that this statement is a bit idealistic, **but we who truly believe in the possibilities of crime prevention must have confidence that the costs caused by crime really can be avoided by preventing crime.**

At the moment the Finnish government is drafting a *comprehensive programme concerning internal security*. This programme aims to decrease crime, in particular violent and drug related crimes as well as recidivism and accidents. The programme will include **outlining the goals for internal security in the near future and the**

means and resources to achieve them, and to implement methods to measure the achievement of these goals.

Economic parameters

In Finland basic information on how much the police, the prosecution service and the courts spend on crime-related cases is included as economic parameters in the state budget. I will give you a few examples from this year's budget: The costs of police investigations per reported crime is estimated to be €311 and responding to an alarm costs approximately €50. The unit cost in the prosecution service, that is the price for a prosecutor's decision, is estimated to be €300 per decision. Public legal aid costs an average of €84 per case. In the courts of first instance the average service cost is €629, and the costs involved in a decision given by a court of appeal is approximately €2720. The price for one day in prison, calculated according to operational costs of the prison service, is €112.

There is no doubt that in the future this kind of economic assessment is going to be an even more central part of the planning of the state economy. However, it must be emphasised that the above-mentioned economic parameters only reveal the costs to the authorities of responding to crime. We still need more information about the costs resulting from the crime itself, and in particular about the relevance of the different activities in decreasing and preventing crime.

I hope that this will be an international trend. **We need comparable information from other EU countries about how much criminal proceedings cost for the authorities and what kind of financial burden there is on the crime victim.**

Control over the case flow

Another topical issue in Finland is determining the case flows and speeding up the proceedings. Time is money. The goal is to increase the cost-effectiveness of criminal proceedings. We also believe that rapid proceedings are important especially when it comes to preventing juvenile delinquency. Finland has initiated pilot projects to shorten the handling times of crimes committed by young offenders and include the reports concerning the needed social support measures in the

criminal investigations. In the best cases we have been able to halve the handling time.

Co-operation is important in the resource planning of the authorities

What can we prevent with one euro?

Finnish criminal policy stresses that it is **more cost-effective to prevent crimes than to wait for them to be committed, and then punish the offender**. This is a common slogan. I truly wish we had more research results to back up this statement. We have to put too much weight on the well-known North American calculation, according to which when it comes to crime prevention, it is more cost-effective to invest a dollar to support those persons who are doing poorly in school than to invest a dollar to increase police supervision or to establish more prison facilities.

Such calculations must be connected to the society they concern. For this reason it is important to make similar calculations on the relative cost-effectiveness of different actions on an European scale. We need to know **how one euro should be invested to effectively prevent crime**.

Nevertheless, I don't have any doubts that a calculation made on an European scale would in the same way prove the cost-effectiveness of crime preventive actions. I can mention a Finnish example. In a project initiated by the Youth Department in the City of Helsinki, intensive multi-professional care was offered to a group of young people at particular risk of social exclusion. The project is described as the Finnish candidate in the ECPA-competition 2003 and I need not go into the details. A total of 34 young persons participated in the project. The costs per person were not that modest, €2 700-3 240 per year. However, in comparison it is good to remember that the institutionalisation of a young person costs €60 000 per year. Even an expensive project to prevent juvenile delinquency can end up saving money, if the result of it is that the institutionalisation of a few young persons can be avoided.

At least in Finnish society **early intervention in criminal behaviour and actions to prevent the social exclusion of young people result in savings in many social sectors**. By using effective measures to prevent juvenile delinquency, also other

social problems can be prevented. The social problems I refer to here are typically such that, if they get worse, they will call for even more expensive actions, not to mention the fact that in a way we lose the investments we have made in this young person; his or her health, education and well-being in general.

The fair allocation of costs promotes justice

One of the topics at the seminar is the allocation of the costs. By costs we mean money and finances, but when it comes to the allocation of costs it is always a question of societal justice.

In the end the public pays for everything. The public pays for the crimes, as victims or as the investments they make to prevent crime (including limiting their own liberties – people avoid going to places they consider to be dangerous). People pay for damages caused by crime to companies and for the investments that companies make for their own safety, in the form of higher product and service prices. Official proceedings that respond to the commission of crime are paid for through taxes. Through taxation, the costs are divided among the tax payers, either evenly or progressively, depending on the tax system. Even if insurance may cover the damages caused by crime, the policy holders have already paid for them in the form of insurance premiums.

These mechanisms, which in different ways and according to different principles allocate the expenses caused by crime among different groups of people, should be discussed more. This subject has been studied – if possible – even less than issues relating to the costs of crime and the actions to prevent crime, even though this issue includes many important matters of principle.

I will conclude by trying to list some of these principles for further discussion:

Those persons who causes damage by crime should pay for it, not the victim of the crime. As the person who causes the damage in practice often has slim possibilities of paying for it, the best way to ensure the victim's rights is to prevent crime and prevent the possibility of people becoming victims of crime in general.

The clearer understanding we have of the fact that crime can be prevented, the better we see that *a crime that is committed is the result of neglected or failed crime prevention*. This principle suggests that the liability for the costs falls on the one who was supposed to take actions to prevent the crime. Official authorities have the main responsibility both for the costs incurred by crime and the expenses for the actions to prevent them. However, there is no need to nationalise the responsibility of the offender and turn it into a faceless joint responsibility.

Insofar as the liability for the expenses would be divided between the state and the cities, the division could be based on *how much both parties benefit from the prevented crimes, in terms of saved costs*. As far as the Finnish system goes, the municipalities benefit a great deal from prevented crimes and therefore municipalities have good reason to be active when it comes to crime prevention.

The responsibility we can expect from the industrial and commercial fields is that businesses should not try to gain commercial profit if this at the same time promotes criminal activity which by reasonable actions can be prevented. For instance, shoplifting can be effectively prevented by the rational use of space and work arrangements. Since the costs of crime as well as crime prevention in the commercial field affects the prices that consumers have to pay, this principle should mean, among other things, healthy and fair pricing.

Even the citizens can be required to take actions to prevent crime. These actions do not include actions that are the responsibility of the authorities. The primary goal is to promote actions based on communal responsibility and solidarity, and so society won't expect too much of those persons who are likely to have an inadequate capacity to take the needed actions.

Insurance should be seen as a way of allocating the costs broadly to the potential injured parties. However, the fact that you take out insurance should not mean that you are no longer required to exercise normal every-day caution in order to prevent crime.

The authorities should ensure that it is not just those who can afford to protect themselves who succeed in avoiding becoming the victims of crime. In general, crime causes the most severe problems to the poor.

Ladies and gentlemen

I know that it going to be a tough task to try and calculate the costs of crime. I wish you all the best for your work.