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The Link Between Financial Insecurity and Crime: Would a UBI Help?

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Source Project: Debating Basic Income

Introduction

- Prisons become increasingly overcrowded: some state prisons operated at nearly 200 percent capacity which stretches state budgets.
- Without a financial security net, people are more exposed to food insecurity, stress, school incompleteness and other factors associated with crime.
- Limitations in the current welfare system hinder individuals' economic autonomy and fall short of fully addressing the root causes of poverty.
- Universal Basic income is a promising solution in addressing these challenges.

What's Universal Basic Income?

Universal Basic Income (UBI) is a radical policy proposal of a monthly cash grant given to all members of a community without means test, regardless of personal desert (merit) with no strings attached. (Bidadanure 2019)

Research Question

- How does financial insecurity influence nonviolent and violent crime rates in the U.S.?
- What consequences might the introduction of a Universal Basic Income (UBI) have on criminal behavior in the U.S.?
- How might a Universal Basic Income scheme be financially sustainable upon implementation in the U.S.?

Methods

- Analyzed research on the impact of financial insecurity on violent and non-violent crime.
- Researched and interpreted data from current and past direct cash transfer programs which include:
 - Brazil's Bolsa Familia Programme (BFP)
 - Argentina's Unemployed Heads of Household Program (UHHP)
 - Mexico's PROGRAMA (also known as Oportunidades)
 - Canada's Mincome experiment
 - Alaska's Permanent Fund Dividend

Studies indicate that addressing financial insecurity through an Universal Basic Income (UBI) could effectively curb crime rates, potentially reducing costs associated with incarceration and law enforcement.

Results

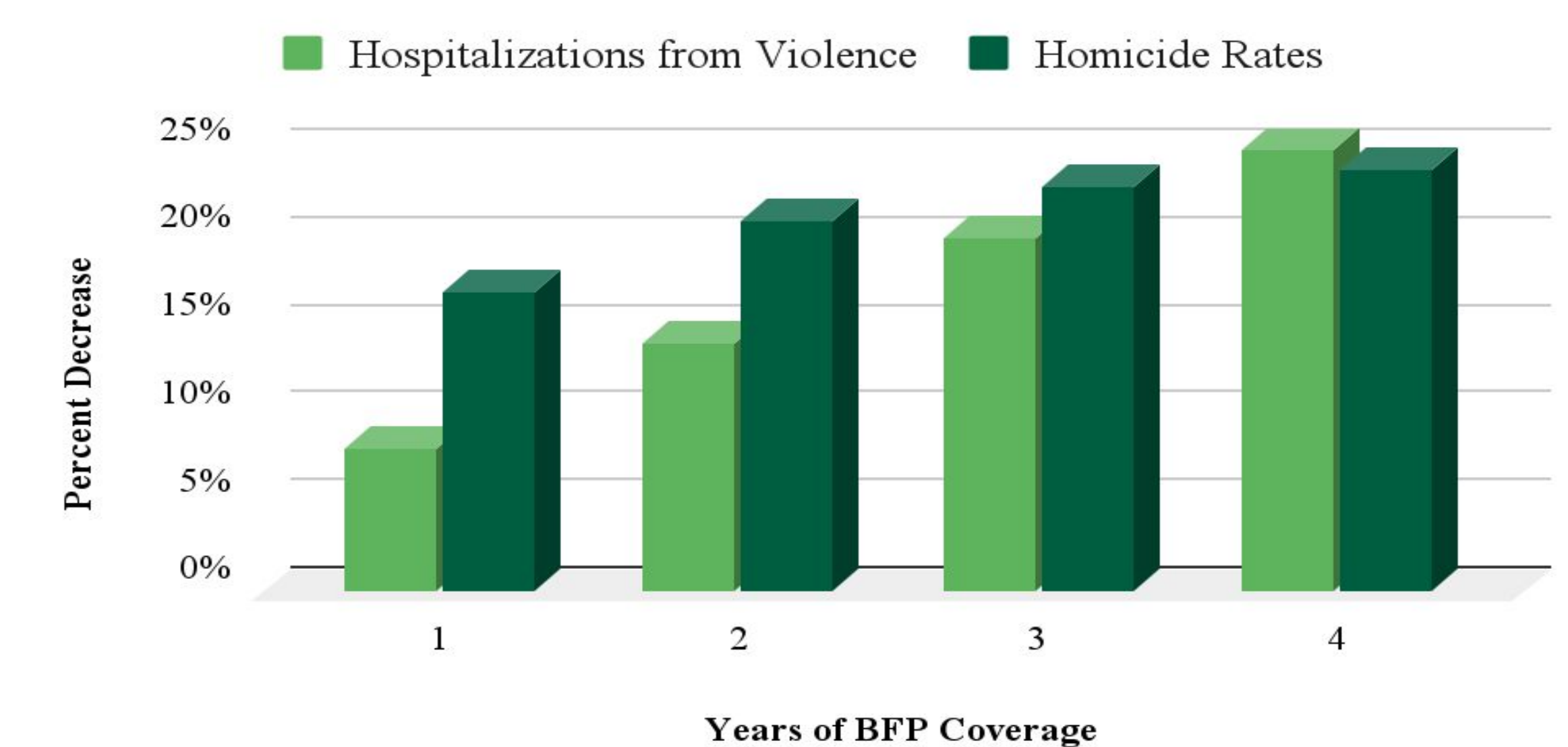
Financial Insecurity & Incarceration:

- Adults in poverty are 3 times more likely to be arrested than those who aren't
- A one-point increase in overall economic freedom reduces incarceration between 5.01 to 21.90 people per 100,000 people in the metropolitan statistical area (MSA) level.
 - Overall economic freedom: the average of local government spending, overall tax burden, and local labor market freedom's standardized score.

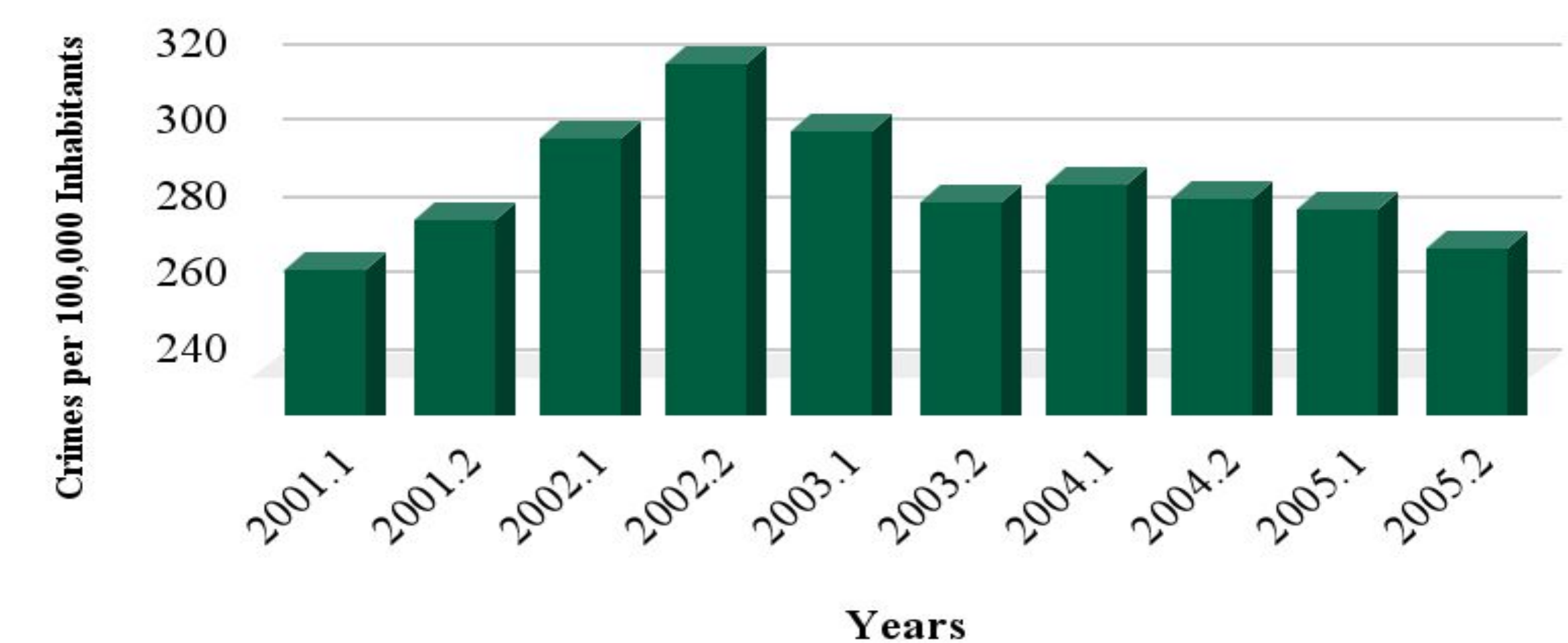
Impacts of UBI on Crime:

- Canada's Mincome:
 - Associated with a change in violent crimes that amounts to 350 fewer violent crimes per 100,000 people compared to other towns.
 - Associated with a change that amounts to 1,400 fewer total crimes per 100,000 people.
- Alaska's Permanent Fund Dividend
 - An increase of \$100 in the Dividend led to a reduction of property crime by 200 crimes per 100,000 population in that year and continues to have reductions for the next 2 years.

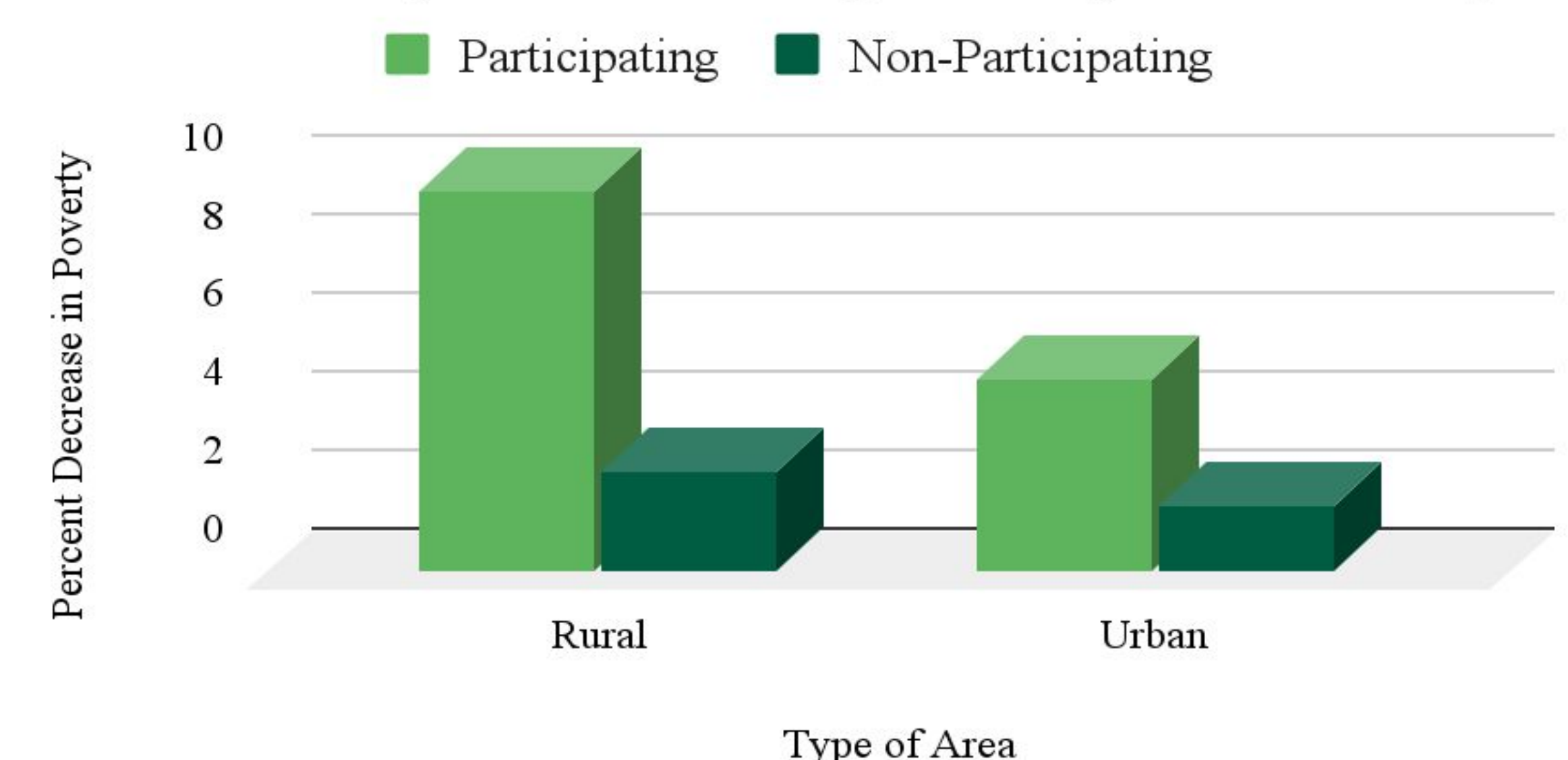
Relationship between BFP Coverage and Hospitalizations & Homicide



Total Crime Rate in Argentina



Mexico's Oportunidades Program's Impact on Poverty



Conclusion

Research has demonstrated a **positive correlation** between financial insecurity and incarceration. Moreover, cash transfer programs in Mexico, Brazil, Argentina, Canada, and Alaska also indicate that UBI would lead to reductions in both violent and non-violent crime rates, with the magnitude of the effect increasing in correlation with the amount of the basic income.