Do Criminals Perform a Valuable Economic Function?

Economics is a difficult subject and I don’t understand it. Take armed robbery, for example: does it stimulate or retard the economy?

The question arose in my mind when I went with my neighbour recently to a jeweller’s shop. My neighbour wanted his expensive watch repaired but to enter the shop we had to pass through a kind of airlock entrance as if we were being scanned or decontaminated. We talked to the jeweller who pointed also to the rapid-descent bullet proof screens which operated at the touch of a button and which had been installed at the insistence of an insurance company that refused to insure the shop further unless they were installed.

This was after a spate of armed robberies of jewellers’ shop around the country, including in this shop. The manager had been held at gunpoint and described how he had been down on the floor with the gun held in his chest for what seemed to him like fifteen minutes, but which CCTV recordings showed to have been for just over a minute.

The robbers of his shop had been an Estonian gang that struck twice in six weeks. They were ex-soldiers with training in the use of guns, and I suspected (on the firm grounds of prejudice) that they must have been Russian Estonians rather than Estonian Estonians. At the time of the robberies there was one such robbery being carried out every week somewhere in the country.

The counter-measures insisted upon by the insurance company cost upwards of £100,000: ‘£100,000 straight out of profits,’ said the manager ruefully. But perhaps he should have said ‘Out of our profits,’ for of course the profits of the company or companies that made the anti-robbery equipment would be increased. Some economists, at any rate, are fond of referring to the multiplier-effect of public expenditure; why not, then, the multiplier-effect of armed robbery?

As to the insurance company’s attitude to armed robbery, it must surely resemble that of St Augustine equivocal attitude to chastity. Let armed robbery cease, by all means, but not just yet, or at least not totally, for it increases insurance premiums at the usual margin of profit. Indeed, where would insurance companies be without crime? As Émile Durkeim, the great French sociologist said, criminals perform a valuable function in society, though he did not mention their valuable services to the insurance industry. He thought that they exercised a unifying effect on non-criminal society, a bit like (in Britain) the NHS.

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