

# What Accounts for the Decline in Crime?

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## Abstract

In this paper we analyze recent trends in aggregate property crime rates in the United States. We propose a dynamic equilibrium model which guides our quantitative investigation of the major determinants of observed patterns of crime. Our main findings can be summarized as follows. First, the model is capable of reproducing the drop in crime between 1980 and 1996. Second, the most important factors that account for the observed decline in property crime are the higher apprehension probability, the stronger economy, and the aging of the population. Third, the effect of unemployment on crime is negligible. Fourth, the increased inequality prevented an even larger decline in crime. Overall, our analysis can account for the behavior of the time series of property crime rates over the past quarter century.

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