Apr 12th, 9:00 AM - 10:00 AM

The Relationship Between Unemployment Factors and Motor Vehicle Theft Rates

Matthew D. Melick
Illinois Wesleyan University

Robert Leekley, Faculty Advisor
Illinois Wesleyan University

Poster Presentation P27

THE RELATIONSHIP BETWEEN UNEMPLOYMENT FACTORS AND MOTOR VEHICLE THEFT RATES

Matthew D. Melick and Robert Leekley*
Department of Economics, Illinois Wesleyan University

This study attempts to bring together two opposing theories used to explain the relationship between unemployment factors and motor vehicle theft rates. One theory is that higher unemployment rates create an increase in the supply of criminals, while the other theory suggests an increase in the unemployment rate reduces the supply of property crime victims. The study uses state level data, from 1978 until 2000, on unemployment rates, unemployment insurance (a.k.a. welfare), and motor vehicle theft rates to determine what effect unemployment rate changes and variations in the generosity of unemployment insurance have on the motor vehicle theft rate. Control variables are also implemented to help explain variations in motor vehicle theft rates across states. The author proposes that a negative relationship exists between stationary, current levels of unemployment and the motor vehicle theft rate while as unemployment rates increase from one period to the next so to do motor vehicle theft rates. The author also proposes that more generous unemployment insurance programs lead to lower motor vehicle theft rates. While the study confirms the hypotheses regarding unemployment rates, there are mixed results relating unemployment insurance and the motor vehicle theft rate. These results show that both the supply of offenders and the supply of victims help determine the motor vehicle theft rate. The mixed results found for unemployment insurance show the data restrictions and the ambiguous nature of the subject.