

# Crime and networks: ten policy lessons

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**Abstract:** Social network analysis can help us understand the root causes of delinquent behaviour and crime and provide practical guidance for the design of crime prevention policies. To illustrate these points, we first present a selective review of several key network studies and findings from the criminology and police studies literature. We then turn to a presentation of recent contributions made by network economists. We highlight ten policy lessons and provide a discussion of recent developments in the use of big data and computer technology.

**Keywords:** co-offending, crime, criminal networks, social networks, peer effects, key player

**JEL classification:** A14, K42, Z13

## I. Introduction

It comes naturally to many of us to think about delinquency and crime in terms of networks. Just think of your favourite TV detective sitting in the operations room of her precinct, pinning up pictures of gang members and organizing them on the board in a hierarchical pyramid, or placing strings between victims and suspects in order to visualize the potential relationships between them. Her goal is to map out the relations between these individuals in order to come up with an effective way of solving the crime in hand and preventing more crime in the future. But are such network mapping exercises truly helpful? Could a broader set of network analysis tools be used to inform crime policy more generally? And if so, then how might network economists contribute to such a development?

In this article, we argue that social network analysis can be used in a meaningful way to help us understand more about the root causes of delinquent behaviour and crime and also to provide practical guidance for the design of crime prevention policies. To illustrate this point, we begin by discussing two existing strands of the networks and crime literature.

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The first approach is presented in section III. This approach analyses historical data from resolved court cases involving organized crime. Network tools have been used to analyse the structure of such networks to gain insights into their origins, strengths, and weaknesses. A second line of inquiry, described in section IV, is a more hands-on approach and is directly involved in the design of police tactics. To illustrate this second approach, we provide a description of two well-known examples of network-based policing policies. We also point out some of the difficulties and potential pitfalls associated with these strategies.

In section V, we turn to a presentation of more recent work by network economists. The main difference (as we see it) between the ‘economic’ approach to studying networks and crime and the more traditional approach to studying networks and crime used in the criminology and police studies literature is that the economic approach explicitly models the behaviour of individual agents embedded in a network who face a set of constraints and incentives that affect their choices. The more traditional approach focuses primarily on gleaning useful information from the observed structure of the network. In time, the economic approach may prove itself to be a valuable complement to this more traditional approach; one that provides additional insights on the origins of delinquent behaviour and crime and highlights new levers for policy-makers to pull on. The economic approach allows us, for example, to think about when group-based policies (e.g. changing the group norm) may be more effective than individual-based policies (e.g. targeting); and when targeting is more appropriate, the economic approach is much more specific about whom policy-makers should target (and why) in order to generate the greatest reduction in crime.<sup>1</sup>

At the end of section V, we discuss several challenges that are unique to the economic approach to networks and crime. Section VI presents several more general concerns and discusses recent developments in the use of big data and computer technology; developments that are bound to affect how crime networks are analysed in the near future. We summarize and conclude in section VII.

## II. Some preliminaries

Before proceeding, we would first like to provide evidence in favour of two of the principal tenets underlying any network analysis of delinquency and crime: (i) delinquency and crime are group activities, and (ii) social interactions affect delinquent behaviour and crime. We then define some basic terminology from social network analysis that is used later in this article.

### (i) Is crime a group activity?

Juvenile delinquency is primarily a group activity (Sarnecki, 1986, 1990, 2001; Haynie, 2001; Warr, 2002). McGloin and Nguyen (2014) argue that there is enough empirical

<sup>1</sup> Please note that the nature and format of this article does not allow for a full review of the literature on networks and crime. Our choice of cited articles has, instead, been guided by our wish to make certain specific points and by our desire to focus more on recent work by economists. For those wishing to read more, we can highly recommend two recent anthologies; one edited by Morselli (2014) and the other edited by Bichler and Malm (2015). Both are excellent points of departure for an exploration of this exciting literature. Both provide extensive reference lists. For a recent overview of work done on the economic consequences of social networks, see Jackson *et al.* (2017).

support for this claim that it should now be considered a criminological ‘fact’. Adult convictions, on the other hand, are dominated by solo offences (see, for example, [Lindquist and Zenou, 2014](#)). But this does not necessarily mean that adult crime is not a group activity. In fact, individuals who co-offend are also responsible for the majority of solo offences. In total, the co-offending population accounts for up to three-fourths of all convictions in the Swedish data used by [Lindquist and Zenou \(2014\)](#). Thus, by studying co-offenders and co-offender networks, we are, in fact, studying those people who are responsible for committing the majority of crimes in society.

Furthermore, many solo offences are actually part of a ‘chain-like transactional setting that incorporates the action of a wide range of participants’ ([Morselli and Roy, 2008](#), p. 71). A thief may work alone to steal a piece of property. But he then relies on a ‘fence’ (a middleman) to give him cash for what he steals. This middleman, in turn, sells these goods to an end customer. The thief then takes his cash and buys drugs from his local dealer. Those drugs have made their way from farmer to end user via a production and delivery network. All of these individual actors and individual-level crimes are embedded in a much larger production process. Each solo act is embedded in a network of illegal activities, which (given the right data) can be mapped out and studied.<sup>2</sup>

Lastly, a large share of more serious crime is, in fact, perpetrated by organized groups of criminals such as the Italian Mafia and street gangs in the US ([Kennedy \*et al.\*, 2001](#), [McGloin, 2005](#); [Mastrobuoni and Patacchini, 2012](#); [Calderoni, 2015](#)). The large focus placed by law enforcement on gangs and organized crime is driven mainly by the high cost to society from these types of group activities.

## (ii) Do social interactions affect delinquent and criminal behaviour?

There is a growing empirical literature suggesting that peer effects are important in criminal activities. The source of crime and delinquency is located in the intimate social networks of individuals (see, for example, [Sutherland, 1947](#); [Haynie, 2001](#); [Sarnecki, 2001](#); [Warr, 2002](#)). Indeed, delinquents often have friends who have themselves committed several offences, and social ties among delinquents are seen as a means whereby individuals exert an influence over one another to commit crimes.

In the economic literature, there is also strong evidence showing that peer effects are important in criminal activities. Peers in this literature can be defined as friends ([Patacchini and Zenou, 2012](#); [Liu \*et al.\*, 2018](#)), family members ([Hjalmarsson and Lindquist, 2012, 2013](#); [Eriksson \*et al.\*, 2016](#)), neighbours ([Glaeser \*et al.\*, 1996](#); [Ludwig \*et al.\*, 2001](#); [Kling \*et al.\*, 2005](#); [Damm and Dustmann, 2014](#); [Bernasco \*et al.\*, 2017](#), [Dustmann and Landersø, 2018](#)), people that serve time together in prison or juvenile jail ([Bayer \*et al.\*, 2009](#); [Drago and Galbiati, 2012](#); [Stevenson, 2017](#)), homeless in shelters ([Corno, 2017](#)), co-workers in the military ([Hjalmarsson and Lindquist, 2019](#); [Murphy, 2019](#)), and groups of co-offenders ([Lindquist and Zenou, 2014](#); [Philippe, 2017](#); [Bhuller \*et al.\*, 2018](#)). Importantly, the scope for peer influences may vary by crime type, as may the underlying mechanism.

<sup>2</sup> See [Tintelnot \*et al.\* \(2018\)](#) for a recent example of a model of domestic production networks with international trade.

The literature on social interactions and crime has proposed a number of potential mechanisms to explain how peer effects might work in practice. In theory, the crimes of two individuals could be considered substitutes. That is, individual A's crime could 'crowd out' individual B's crime if there is a fixed number of criminal opportunities and if the market for crime is congested. But the more empirically relevant case is when the crimes of two or more individuals are complementary, such that an increase in individual A's crimes increases the crimes of individual B as well.

Several hypotheses have been put forth that could explain such a positive spillover effect. Individuals (or groups) may have complementary skill sets. To supply drugs, you may need a chemist, a transporter, a salesman, and an accountant to launder the criminal proceeds; each individual specializes in a specific task and only by cooperating can they make a profit. Since there is no official crime school, mentoring and/or role modelling may enable a more efficient accumulation of criminal human capital. Some individuals hold more information about criminal opportunities, while others are old enough to supply younger friends and siblings with alcohol and drugs. Group ideologies and norms may either encourage or discourage anti-social behaviour and crime. In some groups, crime may be seen as a legitimate activity and a violent act may be viewed as a badge of honour. Understanding which of these (or other) social mechanisms is at work in a specific case may help to design a more effective policy for that particular problem or crime type.

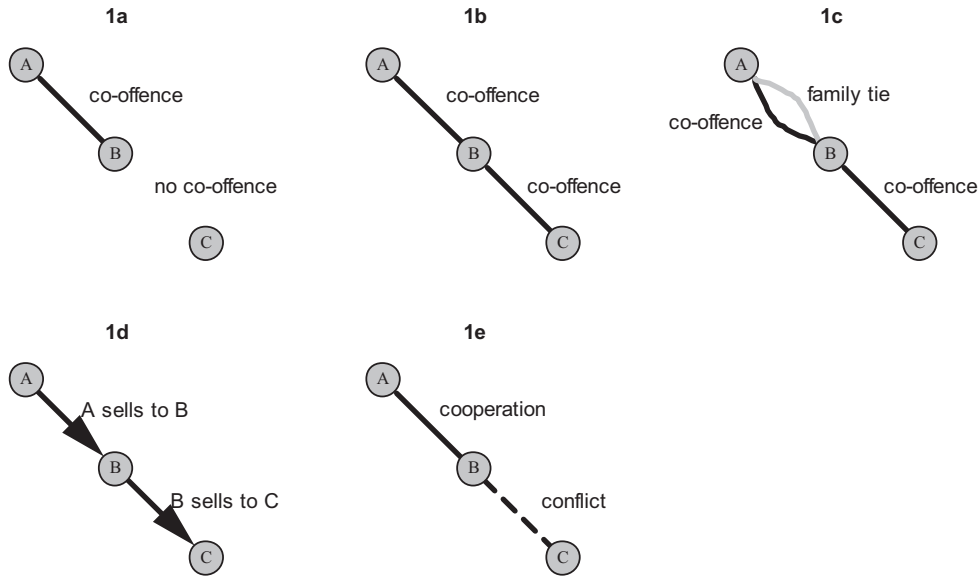
Social network analysis adds another important dimension to this discussion. It shows us that the structure (or architecture) of social relationships between peers can amplify or dampen such peer effects. In fact, having a unique position in the social structure of a gang could get you killed (Papachristos, 2009).

### (iii) Terminology

A social *network* is a set of individuals (e.g. criminals) or groups (e.g. gangs) that are connected by one or more *links* (or *edges*). Individuals in a network are oftentimes referred to as the *nodes* (or *vertices*) of a network. Links between individuals in a network describe if and how these individuals (or groups) are related to each other. For example, if individuals A and B commit a crime together, then we can use this co-offence to define their relationship; we draw a line between A and B representing this link (as illustrated in Figure 1a). If B also commits a crime together with individual C, and if C does not co-offend with A, then we draw a line between B and C. But we do not draw a line between A and C (as illustrated in Figure 1b).

Links in networks may represent a wide variety of different types of relationships and some individuals may have more than one type of relationship that links them together. For example, A and B may also be from the same family or members of the same club. They may own a business together or be friends on Facebook. Figure 1c illustrates the case when A and B co-offend and are members of the same family. Networks that allow for links that represent different types of relationships are sometimes referred to as *multiplex networks*.

Thus far, links have been defined by a mutual and symmetric relationship. In the language of social network analysis, such links are called *undirected*. But links can be *directed* as well. It may be that A sells drugs to B who then sells drugs to C. These directed

**Figure 1:** Different types of links between agents in a network

transactions are represented by the arrows in [Figure 1d](#). Alternatively, we may want to sign an undirected link as being positive or negative. [Figure 1e](#) illustrates the case in which gangs A and B cooperate, but gangs B and C are in conflict with each other.

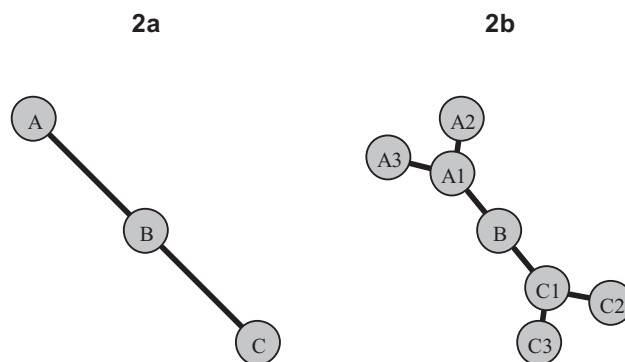
We can also ascribe specific characteristics, such as age, gender, or gang affiliation, to individual nodes in the network. In this article, measures of an individual's *network centrality* will be quite important. Having a high network centrality indicates that the person in question may be an important actor in the network and, perhaps, worth focusing more attention on. Three popular measures of network centrality include *degree* centrality, *eigenvector* centrality, and *betweenness* centrality.

The degree of a node is simply a count of the number of direct links that it has to other nodes in the network. In [Figure 1b](#), individual A has a degree of 1, since he is only connected to one other person. Individual B has a degree of 2, and individual C has a degree of 1. Degree is often viewed as a popularity count. The person with the most friends is considered the most popular.

Degree centrality is measured as the share of individuals in the network that a person is directly connected to. In [Figure 1b](#), B has a measure of degree centrality equal to 1 (she has 2 actual links out of 2 possible links) and is the most central agent in the network when using degree to measure centrality.

Eigenvector centrality is frequently used as a measure of power, prestige, or influence ([Katz, 1953](#); [Bonacich, 1987](#)). An individual has a high eigenvector centrality when he or she has a high degree and is directly connected to many other high degree people. Note that this measure of centrality relies heavily on the characteristics of an agent's immediate neighbours or friends, and not just on own characteristics. An influential politician, for example, is one that is well-connected to many other well-connected politicians.

**Figure 2:** Agent B has the highest betweenness centrality. Agents A1 and C1 have the highest degree centralities



Betweenness centrality is not directly related to the number of links a person has. Instead, it reflects the unique position that a person may occupy in the architecture of his or her social network. To calculate betweenness, we first identify all of the shortest paths between any two agents in a network that are not directly connected to each other. In [Figure 2a](#), the shortest path between agents A and C is the walk from A to B followed by the walk from B to C. Then we check if agent B lies on the shortest path between A and C, which she (of course) does. The only way for A and C to communicate with each other is by going through B. Thus, B has a high betweenness centrality with respect to A and C.

More generally, the betweenness centrality of any agent  $i$  with respect to any other two agents  $j$  and  $k$  is defined as the ratio of all shortest paths between agents  $j$  and  $k$  that agent  $i$  lies on,  $P_i(jk)$ , to all of the shortest paths between  $j$  and  $k$ ,  $P(jk)$ . If this ratio,  $P_i(jk)/P(jk)$ , is close to 1 then  $i$  lies on most of the shortest paths connecting  $j$  and  $k$  and, hence, has a high betweenness centrality with respect to agents  $j$  and  $k$ . If we calculate this ratio for all possible  $jk$ -pairs and take their average, then this gives us the betweenness centrality measure for agent  $i$  with respect to the entire network.

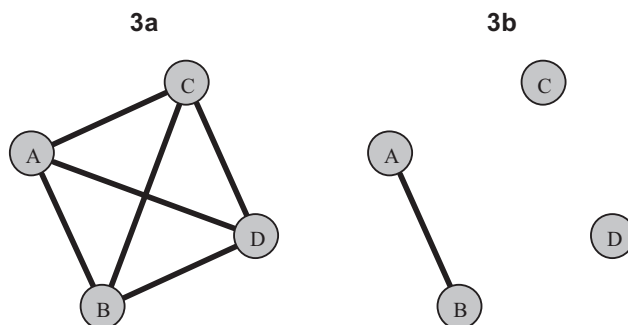
In [Figure 2b](#), agent B is now situated between two groups of people and not just two individuals. B no longer has the highest degree centrality. Agents A1 and C1 both have more direct links than agent B and, hence, higher degree centralities. But B still holds a unique position in the network since groups A and C can only communicate through her. B still has the highest betweenness centrality.

Agents with high betweenness centrality have been given many different names in the network and crime literature, including bridges, brokers, middlemen, facilitators, and cut-points. Their unique position in the network affords them influence and/or brokerage profits. Removing such a ‘bridge’ or ‘cut-point’ fragments the network into smaller pieces and creates a ‘structural hole’ in the network (akin to missed opportunities) ([Burt, 1992, 2005](#)).<sup>3</sup>

Networks can be *dense* or *sparse*. A dense network is one with many links. [Figure 3a](#) is an example of a dense network, since all possible links between A, B, C, and D do

<sup>3</sup> There are other measures of network centralities. See [Jackson \(2008\)](#) and [Zenou \(2016\)](#) for an overview of these measures.

**Figure 3:** Panel 3a depicts a dense network. Panel 3a also depicts a clique. Panel 3b depicts a sparse network. Agents A and B in Panel 3b form a clique



exist. [Figure 3b](#), on the other hand, is a sparse network, since only 1 out of 6 possible links exists. The *density* of a network tells us the relative fraction of possible links that are, in fact, present. It is the average degree of all of  $n$  nodes in the network divided by  $n - 1$ . A *clique* is a group of individuals that are all completely connected to each other. [Figure 3a](#) depicts such a clique. In [Figure 3b](#), agents A and B form their own clique, while agents C and D do not belong to a clique.

### III. *Ex post* analyses of organized crime networks

Mastrobuoni and [Patacchini \(2012\)](#) use historical court data provided by the US Federal Bureau of Narcotics (a pre-cursor of the US Drug Enforcement Administration) that include criminal profiles of 800 Italian Mafia members active in the United States during the 1950s and 1960s. The data include information on their criminal associates in the US and on their connections within the Cosa Nostra Mafia in Italy. The leaders of the US Mafia are identified in these files. The data are sourced from several decades of investigative work that was used to raise criminal charges against US Mafia members.

Mastrobuoni and [Patacchini \(2012\)](#) not only map out the criminal relationships between Mafia members, but also their business and family relationships as well. As such, it is an example of a multiplex network analysis. Their analysis confirms the fact that the Mafia is an unusually hierarchical organization. Leaders are well connected (i.e. they have high degree centrality). They are middle-aged men, oftentimes born in Sicily (or elsewhere in Italy). Several of the most prominent leaders also have a very high betweenness centrality, which makes them of particular interest, since high betweenness implies that they acted as bridges or brokers between (otherwise) unconnected Mafia families.<sup>4</sup>

Of course, in this example, the police investigators had already identified the leaders of these Mafia families and the researchers simply study the characteristics of these leaders *ex post*. Work by [Calderoni \(2015\)](#) suggests that related techniques can be used to help

<sup>4</sup> Mastrobuoni and [Patacchini \(2012\)](#) also observe a high degree of intermarriage within Mafia families. These marriages appear to have strengthened the bonds between already connected families. They were not used to forge new alliances. In related work, [Mastrobuoni \(2015\)](#) shows how network centrality inside the Italian-American mafia influenced members' economic prosperity.

identify Mafia leaders and *key players* (as defined in section V) at an early stage of the investigative process (which oftentimes spans over the course of several years). If so, then this information could be used to target investigative resources towards these individuals.

To identify organized crime leaders, [Calderoni \(2015\)](#) uses data on meeting attendance of members and associates of the ‘Ndrangheta Mafia from Calabria, Italy. These data are part of police investigative records constructed between 2006 and 13 July 2010, at which time the police authorities arrested more than 160 individuals. The network that he studies comprises all of those who attend Mafia meetings (of at least four or more people). The network describes who attended meetings with whom.

[Calderoni \(2015\)](#) shows that analysis of this meeting data can correctly identify the leaders of the ‘Ndrangheta Mafia. Importantly, he shows how the meeting data collected early on in the investigation can be used to predict who the leaders later turn out to be. This implies that law enforcement authorities could potentially use this technique at an early stage of their investigation in order to better identify who they should focus more resources on. Interestingly, betweenness centrality is a key measure for predicting Mafia leaders. Leaders attend meetings that bridge the communication gap between different Mafia groups; groups that otherwise don’t meet and talk on a regular basis.<sup>5</sup>

In hierarchical structures like the Mafia, removing a single leader may have little impact on overall crime, since there is always a lower-level leader in place who is ready to move up in the hierarchy. The Chicago Mafia, for example, continued their operations after their most notorious leader, Al Capone, was put in prison in 1932. To dismantle strong hierarchical structures one may have to adopt a key group strategy as opposed to a key player strategy ([Borgatti, 2006](#)). This idea is consistent with what we see in the real world. Anti-Mafia investigations tend to take a long time to complete and they are typically concluded by the arrest of a large group of Mafia members.

It is important to keep in mind, however, that most organized crime structures are not as hierarchical as the Mafia. In fact, many can be described as loose associations of independent contractors or brokers, each with their own specific skills or resources. These brokers work in a chain-like crime production system that produces a well-defined product. Arresting one key link can break this chain and lower crime.

[Morselli and Roy \(2008\)](#) study two Canadian car theft operations that exported stolen vehicles to destinations in Europe and Africa. They use police investigative data to describe the chain of transactions carried out in these organized crime networks. Cars are stolen, then hidden, then disguised, then transported, and then sold. Different actors (or brokers) perform very specific tasks at each step. Brokers are only loosely affiliated with each other and several of them performed similar tasks in their legal day jobs. [Morselli and Roy \(2008\)](#) stress that the removal of certain key brokers will disrupt these organizations the most. To define key brokers, they use [Gould and Fernandez’s \(1989\)](#) concept of brokerage leverage, which builds on the idea of betweenness centrality but refines it by awarding more importance, or leverage, to those who broker between groups as opposed to those who merely broker between individuals.

[Zhang and Chin \(2002\)](#) and [Zhang \(2014\)](#) study human smuggling from China to the United States. They characterize these organizations as loose affiliations (‘ad-hoc task forces’) of connected individuals who possess key resources or knowledge.

<sup>5</sup> For a more general discussion of the role of betweenness centrality in identify key players in criminal networks, see [Bright \(2015\)](#).



These organizations have a clear division of labour and limited hierarchical structures. Brokers cooperate in a distinct temporal order to provide a specific product, namely illegal travel services. [Zhang \(2014\)](#) concludes that:

From a law enforcement perspective, the implication of understanding the brokerage functions in human smuggling is clear. It is perhaps more effective to target those brokers than any other prolonged investigations aimed at capturing a few major smuggling kingpins. Knowing the weakness of their structural arrangement, law enforcement efforts can therefore have an immediate and pronounce impact. (p. 129)

**Lesson 1** *Identifying key individuals in organized crime networks at an early stage of an investigation allows law enforcement authorities to shift scarce investigative resources towards these individuals.*

**Lesson 2** *Betweenness centrality is an important descriptive statistic for identifying key individuals in organized crime. Arresting key individuals may dismantle non-hierarchical crime structures.*

**Lesson 3** *Identifying and arresting key groups (as opposed to key individuals) may be necessary for dismantling strongly hierarchical crime structures.*

#### IV. *Ex ante* network analyses used to inform police tactics

In their seminal piece entitled ‘The (Un)Known Universe: Mapping Gangs and Gang Violence in Boston’, [Kennedy et al. \(1997\)](#) demonstrate how tools from social network analysis can be used to help the police design more effective policies for solving specific problems. In Boston, the problem was an alarming rise in youth homicides during the early to mid-1990s. This led to the initiation of the Boston Gun Project in 1995 and to Operation Ceasefire in the spring of 1996 (see [Braga et al. 2001](#), and [Kennedy et al., 2001](#)).

Operation Ceasefire was designed as a focused deterrence strategy that placed extraordinary legal attention on a smaller number of gang members who were believed to be involved with (or connected to) a large share of the youth homicides in Boston. Researchers aided the design of this policy in (at least) two important ways. First, they were able to confirm the police’s own description of the problem; a large share of youth homicides were, in fact, gang-related. Second, they aided the police in identifying a small number of key gangs on which the police could then focus their attention.

[Kennedy et al. \(1997\)](#) accomplished this using a group-audit method together with a set of tools from social network analysis.<sup>6</sup> Through these group audits (meetings and discussions with knowledgeable local actors), [Kennedy et al. \(1997\)](#) were able to place gangs on a map of Boston and to mark out their territories. They also placed violent incidents on this map and marked out disputed territories and points of conflict. Undirected links were drawn on these maps between gangs who were allies and between

<sup>6</sup> See [Sierra-Arevalo and Papachristos \(2015\)](#) for a clear description of the group-audit method and of how this method can be used in conjunction with social network analysis to aid the design of police programmes.

gangs who were in conflict with each other. These later links allowed them to create a gang conflict network superimposed on a Boston city map.

These conflict network data were then used to identify a small number of key gangs that became the focus of the Operation Ceasefire intervention. To identify these key gangs, [Kennedy \*et al.\* \(1997\)](#) looked at measures of degree centrality, eigenvector centrality, and cliques. [Braga \*et al.\* \(2001\)](#) provide convincing evidence that the Operation Ceasefire intervention did, in fact, lead to a significant reduction in youth homicides in Boston.

A key component of the focused deterrence strategy used in the Boston Ceasefire programme was that the message and actions of deterrence were focused on groups (not individuals). The key gangs who were subject to extraordinary attention by the Boston police were told that they would be held collectively accountable for the violence perpetrated by any fellow gang member. The police wanted to harness the potential of the group to regulate itself (i.e. they were hoping that more profit-oriented and less hot-headed members could enforce some sense of discipline on their more aggressive peers—perhaps by not allowing them the access to guns). But the idea of collective accountability presupposes a well-organized group with the ability to self-regulate, which is not always the case when dealing with street gangs or networks of co-offenders ([Sarnecki, 2001](#); [Sarnecki and Petterson, 2001](#); [Petterson, 2003](#); [McGloin, 2005, 2007](#)).

This last point is clearly illustrated in [McGloin's \(2005\)](#) network analysis of the street gangs in Newark, New Jersey. Using individual level data on gang members, she observes very little cohesion among gang members and, hence, questions whether group accountability would be a credible strategy in this case. Instead, Newark's Operation Ceasefire implemented a deterrence strategy that was focused towards individuals as opposed to groups. Another potential pitfall of the group-oriented policy of collective accountability is that it may, in fact, create a cohesive gang identity among youths who were only loosely connected and where a gang identity had not previously existed ([Klein, 1971, 1995](#)).

[McGloin \(2005\)](#) also identifies gang members who act as 'cut-points' in the Newark gang network data. Removing these individuals from the network would fragment the network. Alternatively, if law enforcement authorities want their new deterrence message to spread as far as possible and as rapidly as possible, then these are the people that should be told that there is 'a new sheriff in town'.<sup>7</sup>

Focused deterrence programmes like Operation Ceasefire have been implemented in a number of US cities, but with varying success rates. Focused deterrence has been used to combat youth violence and to break up drug markets. Some programmes have made use of explicit network methods, while others have not. Some programmes have focused attention on groups, while others have focused upon individual actors. Importantly, it remains an open question as to whether or not the success rates of such policies correlate positively with the use of explicit network tools.

In a recent meta-study, [Braga \*et al.\* \(2018\)](#) analyse the results of 23 research articles that evaluate the effect of focused deterrence strategies used by police in US cities (and one in Scotland). Overall, focused deterrence does appear to have a crime reducing effect. However, [Braga \*et al.\* \(2018\)](#) stress the fact that to date there has been no

<sup>7</sup> Using individual level data also allows one to identify individuals who are only loosely connected to the gang. Schools, churches, and social services could (perhaps) focus their attention on these peripheral youths. They could try and incentivize these youths to leave the gang before getting too deeply involved.

randomized treatment and controlled experimental evaluation of the focused deterrence strategy. They also argue the programme evaluations that have stronger research designs using comparable control groups tend to find much smaller beneficial effects than those found in the original Boston Operation Ceasefire programme.

**Lesson 4** *Tools from social network analysis can be used as an aid when designing police operational tactics. They tell us who to focus deterrence strategies on.*

**Lesson 5** *Street gangs are typically not as well-organized, stable, and cohesive as policy-makers tend to think they are. Hence, group-oriented policies may not work as intended.*

**Lesson 6** *There is a need for randomized field experiments to properly evaluate the effects of focused deterrence strategies. These experiments should be designed so that we also learn about the efficacy of network-based strategies versus non-network-based strategies and group-based strategies versus individual-based strategies.*

## V. The economic approach to networks and crime

In a nutshell, the economic approach to crime entails (i) writing down an explicit, utility maximizing model of criminal behaviour, and (ii) deriving efficient policy counter measures that minimize crime in that model. Gary [Becker \(1968\)](#) was the first researcher to apply such an economic approach to the study of crime. His interest in crime arose one day when he was pressed for time. He had to weigh the cost and benefits of legally parking in an inconvenient garage versus parking in an illegal, but convenient, spot. After roughly calculating the probability of getting caught and then multiplying this probability by the potential punishment, Becker chose to break the law and to park in the illegal parking spot.

Becker extrapolated on this idea and applied it to the study of crime by assuming that criminals make similar rational decisions when committing a crime. He assumed that individuals weigh the potential benefits from committing a crime against the potential costs, which include the risk of apprehension, the probability of a conviction, and the expected punishment. Importantly, the economic model also includes the opportunity cost of time spent committing crime that could have, otherwise, been spent earning a legitimate wage.<sup>8</sup> This premise of rational decision-making went against the conventional wisdom of the day, that crime was a result of mental illness or social disadvantage. At the time, [Beccaria \(1764\)](#) and [Bentham's \(1789, 1811\)](#) rational choice theory of crime had clearly fallen out of favour among criminologists.<sup>9</sup>

<sup>8</sup> The simple economic model with a standard utility function also implies that people who are more risk loving will commit more crime and that people who are more impatient (i.e. value the current benefit by more than they disvalue the future punishment) will also commit more crime.

<sup>9</sup> In this article, rational behaviour refers to a decision-making process that obeys a set of standard axioms and is based on making choices that result in the optimal level of utility for an individual. Individuals make criminal decisions that maximize their utility based on a cost-benefit analysis, which includes the influence of their peers either through social learning or through social norms (including peer pressure). The utility-maximization problem need not be limited to premeditated criminal acts aimed at maximizing monetary profits and can be amended to include various behavioural biases, such as those studied in [Heller et al. \(2017\)](#). These biases can lead some individuals to make impulsive, short-sighted decisions that are clearly detrimental to their well-being in the long run.

In its first iteration, the standard economic model of crime did not include any recognition of the important social nature of crime. It did not allow for the fact that an individual’s rational, utility-maximizing behaviour could potentially be influenced by the people around him—by their norms, their knowledge, and the legal and illegal opportunities that they provide. In recent years, however, the basic economic model has been extended to include such peer and network effects.<sup>10</sup>

Glaeser *et al.* (1996) were among the first to develop an economic model of crime that allowed for social interactions. In their model, individuals are located in a network on a circle. Some of them are conformists (i.e. they simply copy what their neighbours do), while others decide for themselves whether or not they will commit a crime. In this simple model, Glaeser *et al.* (1996) show how social interactions can lead to a social multiplier effect that raises aggregate crime.

The network structure studied in Glaeser *et al.* (1996) is, of course, a very specific one (a circle of neighbours). Richer models have since been developed that allow us to study any network structure. Below, we present a stylized version of such a model that is based on a synthesis of previous models by Calvó-Armengol and Zenou (2004), Ballester *et al.* (2006, 2010), Patacchini and Zenou (2012), and Liu *et al.* (2014).

### (i) An economic model of networks and crime that includes social learning

Consider a network of  $n$  delinquents. We keep track of social connections in a delinquency network  $\mathbf{g}$  through its *adjacency matrix*  $\mathbf{G} = [g_{ij}]$ , where  $g_{ij} = 1$  if  $i$  and  $j$  are linked to each other (for example, they may be co-offenders or friends) and  $g_{ij} = 0$ , otherwise. We set  $g_{ii} = 0$ . The network is undirected so that if  $g_{ij} = 1$ , then  $g_{ji} = 1$ .

Delinquents decide how much criminal effort to exert in order to maximize their own utility. The effort level of delinquent  $i$  is denoted by  $y_i$ , and  $\mathbf{y} = (y_1, y_2, \dots, y_n)^T$  represents the population delinquency profile in network  $\mathbf{g}$ . Each agent  $i$  selects an effort  $y_i \geq 0$ , and obtains a utility payoff  $u_i(\mathbf{y}, \mathbf{g})$  that depends on the effort profile  $\mathbf{y}$  and on the underlying network  $\mathbf{g}$ , in the following way:

$$u_i(\mathbf{y}, \mathbf{g}) = \underbrace{(a_i + \eta) y_i}_{\text{benefits}} - \underbrace{\frac{1}{2} y_i^2}_{\text{Cost}} + \theta \underbrace{\sum_{j=1}^n g_{ij} y_i y_j}_{\text{social learning}}, \tag{1}$$

where  $\theta > 0$ .

The proceeds from crime are given by  $(a_i + \eta) y_i$  and are increasing in own effort  $y_i$ , where  $a_i$  denotes differences in agents’ criminal productivity (e.g. age, gender, or education). Productive characteristics that are shared by all members of the network are

<sup>10</sup> Cook (1980) provides a discussion of an economic model of crime with rational agents making decisions under uncertainty. He argues that ‘At any time, a robber’s perception of arrest and punishment is influenced by his own recent experience and that of a few “friends”. Perceptions differ widely among robbers, because each observes only a small fraction of the actions taken by the system.’ (p. 225)

given by  $\eta$  (e.g. network size, the prosperity level of the neighbourhood, the local clearance rate, etc.). The cost of committing crime is given by the term  $\frac{1}{2}y_i^2$ , which increases with own effort  $y_i$ , as the severity of the punishment and the probability of getting caught both increase with one's involvement in crime.

The new element in this utility function is the social interaction term  $\theta \sum_{j=1}^n g_{ij}y_iy_j$ , which reflects the influence of an individual's friends' behaviour on his or her own actions. This last term captures the general idea of Sutherland (1947) that delinquents learn from each other how best to commit crime (i.e. they learn the technology of crime). They may also learn how to rationalize or justify the fact that they are committing a crime (i.e. they learn a norm or gain status from committing crime). In this model, social interactions take the form of social learning.

Importantly, this new social factor is formulated as the *sum* of agent  $i$ 's friends' crimes; as such, this model is typically called the *local aggregate model* (where the term 'local' refers to the local neighbourhood of agent  $i$ , i.e. all agents  $j$  that  $i$  is directly linked with). Know-how is collected from criminal friends. It increases with the number of delinquent friends and with the level of their friends' involvement in crime. Technically, one can show that:  $\frac{\partial^2 u_i(\mathbf{y}, \mathbf{g})}{\partial y_i \partial y_j} = \theta g_{ij} \geq 0$ , which means that crime decisions are *complements*. I derive more utility from committing crime when my friends commit more crime and vice versa.

In the economic model, each delinquent  $i$  chooses his own crime level  $y_i$ , in order to maximize his own utility, which is given by equation (1). For any network structure, we can solve for the Nash equilibrium of this utility-maximization problem. The first-order condition for each  $i$  is given by:

$$y_i = a_i + \eta + \theta \sum_{j=1}^n g_{ij}y_j. \quad (2)$$

In equilibrium, the population-wide crime profile,  $\mathbf{y}^*$ , can be written as:

$$\mathbf{y}^* = \sum_{k=0}^{\infty} \theta^k \mathbf{G}^k \boldsymbol{\alpha}, \quad (2a)$$

where  $\boldsymbol{\alpha}$  is a vector containing all  $\alpha_i = a_i + \eta$  and where,  $\sum_{k=0}^{\infty} \theta^k \mathbf{G}^k \boldsymbol{\alpha}$ , is the weighted *Katz–Bonacich centrality* of each agent, which is constructed as the sum of all walks between agent  $i$  and all  $j \in \{1, \dots, n\}$  of length 0 to  $k$ . Each walk of length  $k$  is weighted by  $\theta^k$ . This number is then multiplied by  $\alpha_j$ . Thus, the amount of crime individual  $i$  will commit in equilibrium is determined by (i) his productive characteristics,  $a_i$ , (ii) factors that are shared by all network members,  $\eta$ , and (importantly!) (iii) by individual  $i$ 's Katz–Bonacich centrality.

In sections III and IV, we argued that network centrality mattered. Here, we see that this important idea can be derived directly from a utility-maximizing model of networks and crime. Also, as we discuss in more detail below, the specific definition of centrality that matters most for policy will depend on the specific problem in hand and

the specific model that the researcher writes down. In the simple, local aggregate model of crime, for example, it is weighted Katz–Bonacich centrality that matters (as opposed to degree centrality, betweenness centrality, or some other measure of centrality).

In the local aggregate model of crime defined by equations (1) and (2), the interdependence of network payoffs is restricted to the local network comprised of all  $j$  who are directly linked to  $i$ . But since local networks of direct links overlap, the payoff interdependence spreads through the entire network. In equilibrium, the effects of individual  $i$ 's decisions travel along all existing network paths and affect the decisions made by all  $j$  either directly or indirectly. Katz–Bonacich centrality measures the total effect that agent  $i$ 's decisions have on all other agents in the network.

In the standard Beckerian model of crime, uniformly raising the punishment costs borne by delinquents shifts crime down; both the average and the aggregate delinquency level decreases. This homogeneous policy tackles average behaviour explicitly and does not discriminate among delinquents depending on their relative contribution to the aggregate delinquency level.

In the network crime model outlined above, there is a non-uniform distribution of delinquency efforts across the network. This distribution reflects the variance of network (Katz–Bonacich) centralities of different delinquents. In this situation, a targeted policy that discriminates among delinquents depending on their relative network location alters the entire distribution of delinquency efforts, as opposed to just shifting it up or down. Importantly, a milder but more selective policy can (in principle) yield a larger reduction in aggregate delinquency than a standard policy applied uniformly to all agents. In practice, the planner may want to identify optimal network targets to concentrate (scarce) investigatory resources on some particular individuals, or to isolate them from the rest of the group, either through leniency programmes, social assistance, after school programmes, or incarceration.

**Lesson 7** *In the local aggregate model of crime, policy measures targeted at more central individuals may lower crime in a more efficient manner than the standard Beckerian policy of harsher punishments for all.*

### *The key player policy*

In the context of the economic model of networks and crime, the *key player* is defined as the one that if removed from the network induces the largest reduction in aggregate delinquency. Given that delinquent removal has both a direct and an indirect effect on the group outcome, the choice of the key player results from a trade-off between both effects. In particular, the key player need not necessarily be the one exerting the highest delinquency effort or, equivalently, the one with the highest centrality measure. The planner's objective is thus to generate the highest possible reduction in aggregate delinquency level by picking the appropriate delinquent.

Formally, the planner solves the following problem:  $\max_i \{y^*(\mathbf{g}) - y^*(\mathbf{g}^{-i})\}$ , where  $y^*(\mathbf{g}) = \sum_{i=1}^n y_i^*$  is the total criminal effort in the network at the Nash equilibrium and  $y^*(\mathbf{g}^{-i})$  is the total criminal effort in the network after the removal of delinquent  $i$ . Ballester *et al.* (2006, 2010) provide a new centrality measure for each individual  $i$ , denoted by  $c_i$ , referred to as the *intercentrality measure*, that defines key players. So, we can rank each individual in the network in terms of their intercentrality measure  $c_i$  so that the delinquent with the highest  $c_i$  will reduce total crime the most if removed from

the network, the delinquent with the second highest  $c_i$  will be the next one who reduces total crime the most if removed from the network, etc.

More generally, the key player policy is such that the planner perturbs the network by removing a delinquent and all other delinquents are allowed to change their effort after the removal but the network is not ‘rewired’, i.e. individuals do not optimally change their relationships (links) with their friends after the removal of the key player. Thus, the total long-run effect of such a policy will depend, in part, how costly it is for delinquents to find and form new links.

**Lesson 8** *In the economic model of networks and crime that includes social learning, targeting high-intercentrality individuals will always lower crime by at least as much or by more than targeting individuals with high degree centrality, betweenness centrality, eigenvector centrality, or other measure of centrality.*

## (ii) An economic model of networks and crime that includes social norms

The local aggregate model is a model of social learning. Another important social mechanism could be that of (anti)conformist behaviour in the presence of social norms. Patacchini and Zenou (2012), Liu *et al.* (2014), Blume *et al.* (2015), Boucher (2016), and Ushchev and Zenou (2019) have all studied an alternative model to the one given in (1) where social norms matter. The utility function is now given by:

$$u_i(\mathbf{y}, \mathbf{g}) = \underbrace{(\hat{a}_i + \hat{\eta}) y_i}_{\text{benefits}} - \underbrace{\frac{1}{2} y_i^2}_{\text{cost}} - \underbrace{\hat{\theta}(y_i - \bar{y}_i)^2}_{\text{social norm}}, \quad (3)$$

where  $\hat{\theta} > 0$ <sup>11</sup> and  $\bar{y}_i = \frac{\sum_{j=1}^n g_{ij} y_j}{d_i}$  is the social norm faced by individual  $i$  and  $d_i$  is the degree (i.e. the number of direct links) of  $i$ . The main difference with the previous model is the social interaction term of the utility function. Indeed, in the model whose utility is given by (1), referred to as the local-aggregate model, the sum of criminal efforts positively affects the utility of delinquent  $i$ . In the model whose utility is given by (3), referred to as the *local-average model*, each individual  $i$  suffers a utility reduction equal to  $\hat{\theta}(y_i - \bar{y}_i)^2$  from failing to conform to others. In other words, there is a peer-group pressure faced by delinquent  $i$ , who seeks to minimize her social distance from her reference group.

In this model, the network interpretation is very different from that of the local-aggregate model, where we interpret connections as a transfer of know-how about crime between delinquents. In the local-average model, it is social pressure that matters: if my direct connections are, on average, committing a certain level of crime, then it is costly for me not to *conform* to this crime level. In particular, the crime effort level of

<sup>11</sup> If  $\theta < 0$ , then agents are anti-conformists since they derive higher utility by not conforming to the social norm of their neighbours. See Ushchev and Zenou (2019) for more details on this anti-conformist model.

my direct neighbours does not always positively affect me. Indeed, if  $i$  and  $j$  are connected, then, in the local aggregate model,  $\frac{\partial u_i(\mathbf{y}, \mathbf{g})}{\partial y_j} > 0$ , since the more criminally active is a direct connection, the higher is  $i$ 's utility of committing crime. This is not always true in the local-average model since  $\frac{\partial u_i(\mathbf{y}, \mathbf{g})}{\partial y_j} \geq 0 \Leftrightarrow y_i \geq \bar{y}_i$ . In words, when delinquent  $j$  makes effort  $y_j$ , she exerts a positive (negative) externality on her direct neighbour  $i$  if and only if the effort of  $i$  is above (below)  $i$ 's social norm. Indeed, if  $i$ 's effort is above (below) her social norm  $\bar{y}_i$ , then, when a neighbour  $j$  increases her effort  $y_j \in \bar{y}_i$ , the social norm  $\bar{y}_i$  increases, which, in turn, increases (decreases)  $i$ 's utility because  $y_i$  is now closer to (further away from)  $\bar{y}_i$ , i.e.  $y_i - \bar{y}_i$  becomes smaller (greater). This is why in the local-aggregate model,  $\theta > 0$  is interpreted as the *social multiplier* while, in the local-average model,  $\hat{\theta} > 0$  is viewed as the *taste for conformity*.

Interestingly, even though the utility function and thus the preferences of the agents are very different, the two models have very similar criminal behaviours. Indeed, in the local-aggregate model, the criminal effort of each delinquent is given by (2), while, after some renormalizations ( $a_i + \eta = \frac{\hat{a}_i + \hat{\eta}}{1 + 2\hat{\theta}}$ ,  $\theta = \frac{2\hat{\theta}}{1 + 2\hat{\theta}}$ ), in the local-average model, it is equal to:

$$y_i = a_i + \eta + \theta \sum_{j=1}^n \hat{g}_{ij} y_j, \tag{4}$$

where  $\hat{g}_{ij} = \frac{\sum_{k=1}^n g_{ik}}{d_i}$ . In other words, the only difference between (2) and (4) is that, in the latter, the adjacency matrix of direct connection is row-normalized (i.e. the sum of each row is equal to 1), while, in the former, it is not the case since the sum of each row is just the number of connections of each individual.

In the local-aggregate model, the main determinant of individual crime is the weighted Katz–Bonacich centrality of each delinquent, in which the weights are given by her  $\alpha_i \equiv a_i + \eta$ . In other words, both her position in the network and her observable and unobservable characteristics matter in explaining her criminal activities.

In the local-average model, an individual's position in the network is less important.<sup>12</sup> What matters is  $\alpha_i$ . Usually, delinquents with high  $\alpha_i$  (criminal ability) commit more crime and thus exert effort above their social norm. The delinquents with low  $\alpha_i$  linked to these delinquents exert more crime effort than what their ability will predict because they want to be socially close to their social norm, which is affected by the criminal with high ability. Moreover, as pointed out by [Ushchev and Zenou \(2019\)](#), the policy implications of these two models are very different and help highlight the debate between group-based versus individual-based policies.

As shown in section V(ii), if the utility function includes social learning as in equation (1), then the optimal policy for reducing crime is to target key players ([Ballester et al., 2006](#);

<sup>12</sup> For example, if all individuals have the same  $\alpha$ , in the local-average model, they will all commit the same crime effort, independently of their position in the network while, in the local-aggregate model, their effort will be proportional to their position (in terms of Katz–Bonacich centrality) in the network, so that more central delinquents exert higher crime effort than less central ones.



Lindquist and Zenou, 2014; Zenou, 2016; Liu *et al.*, 2018). The removal of key players can have large effects on crime because of the feedback effects or ‘social multipliers’ at work. In other words, as the proportion of individuals participating in criminal behaviour increases, the impact on others is multiplied through social networks. Thus, behaviour (either good or bad) can be amplified, and interventions can become more effective.

In large groups, a key-player policy would have nearly no effect in the local-average model, since it would not affect the social norm that committing crime is morally wrong. To be effective, one would have to change the social norm for each of the criminals, which is clearly a more difficult objective. In that case, it is necessary to target a *group* or gang of criminals to reduce crime drastically. This illustrates the fact that, for the local-aggregate model, *individual-based policies* are more appropriate while, for the local-average model, *group-based policies* are more effective.<sup>13</sup> In small groups, one could still target high crime ( $\alpha_i$ ) individuals, since removing them would have a large impact on the group norm when the group size is small.

**Lesson 9** *If conforming to the social norm is the main social mechanism, then group-based policies should be applied to large groups, since targeting individuals will not change the social norm. In small groups, one can change the social norm by targeting high crime individuals, regardless of their position in the structure of the network.*

#### Different social norms

The utility function of an individual in the local-average model is given by (3). The key element of this function is the social norm, defined as  $\bar{y}_i = \frac{\sum_{j=1}^n g_{ij}y_j}{d_i} = \sum_{j=1}^n \hat{g}_{ij}y_j$ . This is the standard model of peer effects that most researchers have in mind. Estimating these peer effects is typically done using an empirical model similar to (4). In doing so, we are making a strong assumption. We are assuming that the social norm facing each individual is the average behaviour of their closest neighbours. For example, in crime, we are testing the impact of the average crime rate in the neighbourhood of agent  $i$  on agent  $i$ 's individual crime rate. But what if this agent's social norm is determined by a single role model? For example, what if he or she is primarily influenced by the gang leader or by some other high-profile figure whose crime level differs from the average?

To address this potentially important idea, Rendall *et al.* (2019) consider the same utility function as in (4) but replace the standard expression for the social norm with the following geometric sum:  $\bar{y}_i = \left(\sum_{j=1}^n \hat{g}_{ij}y_j^\rho\right)^{1/\rho}$ , with  $-\infty \leq \rho \leq +\infty$ . When  $\rho = 1$ , we are back to the standard local-average model. When  $\rho \rightarrow +\infty$ , then  $\bar{y}_i = \max_j y_j$ , so that only the crime leader's behaviour matters. When  $\rho \rightarrow -\infty$ , then  $\bar{y}_i = \min_j y_j$ , so that each individual compares himself with the individual with the lowest crime level. Which social norm matters in real life is clearly an empirical question. Identifying these ‘bad apples’ or ‘shining stars’ or other types of influential role models could, of course, aid in fighting delinquent behaviour and crime, since they act as ‘key influencers’.<sup>14</sup>

<sup>13</sup> For recent overviews on individual versus place-based policies, see Kline and Moretti (2014) and Neumark and Simpson (2015).

<sup>14</sup> For example, Diaz *et al.* (2018) show that the social distance to a criminal leader has a strong impact on the criminal behaviour of adolescents in the US.

### (iii) A hybrid model

The local aggregate model includes a social interaction term representing social learning. The local average model includes a social interaction term representing conformist behaviour in the presence of a social norm. As we saw above, distinguishing between these two types of mechanisms becomes important for designing the optimal policy response. However, nothing precludes us from including both mechanisms in our model of networks and crime. In fact, this has been done in Liu *et al.* (2014). They show how the intercentrality measure (defined in section V(i), *The key player policy*) can be derived from such a hybrid model; giving us (once again) a micro-founded measure for identifying key players in network applications.

### (iv) Extending the key player policy to more than one activity

So far, we have assumed that each individual only takes part in one activity: crime. In reality, individuals make a multitude of choices, many of which are interdependent. As a result, peers can have multiple and sometimes opposing influences on their friends. Following Chen *et al.* (2018), we can extend the economic model of networks and crime to include multiple activities. These activities can be complements (e.g. committing crime and consuming drugs) or substitutes (e.g. crime and education). Within each activity we assume that there are local network externalities amongst neighbours.

Let us first consider a version of the local aggregate model in which individuals in one activity (say crime) are somewhat different and belong to a somewhat different network than individuals from the other activity (say education). In this new model, there are two beneficial effects of removing a criminal from the network. First, there are fewer spillovers in crime so that the neighbours of the removed person exert less crime effort, which, in turn, induces their neighbours to reduce their crime effort, and so on. Second, by reducing crime the planner induces the remaining criminals to increase their education effort, which, because of spillovers in education, induces their neighbours to also study more, and so forth. As a result, there is a virtuous effect of removing a criminal since it induces the remaining criminals to commit less crime and to focus more on education.

Consider now crime and drug consumption (complementary activities). When a criminal is removed from the network, the remaining criminals reduce their crime effort and, because of complementarity between activities, also reduce their drug consumption. There is again a virtuous effect of removing a criminal in a network, which is not taken into account in the single activity case. This is why the key player in the single activity case can be different from the key player in the two-activity case.

In the local-average model with two activities, there may arise a conflict between the desire to conform to two different and potentially opposing social norms. It will be costly for individual  $i$  to deviate both from her friends' average crime effort and from her friends' average education effort. The solution to this problem depends on the different  $\alpha_i$ s, which may be different between distinct activities. For example, if agent  $i$  has some initial advantage in crime (higher ability  $\alpha_i$ ), then she will follow the social norm in crime imposed by her friends more closely than the norm in education, because she has a relatively higher return from crime than from education.

An important advantage of the economic approach to networks and crime is that it allows us to model multiple activities in a hybrid model that includes more than one social mechanism. The intercentrality measure can then be derived from this model.

**Lesson 10** *When designing anti-delinquency policies in schools, policy-makers should model educational effort and delinquent behaviour jointly, and then derive the appropriate intercentrality measure. The intercentrality measure can be used to help design targeted policies for promoting educational effort and reducing delinquent behaviour.*

### (v) Challenges facing the economic model of networks and crime

We conclude our presentation of the economic model of networks and crime with a discussion of some of the practical challenges facing researchers and policy-makers interested in applying the lessons we have learned above to solve real-world problems. The first challenge is that of measurement error in crime network data. Collecting data and mapping out criminal networks is clearly more problematic, costly, and time-consuming than mapping out (for example) a network of co-authorships among economists.<sup>15</sup> While most authors are trying to make their work as visible as possible, most criminals are trying to hide their illegal activities from the police. Network analysts need to consider the consequences (for their policy recommendations) of the fact that network links in co-offending may be missing in a non-random fashion. Importantly, [Chandrasekhar and Lewis \(2016\)](#) demonstrate that non-classical measurement error will arise even when nodes are missing at random and that this measurement error leads to inconsistent estimates of network effects and measures of network statistics (such as centrality).

Even with high-quality network data in hand, estimating the types of behavioural peer effects models that we have outlined above is itself a difficult task. Purely structural measures of networks centrality (such as degree or betweenness) can be readily calculated once the necessary data are available. In contrast to this, behavioural measures of network centrality (such as the intercentrality measure) require the estimation of causal peer effects and the ability to separate between exogenous and endogenous peer effects ([Manski, 1993](#)). Aside from this, researchers must also deal with a variety of empirical issues such as (i) correlated effects, (ii) endogenous network formation (selection), and (iii) the simultaneity of peer actions and outcomes.<sup>16</sup>

It is also important to keep in mind that in our discussion of the economic model of networks and crime, we maintained the assumption of a fixed network. We did not allow the network to ‘re-wire’ once a key player was removed. We did not allow the key player’s former co-offenders the opportunity to form new links between each other or with new co-offenders. If a key player can be rapidly replaced at a low cost, then the

<sup>15</sup> See [de Paula et al. \(2019\)](#) who provide results on the identification of social networks from observational panel data that contains *no information* on social ties between agents. See, also, [Breza et al. \(2019\)](#) who propose an inexpensive and feasible strategy for network elicitation using aggregated relational data (ARD)—responses to questions of the form ‘how many of your links have trait *k*?’. Their method uses ARD to recover parameters of a network formation model, which permits the estimation of any arbitrary node- or graph-level statistic. ARD is considerably cheaper to obtain than full or even partial network data.

<sup>16</sup> See [Graham \(2015\)](#) and [Boucher and Fortin \(2016\)](#) for overviews on identifying causal peer effects.

structure of the network will not change much. This type of re-wiring lowers the overall advantage of targeting specific individuals as opposed to simply focusing on the most active criminal.

The importance of re-wiring, however, will clearly depend on the context and the structure of the network under study. [Morselli and Roy \(2008\)](#), [Zhang and Chin \(2002\)](#), and [Zhang \(2014\)](#) all argue that they study key brokers with unique skills and resources that are not easily replaced in the short- or even medium-run. Thus, the removal of these brokers results in significant and long-lasting reductions in crime. In contrast to this, Frank Nitti was able to step into the leadership role of the Chicago Mafia after the arrest of Al Capone. After which, the Chicago Mafia continued to expand and prosper. In other contexts, such as Boston's Operation Ceasefire programme, the police were not looking for people to remove, but rather for key actors and gangs whom they could inform of their new policies regarding gang violence.<sup>17</sup>

## VI. Big data and computer technology

While the economic approach to networks and crime faces several unique challenges, a more general set of challenges and opportunities has arisen along with the growing availability of big data and with the development of computer technology. Our own work ([Lindquist and Zenou, 2014](#)) shows how large (population) data sets with information on co-offences can be used to map out criminal networks and to identify key players or groups. Many of the networks ideas and techniques that economists use today are borrowed from computer science (and other disciplines). Today, computer scientists are working hard to make these ideas and techniques more accessible (automated) to law enforcement agencies. Their goal is to provide network information in real time in order to provide practical information for crime prevention and criminal investigations.

The 'first generation' of police network tools can be characterized by our favourite detective with whom we opened this article. She used pen and paper network mapping techniques. [Xu and Chen \(2005\)](#) describe the 'second generation' of network and crime tools as graphic software that allows the police to map out and visualize larger quantities of network data. Examples of this type of network software include Analyst's Notebook, which has been used by various police forces in the US, UK, and the Netherlands, and NetMap, which has been used (for example) in the FinCEN system at the US Department of the Treasury to analyse financial transactions data to detect money laundering (see [Goldberger and Senator, 1998](#)).

One drawback of this type of software is that it typically relies on a very labour-intensive data input process ([Seidler and Adderly, 2013](#)). Commercial software (such as COPLINK) is currently addressing this (and related issues) for the US and our

<sup>17</sup> Another possibility is that crime could go up after the removal of a key player if a power struggle ensues among the remaining members of the network, or if a competing network uses the opportunity to try and increase its market share of illegal activities. Furthermore, if followers are more inclined to commit violence than leaders, then violence can increase when the restraining hand of the leader is removed ([Rigterink, 2019](#)).

own experience leads us to believe that this problem can be solved in countries that already use national crime report and arrest databases.

Xu and Chen (2005) present their own software, CrimeNet Explorer, which they call the ‘third generation’ of network and crime tools. They present a tool that allows law enforcement authorities to extract and analyse network data from large criminal justice databases. They propose a method for automated network analysis and visualization, which takes several steps: (i) network creation, (ii) network partitioning, (iii) structural analysis, and (iv) network visualization. Their software automatically detects subgroups from a network, identifies central members, and extracts interaction patterns between subgroups.

Tayebi and Glässer (2011) have also developed a set of computerized community detection methods. Their programme can identify communities at one point in time and also trace out the evolution of these communities over time, i.e. they implement evolutionary clustering methods as well. They demonstrate these methods using 5 years of real-world arrest data from the Canadian Province of British Columbia. These data are based on crime reports, and each crime report includes information on the crime incident including the identities of the crime suspects. An interesting aspect of their work is that they do not just identify groups of co-offenders, but they also try to identify organized crime groups. They do this by defining organized crime groups as offender groups that commit serious crime and that persist over time.

While it is certainly tempting for academics (like ourselves) to be enamoured with all of this new network and crime analysis software, it is not clear that these tools are actually used by law enforcement analysts when available, nor helpful when used. In fact, Seidler and Adderly (2013) argue that these types of network tools ‘rarely produce immediately applicable intelligence products’ (p. 323). They argue that there is, in fact, a growing need for network analysis to help make sense of the ever growing mountain of law enforcement data. But, at the same time, network analysis needs to be integrated into the police’s own intelligence routines and cycles. Furthermore, they stress that police force priorities need to be used when deciding on who is ‘key’ or central in a network. These priorities are not included in the structural measures of centrality (such as betweenness) that are typically reported by this type of software, and hence, rarely used in practice. One strength of the economic approach to networks and crime is that it allows us to include police priorities in the model and then derive efficient policy and centrality measures given these priorities.

## VII. Conclusion

In this article, we illustrate how social network analysis can be used to help understand more about the root causes of delinquent behaviour and crime and to provide practical guidance for the design of crime prevention policies. We give several examples of how such tools could potentially be used by practitioners. We also describe examples of how such policies have been successfully used in the field, e.g. Boston’s Operation Ceasefire (Kennedy *et al.*, 1997; Kennedy *et al.*, 2001; Braga *et al.*, 2001).

Alongside the growing awareness of the potential of social networks to inform police policy, there has been a rapid growth in the amount of data available to law enforcement

agencies and to researchers. Computer scientists and network specialists are providing new and better computer software to aid in the analysis of this data. However, some observers have argued that such software focuses too heavily on delivering structural network statistics that do not reflect the operational priorities of the police (Seidler and Adderly, 2013). We would argue, that such structural network statistics are many times lacking in behavioural content as well.

The economic approach to networks and crime may help remedy these problems. It has the potential to provide new insights and tools that can be used to curb delinquency, crime, and other anti-social behaviours. In a nutshell, the economic approach amounts to writing down an accurate model of the problem in hand and then deriving the optimal policy from this model. In essence, we want to model behaviour, the choices people make, and the social mechanisms that affect those choices, so that we can better understand the root causes of crime and, hence, design better policies to lower crime. For example, we have discussed why Ballester *et al.*'s (2006, 2010) inter-centrality measure is an appropriate measure of network centrality for use in focused deterrence strategies. Importantly, the police's own operational priorities could readily be included in such a modelling framework.

Our vision is that this type of theoretical discussion and modelling exercise could be included in the initial problem analysis stage of the design of new policies, in the same way that Kennedy *et al.* (1997) were involved in the design of Boston's Operation Ceasefire programme. Our own work (Lindquist and Zenou, 2014) also demonstrates how these techniques can be used together with big data to identify key players in real world co-offending networks. Such techniques could be integrated into network software for use by the police.

However, our discussion above also leads us to conclude that the role of the analyst cannot be completely automated. Before deriving an appropriate policy, an analyst must first determine the key features of the problem in hand. What are the underlying social mechanisms? Should we consider multiple activities and/or multiplex networks? This will most likely need to be done together with various experts and practitioners in a group-audit type of setting. We also feel that future work should focus on providing credible empirical evidence concerning the strengths and weaknesses of the network approach to fighting crime.

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