

MMECC Annotated Bibliography

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5.1.5 “Top down” versus “Bottom up” approaches

There are two basic approaches to estimating the costs of crime. The most prevalent to date has been a “bottom up” approach that attempts to piece together the various component crime costs enumerated in Tables 5.1 and 5.2. That is the approach taken by Cohen (1988a) who estimated the cost of crime to victims. Cohen et al. (1994), Brand and Price (2000) and Dubourg et al. (2005) added the cost of prevention and the criminal justice system to victim costs. However, as noted by Nagin (2001), all of these “bottom up” approaches ignored some very important components of the costs of crime – including the “fear of crime,” expenditures or actions taken by the public to avoid the risk of crime, as well as any residual loss to the community in terms of social cohesion, community development, etc. Recent papers by Dolan et al. (2005) and Moore (2006) have attempted to estimate the cost of “fear of crime,” but these approaches are still being refined and still do not fully encompass all of the cost categories enumerated in Tables 5.1 and 5.2, nor the full characterization sought by Nagin (2001).

An alternative approach is thus to estimate costs from the “top down.” Although there are several methodologies that can be adopted (discussed further below), these ‘holistic’ approaches attempt to elicit information on the public’s willingness-to-pay for reduced crime. Examples include Ludwig and Cook (2001), Cohen et al. (2004), and Atkinson et al. (2005).

In theory, the ‘top down’ and ‘bottom up’ approaches should lead to the same estimates if the latter is all inclusive. The extent to which these two approaches yield similar results has been explored by Cohen (2008a), who concludes that to date, the bottom up approaches have not fully captured the costs of crime. Nevertheless, there is merit in both approaches. While the top down approach is likely to be more comprehensive, it does not allow for a disaggregation of crime cost components. **Since there will oftentimes be considerably interest in many of these cost components – especially the cost to victims and the government – it is recommended that both approaches be utilized and further developed. This has the added benefit of applying two different methodologies that allow for some bounding of the cost of crime estimates.**

intervals.