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GOV-AARGH-NANCE – “EVEN CRIMINALS NEED LAW AND ORDER”

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Abstract: *We present a theoretical model postulating that the relationship between crime and governance is “hump-shaped”, rather than linearly decreasing, when criminals need access to markets. State collapse, violent conflict and a lack of infrastructure are not conducive for the establishment of any business, legal or illegal. At the bottom end of the spectrum, therefore, criminal gangs benefit from improved governance, especially when this is delivered informally. With significant improvements in formal governance criminal activities decline. We use data from the International Maritime Bureau to create a new dataset on piracy and find strong and consistent support for this non-linear relationship.*