



An evaluation of the Federal Legal Services Program: Evidence from crime rates and property values



Jamein P. Cunningham*

Department of Economics, Portland State University, 1721 SW Broadway, Portland, OR 97201, USA

ARTICLE INFO

Article history:

Received 2 April 2015

Revised 6 November 2015

Available online 8 January 2016

Keywords:

Crime
Lawyers
Law firms
Poverty
Property values
War on poverty
Riots

ABSTRACT

This paper uses the city-level roll-out of legal service grants to evaluate their effects on crime. Using Uniform Crime Reports from 1960 to 1985, the results show that there is a short-run increase of 7% in crimes reported and a 16% increase in crimes cleared by arrest. Results show an increase in the staffing of police officers in cities that received legal services. These cities are also associated with having higher median property values 10 years later. This supports the narrative that legal services changed police behavior through litigation or threats of litigation.

© 2016 Elsevier Inc. All rights reserved.

“Legal services lawyers have won the confidence of angry young men and women and have channeled their grievances into democratic procedures. This capability and achievement mark a major victory for those concerned with maintaining law and order.”

– From the Office of Economic Opportunity, November 1969 Senate Hearing

1. Introduction

After decades of decline, reported crime in the United States began to rise in the early 1960s. The rise in violent crime, especially homicide, pushed crime to the forefront of political debates (Grimes and Loo, 2004). Accompanying the rise in crime was a series of civil demonstrations that escalated into wide-spread riots during the summer of 1964. Riots in Harlem, Rochester, and Philadelphia presented political obstacles for launching President Johnson's War on Poverty.¹ Relatedly, the response of law and order to riots and rioters increased tension between Blacks in urban areas and local police officers (O'Reilly, 1988). Concerns over the decline of urban communities and eruptions of urban violence resulted in the inclusion of experimental programs within the War on Poverty that sought to reduce the likelihood of riots.

In 1965, the Neighborhood Legal Services Program (LSP) was introduced to provide the poor with legal channels to remediate their compounding grievances, especially those resulting in riots (Gillette, 1996).² Historically, the poor had limited access to legal institutions due to financial constraints and discrimination. Many viewed the lack of legal recourse as producing demonstrations that, at times, escalated into riots in poor Black communities. In their view, poor citizens were often victims of monopoly power held by local and state bureaucracies (Cahn and Cahn, 1964). Without proper representation in court, the poor were unable to articulate grievances concerning unfair treatment, such as excessive force by the police or unlawful evictions by landlords. The lack of access to justice created a volatile environment where confrontations between poor Blacks and the police often sparked violent demonstrations.³ In response, the LSP was mandated to facilitate better relationships between the bureaucracies and the poor that they affected.⁴

The LSP was launched with an annual budget of \$20 million, but by 1975, the program boasted over 600 offices and a budget of

* Corresponding author.

E-mail address: jamein.cunningham@pdx.edu

¹ Riots occurred in Harlem and Rochester in July of 1964 and in Philadelphia in August of 1964. The Economic Opportunity Act was signed into law in August of 1964.

² The Legal Services Program was not included in the initial introduction of programs under the War on Poverty.

³ Interactions between poor Blacks and the police, in which a Black citizen reported excessive force, occurred frequently without riot incidents. As a result, researchers view riots as a spontaneous event once the size of the Black population and geographical region are accounted for.

⁴ The Legal Services Program had a specific mandate of law reform in which LSP lawyers targeted laws and policies that disproportionately resulted in unfair treatment of the poor (Cahn, 1964; Katz, 1978; Johnson, 1974).

over \$70 million. Although the size and scope of the program has gone through many changes in the decades since, it still exists as the Legal Services Corporation. As of 2013, there are over 800 offices located in fifty states with an annual program budget of \$365 million dollars.⁵ Donald Baker, chief counsel of the Office of Economic Opportunity, believed that the LSP would “*have more impact on the total structure of our social, economic, and political structures than anything else that OEO and perhaps even the federal government has done on the domestic scene.*”⁶ However, despite over 50 years of operations, little evidence has been offered about the actual impact of the program. This is in part due to lack of data on the users of the LSP, and to a greater extent, the lack of convincing measures of legal services themselves. Pertinent questions remain to be answered: did the LSP mitigate the urban decline that occurred as a result of racial riots in the 1960s? Did the LSP improve the welfare of the poor?

This paper is the first to quantitatively evaluate the impact of the LSP on the quality of life of the poor. This study uses newly collected data on the communities that received legal services grants between 1965 and 1975, and focuses on crime as a measurement of quality of life for several reasons. First, crime captures actions that negatively affect individual welfare, including threats to individual safety and personal property. Second, crime is one of the few measures of well-being consistently recorded over time at the city level for the period of interest. Lastly, crime was an outcome linked to the LSP by advocates and opponents. LSP lawyers were criticized for representing violent criminals, organizing violent demonstrations, and accused of interfering with police investigations (Herbers, 1967). According to this narrative, LSPs would be associated with an increase in crime and the deterioration of urban communities. However, supporters of the LSP lauded lawyers for their ability to resolve conflicts by use of the judicial system (Gillette, 1996). LSP lawyers worked on litigation that would deter domestic violence, as well as cases that addressed police brutality (Finman, 1971; Barden, 1976). Also, these lawyers often pursued litigation with the goal of improving interactions between the police and the community they served.⁷ LSP lawyers were credited with improving victim response time and securing the actual filing of police reports (U.S. Senate, 1969). Under this guise, the LSP worked to build social capital by improving community policing and, as a result, made these communities safer.

To empirically evaluate the contradictory viewpoints of advocates and opponents of the LSP, this study analyzes changes in crime rates. In addition to crime rates, I provide evidence of the impact of the LSP on other measures of welfare, such as property values. Past studies have shown property values to be inversely related to crime (Pope and Pope, 2012). As such, the evaluation of property values sheds further light on the influence of the Legal Services Program on riots and urban decline.

My research design takes advantage of the differential timing of the LSP implementation in cities across the United States and uses a before-and-after design to analyze changes in outcomes after the establishment of the LSP. I use an event-study framework (Jacobson et al., 1993) to provide a statistical description of the evolution of pre-trends in outcomes as well as the dynamics of changes after the program began. My results show that there is a short run increase in criminal offenses reported and offenses cleared by arrest after LSP grants are received. Three years after treatment, cities that receive LSP grants are associated with a 7%

increase in the number of crimes reported and a 13% increase in offenses cleared by arrest. After 4 years, reported crime and arrest rates decrease and eventually evolve similarly to reported crime and arrest rates in untreated cities.

These findings may reflect two different phenomena: an increase in actual crime (consistent with critics of the LSP) or an increase in the reporting of crime (consistent with its advocates). Although it is difficult to disentangle changes in crime versus changes in reporting, the event-study framework provides insight into the evolution of crime after the LSP was established. The intertemporal response of crime and arrest after the LSP is implemented displays an immediate increase in reported crime and arrest followed by a large decrease in reported crime. This hump-shaped response is consistent with an increase in reporting followed by a decrease in actual crime. This is similar to Levitt's (1998) emphasis on changes in reporting behavior due to changes in the likelihood that a crime will be solved. Second, there is an immediate increase in the staffing of police departments in cities that received federally funded legal services, which have been shown to be inversely related to crime (Levitt, 1997, 2002; McCrary, 2002; Chalfin and McCrary, 2013). Third, consistent with changes in police effort, the study shows that the increase in arrests is *twice as large* as the increase in reported crime.

Lastly, I provide evidence of a positive relationship between the local implementation of the legal services program and property values. My results indicate that places that received legal services in the 1960 s and 1970 s had higher property values in 1980 relative to cities that never received legal services. According to my results, legal services programs increased property values by 3%. Furthermore, locations that received legal services earlier had higher property values in 1980 relative to those that received legal services later in the sample period. Because literature in economics has largely established an inverse relationship between crime and property values, this final piece of evidence is consistent with the LSP mitigating the consequences of riots that reduced the quality of life in inner city neighborhoods.

Evaluations of social policies from the War on Poverty provide important information about short- and long-term effects that can guide contemporary crime and riot prevention policies. Citizens in poor communities historically have had negative interactions with law enforcement, and the LSP was a policy intervention that successfully changed police and community behavior. Equally important, the LSP provide a unique case study where a policy intervention provided impoverished groups additional security or access by ensuring that their legal rights were protected. Intuitively, this protection does not only work to correct market inefficiencies but also increases demand for goods the poor previously could not access. By increasing access to welfare, housing, and proper police services, the poor as a whole benefited indirectly from the reduction in the cost of legal representation. For example, one expression of inefficiency is the severe under-reporting of crime. Myers (1980) finds that the actual crime rates between 1970 and 1974 were 1.5 to 3 times larger than reported crime. If some criminal offenses are under-reported due to lack of institutional responsibility or the victim's perception of institutional responsibility, legal services would work to increase the number of crimes reported.⁸ Furthermore, the evaluation of the LSP does not only provide a historical application of public policy but also fits into a larger literature in economics of evaluating social programs from the Great Society (Almond et al., 2006; Almond et al., 2011; Bailey and Goodman-Bacon, 2015; Hoynes and Schanzenbach, 2009; Ludwig and Miller, 2007).

⁵ Information provided by the Legal Service Corporation 2013 Annual Report.

⁶ See Gillette (1996).

⁷ LSP lawyers in Boston, Kansas City, Oakland, and Los Angeles negotiated with local and federal officials on behalf of their clients, regarding complaints of illegal police behavior. They requested allocation of federal funds for additional training and for modifications of police practices (US Senate, 1969).

⁸ LSP lawyers have been seen as improving relationships between the community and the police. Many encounters of how the LSP influenced the behavior of local institutions are documented in congressional subcommittee meetings between 1965 and 1974.

Download English Version:

<https://daneshyari.com/en/article/970605>

Download Persian Version:

<https://daneshyari.com/article/970605>

[Daneshyari.com](https://daneshyari.com)