Some countries in Latin America are among the most violent and crime-ridden in the world. The crime problem is of such magnitude that fighting it is among the top policy priorities of Brazil, Colombia, Mexico, and Peru, to name just a few countries. In most cases, the policy prescription involves a stronger participation of the police and judicial system, seeking deterrence and incapacitation of potential criminals. Indeed, repressive measures are arguably appropriate to combat the immediate dangers of crime and its consequences in the short run. However, they are not enduring solutions: crime waves keep reappearing until their underlying causes are addressed through long-run prevention policies. This essay discusses three policy actions that may hold the key of sustainable prevention of the type of crime that people most care about—the one that puts their personal and property safety at risk.

1. Legalize (and regulate) drug trafficking. Prohibition has not deterred the illicit drug trade, and the demand and consumption of drugs remain strong. Even worse, prohibition has led to the waste of scarce police resources and has created a market for organized crime.

Prohibition has been costly and ineffective even in the United States. The United States spent $35 billion annually on fighting drugs by the end of the 1990s, up from $10 billion in the mid 1980s (Reuter 2001). The number of people incarcerated for drug law violations grew exponentially in the last two decades, to the point where 1 in every 4 prisoners is in prison for drug-related offenses (Caulkins and Chandler 2006; see Figure 1).

Despite all this effort, drug prices have been stable (marijuana) or declining (cocaine and heroin) since at least the early 1980s (see Figure 2a), and there is no evidence that this is due to decreasing supply. In fact, consumption appears to have intensified, as the rising rates of drug-related hospitalizations seem to indicate (see Figure 2b).

It is important to understand the unfortunate state of the “war on drugs” in the United States. It shows that prohibition has failed not because of lack of governance but because the economic incentives behind the drug trade exceed all possible control. If the “war on drugs” has failed here, it is not difficult to imagine the disaster it has been in developing countries, particularly in those where production and international trade occur. In fact, in these countries, organized crime has been the only clear winner of the prohibition policy. Given the large potential gains to be derived from illegal drug trafficking, prohibition creates an environment to which the most violent and ruthless competitors are attracted. Inadvertently, prohibition has played to criminals’ comparative advantage because in this illegal yet fiercely competitive market, only those who thrive in the use of violence and corruption can be successful.

The organized crime associated with drug trafficking has put in serious risk the governance and institutional viability of many a
violence

Organized crime corrupts government officials, compromising their public interest, altering their priorities, and finally diverting their efforts and resources. Organized crime foments political instability and even outright insurgency through means ranging from financial support and provision of arms to selective assassinations. In Latin America, this has been dramatically exemplified by the symbiotic relationship between the cocaine drug cartels and terrorist organizations such as the Shining Path in Peru and the FARC in Colombia. Furthermore, in a perverse form of “learning by doing,” organized crime leads to other types of serious offenses, such as kidnappings, homicides, and armed robberies. As a matter of fact, the intentional homicide rate in drug-producing countries is almost three times as large as that in non-drug-producing ones (see Figure 3). What to do? The prohibition policy has failed, and we need to give a chance to the legalization of drug trafficking and consumption. Now, legalization does not imply unrestricted trade. Given the delicate characteristics of drug substances, it is only natural that legalization be accompanied by, first, regulation of their production and trade, and, second, public health campaigns to limit their consumption. Legalization is bound to change the main players in the drug market. The hope is that bloody drug lords and their armies of thugs be replaced by MBAs in well-groomed suits and chemists in impeccable white uniforms.

Once we propose decriminalization as a solution, we cannot stop at just drug trafficking. We start thinking about other activities for which there is a strong demand and huge profits to be made, and which are not regarded as excessively harmful to personal safety by large segments of society. Prostitution, gambling, and abortion are three clear examples of activities that engender organized crime and may be best decriminalized. From a public policy perspective, it is necessary to consider that trying to fight these “evils” may be leading to far worse evils. In this regard, the pragmatism of Machiavelli is both wise and refreshing: “One will discover that something which appears to be a virtue, if pursued, will end in his destruction; while some other thing which seems to be a vice, if pursued, will result in his safety and his well-being” (The Prince, Chapter XVI, p. 128).

2. Promote family planning. A substantial body of evidence—coming from sociological and psychological studies—allows us to affirm that most unwanted children are not properly raised and are likely to fall into a life of misery and crime. This conclusion not only has repercussions on family and community lives but can have consequences at a national level. In one of the most interesting findings of criminological research, the legalization of abortion in the 1970s has been found at least in part responsible for the remarkable decrease in U.S. crime rates in the 1990s (Donohue and Levitt 2001, 2006). What the researchers conclude is that potential criminals (the unwanted children) were never born due to the availability of abortion and, therefore, this cohort could not commit any offense by its criminal “prime” age (early twenties). Abortion by itself, however, is not the solution. If it is not accompanied by parental responsibility, it may lead to more pregnancies and poorer child-rearing behavior, making it counterproductive regarding crime prevention (Lott and Whitley 2007).

More than a particular form of birth control, it’s responsible parenthood which holds the key for crime prevention. Both are
Thinking on violence

Clearly connected in Latin America, as illustrated by the significant correlation between the rates of teen pregnancy and violent crime across countries in the region (see Figure 4).

One of the most vicious circles facing developing countries is the relationship between unwanted pregnancies and intergenerational poverty. Higher fertility among the poor is the result of lack of family planning. This in turn reflects lack of women’s power and lack of men’s responsibility regarding fertility. In Latin America these traits are exacerbated by sexist cultural moves (the term “machismo” is a sad legacy of Latin America to the world), legal biases against women (in the tenancy of assets and the protection of domestic abuse, for example), and economic disparities (which reflect gender gaps in education and access to labor markets).

What to do? First, empower women regarding fertility. In worldwide surveys, more than two hundred million married women in developing countries have expressed an unmet need for family planning (Singh et al. 2004 and United Nations Population Fund 2005). Most women who do not use contraceptives come from poor households (see Figure 5). In Guatemala, for instance, only 5% of married women belonging to the poorest income quintile use contraceptives, while 60% use them in the richest quintile. Not surprisingly, then, the large majority of women in large families would have preferred fewer children (see Figure 6). For instance, about 80% of married women who have five children in Bolivia, Colombia, Haiti, and Peru would have preferred fewer children. (And this is after knowing and getting to love the kids. The preference for even smaller families is arguably more pronounced in women without children.)

The second, necessary step for family planning is to also make men responsible for the children they conceive. In societies that regulate almost every instance of social and economic life, such as those in Latin America, there is incredibly little regulation and enforcement of responsible parenthood.

In a large fraction of families, the father is simply missing: Single women act as head of the family in more than 25% of households in Central America, and in similar proportions children are not recognized by their fathers (see Figure 7). And even when fathers are present, many of them do not seem to contribute sufficiently to the material well-being of their families. In El Salvador, for example, only 40% of women receive economic support from their partners on a regular basis (see Figure 8). If they become divorced, more than 80% of women say that they never receive support from their former spouses, even if children are involved.

Clearer regulation, stronger enforcement, and better information may guide fertility choices towards sensible family planning in Latin America. There is evidence that these measures have worked in countries that have implemented them seriously. Take, for instance, the case of European countries around 1930, when paternity testing was debated and, in some cases, introduced. In the countries that accepted paternity testing, the reduction in fertility was more than twice that of countries where it was rejected (see Soloveichik 2006 and Figure 9).

In order to break the cycle of irresponsible fatherhood, poverty, and crime, Latin American families need to escape the metaphorical cast portrayed in Gabriel García Márquez’ description of the perennial dictator in *The Autumn of the Patriarch.* “It was estimated that in the course of his life, he had more than five thousand children…”

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**Figure 6: Married Women Who Would Have Preferred Fewer Children**

Source: Author’s calculation using data from Macro International (2007).

**Figure 7: Responsible Parenthood Fewer Children**

Source: Author’s calculation using data from Macro International (2007).

**Figure 8: El Salvador: Women Receiving Economic Support from Their Parents**

Source: Author’s calculation using data from Macro International (2007).
but no one carried his first or last name... because he considered that no one was son of anybody other than his mother’s, and only hers. This certainty was valid even for him, as it was well known that he was a man without a father” (p. 48).

3. Deregulate to reduce informality and corruption. We have just argued that stronger regulation and enforcement of responsible paternity is essential to prevent crime. In Latin America, however, regulatory weaknesses in essentially public issues, such as responsible paternity, coexist with regulatory excesses in private sector endeavors, such as business activity. In fact, we will now argue that governments in the region impose themselves on the economic life of their citizens to the point that their involvement becomes ineffective, distorting, and wasteful. And this has substantially negative consequences regarding crime and violence.

In developing countries, we find what can be described as the paradox of legalism: countries that impose more laws and regulations are often those where they are less respected. Even worse, the process of escaping the state’s control results in segmented economies and captured governments. As a matter of fact, across countries there is a strong negative correlation between business regulatory freedom and, respectively, labor and production informality and bureaucratic corruption (see Figures 10 and 11). Informality and even corruption are preferable to the stagnation that an excessive regulatory burden can produce, but they do have negative consequences, particularly on crime (see Table 1). First, excessive involvement of the state in the economy drains its resources in futile attempts to control it. Without resources, governments cannot truly devote themselves to their basic mandates, of which personal safety is among the most important.

Second, informality and corruption create an environment where crime and violence are not only tolerated but also required. In an informal economy, the enforcement of contracts and the protection of property do not rely on the police and the judicial system but on ad hoc mechanisms that range from social pressure to organized crime. Again, as in the case of drug trafficking, a market is created for criminal activity.

A recent example from Peru may serve to illustrate the point. Informal open markets can be found all around the country, but

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**Figure 9: Paternity Testing and Change in Fertility: Europe, circa 1930**

![Graph showing paternity testing impact](image)

Source: Author’s calculation using data from Soloveichik (2006).

**Figure 10: Informality and Regulatory Freedom**

![Graph showing correlation between informality and regulatory freedom](image)

*** denotes significance at the 1% level. Countries in Latin America and the Caribbean are highlighted in red.

Source: Author’s calculation using data from Gwartney and Lawson (2006) and Schneider (2004).
in Lima some of them are quite sophisticated, with permanent locations and some infrastructure. Recently, one of the largest, the Santa Anita Market, was ordered to be evicted because it had been built on somebody else’s land. The 500 market merchants decided to oppose the order and resisted, displaying a well-organized form of alternative police. It took 1,000 government police officers to finally evict them. What’s wrong with an alternative police is that the line that separates their rules and methods from those of organized crime is blurry at best. There, the “enforcement of contracts” takes the form of literally arm twisting and bone breaking; the “confrontation between interest groups” often results in street fights, abuse, and even assassinations; and “legal recourse” merely amounts to corruption of officials.

Conclusion. Sustainable prevention of personal and property crimes requires a renewed perspective on the role of the state. From this essay, we can draw two basic implications. First, governments should pick wisely their (legal) battles. Social ills (from drug trafficking to job instability) don’t get solved by decree, particularly when they are caused by mounting social forces and strong economic incentives. The state would do best to concentrate on selective and limited prohibitions and impositions, focusing its resources on specific interventions with the priority of family and community safety. This is what most people really care about. Second, sex may be personal, but fertility is a social issue, particularly as it impacts on the incidence of poverty and the perpetration of crime. Family planning should be an important objective of developing country governments, involving a combination of information campaigns, economic incentives, and sensible regulation and enforcement. For this purpose, the mechanisms are clear: regarding fertility choices, empower women and make men responsible.

Norman V. Loayza holds a Ph.D. in economics from Harvard and is currently a lead economist in the research department of the World Bank. He spoke on crime prevention at the July 2007 Harvard conference on “Confronting Crime and Violence in Latin America: Crafting a Public Policy Agenda,” sponsored by the Instituto Fernando Henrique Cardoso and the A. Alfred Taubman Center for State and Local Government at the Kennedy School of Government.

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### Table 1: Informality, Corruption, and Crime

<table>
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*** denotes significance at the 1% level. Sample sizes are presented below the corresponding coefficients.

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**Figure 11: Corruption and Regulatory Freedom**

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