Economics of Theft

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Summary/Abstract: 'Economics of Theft' analyses theft as an economic and social activity. The article challenges conventional attitude to theft as repulsive activity which causes moral indignation. Theft is analysed through two criteria which economists usually use when judging any economic activity; efficiency and equity. In addition to these two criteria a third one is introduced, namely the optimal level of theft. In a vast majority of cases theft redistributes income from better off to worse off; therefore, theft passes the test of equity. Also, at lower levels a thief's utility exceeds the damage which a victim of theft suffers. As levels of theft increase, marginal utility to a thief falls and marginal damage to a victim of theft increases. Optimal level of theft is achieved when marginal utility to a thief equals marginal damage to a victim of theft. Economists do not feel any moral indignation to theft since it passes the test of equity. What concerns economists is the fact that theft is unproductive activity which does not create any
new value. Theft, therefore, does not pass the test of efficiency. The article analyses and compares theft with several economic activities which do not create any material, intellectual or spiritual value and which pass neither the efficiency nor the equity test. Those activities might cause moral indignation but are perfectly legal. Economists can justify theft until optimal level is reached, i.e. when the thief's utility is equal to the damage suffered by a victim of theft. Laws, however, punish every theft even when it is socially just. Apparently, there is a friction between the economic theory and the legal system. Something must be wrong either with the economic theory or with the law. Or maybe both of them are wrong. A possible explanation might be found in Montesque's statement that the legal system is a network through which big fish pass and small fish are caught.
A Church of England vicar has recently said it's OK to steal from supermarkets if you're hungry and desperate. This is against the law. The social, as opposed to the moral, justification for the illegality of theft is that without inviolable property rights no modern transaction-based economy would be possible. Who would exchange anything (for money or otherwise) if they could just take it or fear that the other person might? As a consequence land is, the authors say, both "theft and freedom:" theft because possessing it necessarily deprives others of something without which they cannot do; freedom because its possession — with secure title and the right to sell — brings economic power. The reviewer is an FT political correspondent. Rethinking The Economics Of Land And Housing by Josh Ryan-Collins, Toby Lloyd and Laurie Macfarlane, Zed Books, RRP £14.99, 253 pages. Identity theft is the crime of obtaining the personal or financial information of another person for the sole purpose of assuming that person's name or identity in order to make transactions or purchases. Identity theft is committed in many different ways.