

“Violent Crime and Wealth Inequality: A Theory of Self Esteem” by Danni Catambay

ABSTRACT: Violent crime plagues the poorest neighborhoods of the United States, often being concentrated amongst minority populations. Despite being closely linked to income, violent crime does not obey the typical rules of revealed rational preferences with evidence that perpetrators do not seek to avoid detection or punishment and actual gain less in terms of property transfers from a violent crime than they would from a solely non-violent property crime. This paper uses insights from demographic and psychological studies to link violence with wealth inequality through the production of self esteem. I establish a theoretical model where self esteem can be achieved through violence or through education, but wherein strategic interactions can lead to equilibria in which education and income lead to greater exposure to violence within a community.