

## 7. Macro-measures against Crime: The Example of Check Forgeries

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*EDITOR'S NOTE: This case study, first published by the Swedish National Council for Crime Prevention (Knutsson and Kuhlhorn, 1981), is distinguished by its particularly careful study of displacement. Having established that the abolition of the bank guarantee for bad checks in 1971 together with new identification procedures had reduced check frauds in Sweden by 80-90 percent in subsequent years, the authors found that other crimes, which could provide alternative sources of income and which might therefore have been expected to increase as a result of displacement, had also somewhat declined after 1971. This more general fall in crime was thought to be the result of a decline in drug abuse in 1973 and 1974. As the crime statistics did not permit firm conclusions about displacement, the authors adopted another approach. They followed up the subsequent criminal careers of a sample of those convicted of check fraud before the introduction of the new procedures. They were still unable to find any evidence of a systematic switch to other forms of crime. More particularly, they were unable to find any evidence of "escalation" which is frequently supposed to be the result of situational impediments: Not one of the sample was convicted of robbery in the two years following their convictions for check fraud. Currently, there is less concern about the fraudulent use of checks than of credit cards. Between 1988 and*

1990, credit card sales doubled worldwide and in 1990 MasterCard's worldwide fraud losses were \$240.8 million and those of Visa were \$355 million (Levi et al., 1991). This might seem to be a form of "displacement" except that most of the credit card offenders are probably responding to the opportunities created by the proliferation of credit cards rather than being diverted from check fraud (Tremblay, 1986). As shown by Webb (1996), these opportunities for credit card fraud are themselves amenable to situational prevention.

### Check Abuse

Various changes that have occurred in society have had an impact on the structure of opportunities for committing crimes. In general, these changes have been to the detriment of obedience to the law. Obvious examples of this trend may be seen in the introduction of the self-service principle in department stores and the advent of the automobile era.

In the present article, we intend to report on one type of crime which arose during the 1960s: check forgery. In contrast to most other types of crime, however, efforts to halt this accelerating criminality by means of preventive measures proved successful. Indeed, this case represents one of the few examples in which crime prevention measures have been successful.

Check forgeries became increasingly common in connection with the introduction of the check as a means of payment in the 1960s. In Stockholm, the number of such crimes sextupled between 1965 and 1970, growing from 2,663 crimes in 1965 to 15,817 in 1970. Nationwide, the increase in such crimes was not as dramatic. The number of crimes grew from around 10,000 to around 40,000, i.e., a fourfold increase (Table 1).

TABLE 1  
NUMBER OF REPORTED CHECK CRIMES IN STOCKHOLM  
AND IN ALL OF SWEDEN, 1965-1970

Year	Stockholm		All of Sweden	
	No. of crimes	Index	No. of crimes	Index
1965	2,663	100	10,019	100
1966	4,785	180	13,001	130
1967	5,127	193	13,952	139
1968	9,182	345	21,808	218
1969	7,236	272	23,210	232
1970	15,817	594	39,337	393

The attention of the police was directed to this problem primarily as a result of the fact that they began to be burdened with an increasing volume of investigations of crimes involving check forgeries. In many cases, police departments had to add new staff to the fraud division.

The immediate background to the crime was usually that the criminal in one way or another, generally by theft, gained possession of checkbooks. The checks were then used as means of payment in stores or banks as away of obtaining cash. In the majority of cases, the checks were used in stores. In addition, these checks were often used as means of payment in "the underworld." Most frequently, they were used in this way by drug addicts in their attempts to settle debts or buy drugs. This trade was concentrated in Stockholm in notorious spots frequented by drug addicts.

In purchases of goods or services in stores, restaurants and similar places, the amount of the check was generally under 300 Swedish kronor. The existence of this particular limit was closely connected to the basic precondition for check forgeries in Sweden, the so-called *bank guarantee*. Under the terms of the bank guarantee, any person accepting false checks was indemnified by the drawee bank up to a maximum of 500 kronor per check if the person paying by check had been required to show identification. For amounts under 300 kronor, the person accepting the bad check would be indemnified even if no identification had been required. In other words, for amounts under 300 kronor, the store, etc. accepting the check had no interest in determining whether or not the checks were good, since the store could not suffer a loss in any event. The banks collected the bad checks and then reported the case of check forgeries to the police.

The police, in turn, often had whole series of crimes to work with, since each check used was counted as one crime. A single missing checkbook could, as a result, give rise to many separate crimes. From the strictly investigative angle, these crimes had some relatively positive aspects, since there was often some bit of evidence that could be pursued. Various clues in the form of fingerprints, signatures or notes concerning identification documents played an important role. In many cases, the same criminal had used all of the checks in a checkbook. Thus, if the police could link him to any one of the checks, they could clear up all the crimes connected with that book. The simultaneous solving of a series of crimes in this manner was relatively common. These were undoubtedly the factors which accounted for the high general rate of cleared crimes, which was always over 50%.

The police responded quickly to the increase in crime. At an early stage, they initiated negotiations with representatives of the banks and the retail trade in an attempt to cope with this accelerating form of crime. The discussion centered on two points. The police called, first of all, for the removal of the bank guarantee. Secondly, they wanted it to be required for check-users to show proof of identification. These proposals met with relative indifference on the part of both the banks and the retailers. The negotiations drew out in time. The banks tended to play down the situation from the beginning, arguing that this was actually an information problem which could be resolved with the help of information campaigns. Meanwhile, check fraud shot up. Not until 1970 did the parties manage to reach an agreement which stipulated that the bank guarantee would cease to apply from July 1, 1971, and that henceforth check users would be required to present identification when paying by check or cashing a check.

The adoption of these measures led to a lively debate on the possible consequences of the action. Many observers feared that check forgers would be "forced" to commit other, more serious crimes in order to obtain compensation for their loss of income. Some people even feared that robberies would increase. However, no really serious attempts were made to study the actual consequences of the measures.

The question of displacement effects, i.e., the switch by criminals to other types of

crime when they are prevented from committing a particular category of crime, is not a simple matter. From the purely theoretical standpoint, it might be expected that there is a great risk if, on the one hand, the criminals have a great "need" for crime, owing to drug addiction, for example, and, on the other hand, if the crimes that have been prevented are critical for the criminals' "livelihood." If the "need for crime" varies in strength and the crime is more of a "peripheral" nature, the risk of displacement effects is less.

*Effects of the Measures*

In the years immediately following the new measures, checks virtually disappeared from the retail trade. When they subsequently did return to the scene, identification was required of persons using checks. This represented a change in the opportunity structure as well as in the social control. The opportunities for crime decreased at the same time that a situational control was introduced. The positions were advanced from the traditional formal control after the fact in instances when a crime had been committed and detected to a type of control in the situation which affected everyone who used checks.

The effects of the measures against check forgeries could soon be seen in the crime statistics (Table 2). From a peak level in 1970, the number of crimes reported dropped to a level which has since been around 10-20% of these former figures. Thus, the efforts have to be considered a success as far as the prevention of this type of crime is concerned.

Society's traditional measures proved to be ineffective in combatting and preventing these crimes. The rate of cases solved was constantly very high, and most of the relatively active check forgers were caught and sentenced to various penalties. What this policy of deterrence failed to achieve was attained rapidly by the crime prevention measures which were implemented. An expensive and ineffective system of formal controls was supplemented by an inexpensive and effective situational control.

What, then, was the effect on other crimes? An examination of conceivable alternative crimes, e.g., burglary from homes, basements, and attics and thefts of and from cars, shows that they *declined* in the two years immediately following the implementation of the measures. This downward trend during 1972 and 1973 applies to all crimes of theft. Based on a simple notion of displacement effects, the results are surprising, since one would have expected to see an increase. During 1974 and 1975, the figures for these other crimes did in fact increase.

What can be the explanation for the decline in reported crimes of theft in 1972 and 1973 and the renewed rise in 1974 and 1975?

One explanation might be that it is not actually a question of real changes in crime rates, but rather a change in the rate of reporting crimes. Closer examination indicates, however, that it is difficult to find factors that might yield such results. It is most likely that these variations of reported crimes do reflect genuine changes in crime rates.

However, there is a possibility that these variations are due to changes in the narcotics situation. We know that many of the criminals are drug addicts. Moreover, most drug addicts are criminals. Criminals who are drug addicts have a higher crime intensity than criminals who do not use drugs. Under these conditions, it is conceivable that the scope of the drug abuse may influence the crime level in such a way that when the abuse is of a greater extent, criminality is also greater. The data indicate that drug abuse in Stockholm declined in 1972 and 1973 and that it increased in 1974 and 1975. It therefore might be these changes which explain the recorded variations in the number of reported crimes. We would,

however, like to stress that this line of thought is of a speculative nature.

However, it can be asserted that the crimes would have been reduced less in 1972 and 1973 and would have increased more rapidly afterwards if the possibilities of check fraud had not been largely eliminated.

These arguments show that the question of displacement effects cannot be decided with data of this type. What is required is information on the crime repertoire of check forgers and how it was changed after the measures were taken. This information is provided in the following individual-based analysis.

TABLE 2  
NUMBER OF REPORTED CHECK CRIMES IN STOCKHOLM AND IN ALL SWEDEN, 1970-1978.

Year	Stockholm		All of Sweden	
	No. of crimes	Index	No. of crimes	Index
1970	15,817	100	39,337	100
1971	7,835	50	23,810	61
1972	2,198	14	7,315	19
1973	1,668	11	4,926	13
1974	1,496	9	5,800	15
1975	1,867	12	7,069	18
1976	2,548	16	8,279	21
1977	3,107	20	9,228	23
1978	2,066	13	5,667	14

*The Check Forgers*

The purpose of the individual study is to shed light on the career of the check forger. Our analysis is based on two populations — persons who had committed such crimes during the heyday of check forgery before the elimination of the bank guarantee on July 1, 1971, and persons who had committed such crimes after this measure, i.e., when this type of criminality had been reduced to a fraction of its former level.

The target population was the 1970 check forgers in Stockholm (all persons apprehended for check forgery), while the 1975 check forgers constituted a comparison group. However, it is difficult to determine whether any differences between the 1970 and 1975 populations can be traced back to the elimination of possibilities of check forgery. They may also have their roots in altered police routines, changes in legal practice, etc. In order to bring these factors under control, we chose two additional comparison populations: persons who had been sentenced for crimes of appropriation of property in 1970 and 1975 (all crimes under Chapter 8 of the Swedish Penal Code).

After having identified the individuals behind the crimes, we decided to conduct the investigation in such a way as to ensure an equal number of persons in the groups. To do so, we took 1/17 sample of the 1970 group of persons who had committed crimes of theft

and a 1/23 sample of the corresponding 1975 group.

The persons identified in this manner were then studied with respect to *convicted criminality* in the police files (including cases in which prosecution was waived, etc.). If, during a one-year period from the time of the crime in question, they had been convicted of a criminal file crime, they were included in the target population. In this manner, the populations were made comparable with one another.

The first conclusion that could be drawn was that the check forgers criminality during the period in question (the one-year period before and after the crime) included many types of crime. More than half of the check forgers had also committed crimes of theft of property during the period in question, and over a third of the appropriation criminals had committed check forgeries. Thus, there is no such person as a typical check forger with chronic recidivist tendencies for only check forgery.

The age of the offenders was around 30 years at the time the crime was reported. Approximately 15% were women. Over two-thirds of criminals investigated had been previously convicted of crimes.

### **Recidivism**

Since the possibilities of continued criminal activity were to some extent blocked for the 1970 check forgers, we attempted to answer the following two questions:

1. To what extent did the 1970 check forgers become involved in new crimes, especially in unpleasant types of monetary transactions such as robbery?
2. What is the pattern of recidivism for the 1970 check forgers?

We investigated the involvement of the four groups in different types of crime both during a two-year follow-up period after the crime and during the entire decade of the 1970s after the crime. We were unable to detect any trend towards a systematic switch to other types of crime. Not one of the 1970 check forgers had been convicted of robbery during the two years following their original crime — a fact which ran directly counter to the assumptions made in the debate on this topic.

Generally speaking, the 1975 check forgers — an important comparison group — committed somewhat more serious crimes (especially crimes of violence) during the two-year follow-up period than did the group of 1970 check forgers. Thefts were an exception in this respect. A greater number of the 1970 check forgers were convicted of grand larceny and fewer of theft than the 1975 check forgers. Since a similar trend exists for the corresponding groups of persons convicted of crimes of theft of property, it is likely that this can be ascribed to a change in legislation and in legal practice.

We also analyzed the offenders' repertoire of crime before the period in question and during that period. The results of this analysis suggest that check fraud should be viewed as a form of supplementary criminality which varies with the opportunity structure. Hence, we were unable to find corroboration for the thesis of a switch to more serious crime.

To offer a correct answer to the rate of recidivism of the 1970 check forgers as compared to that of the other groups, consideration has to be taken of the individual's prognosis. We therefore calculated such a prognosis, using multiple regression analysis and available data, on the client's previous criminality and personal data such as age and

sex. On the basis of this prognosis, we could establish that the group of 1970 check forgers with the most serious criminal records had a lower rate of recidivism during a three-year follow-up period than did individuals in the other three groups with corresponding records. These results corroborate previous findings: the elimination of possibilities for check fraud seems to have been more effective in reducing crime than in displacing it.

We would, however, like to register certain general observations. The methods employed here are fairly rough ones, whereas the changes in crime which may have occurred are relatively minor. Further, we do not know whether or not the 1970 offenders may have sought compensation for loss of income from check forgery by stealing larger amounts, for instance, without this being reflected in the number of crimes and the categorization of the crimes.

On the other hand, the sources of error in the other direction are not to be neglected, either. Waivers of prosecution under Item 2, Article 7, Chapter 20, of the Code of Legal Procedure have increased considerably. These crimes, which are stricken from the police files after a short period, are thus on the rise. Further, it is probable that the number of crimes per conviction or item in the individual's criminal record has increased. In addition, the risks of detection have declined substantially during the 1970s. All of these factors suggest that actual differences in rates of recidivism between the check forgers from 1970 and 1975 are larger than reported. Finally, one should not lose sight of the fact that the number of check forgers dropped considerably between the two years.

### **The Multiplier Effect of Drugs**

We also studied the role of drug abuse. We investigated two populations — the 1970 and 1975 check forgers — with respect to the occurrence of drug abuse. The data for this part of the investigation was taken from a file which includes all of the approximately 7,500 persons who at any time between April 1965 and December 1979 in the Stockholm Remand Prison showed needle marks from injection abuse. This file was set up by Professor Nils Bejerot, a social medical officer in Stockholm, and it also contains information on the individual's debut with respect to drug abuse. It would appear that this file contains the great majority of injection addicts in Stockholm. Despite the fact that only around 0.5% of the adult population of Stockholm belongs to this category, they accounted for around 50% of the two check forger populations. These 50% accounted for two-thirds of the crimes recorded during a three-year follow-up period after the one-year base period.

The significance of narcotics for continued criminality was approximately as great as that of all other data on previous criminality, age, sex, etc. together.

Approximately half of the drug addicts had had their crime debut before their first injection. However, it should be noted that these data are very rough. The first instance of injection abuse may have been preceded by a more or less lengthy period of drug abuse with other modes of administration of the drug. Furthermore, the debut crime in the police files is not infrequently the visible tip of a "criminal iceberg" which has been recorded by the child welfare authorities. An analysis of these rough data does, however, indicate that drug abuse and criminality tend to accelerate one another and pave the way for recidivism.

Drug addicts have crime rates which are two to three times as high as those of other criminals who are not addicted to drugs, and this goes for virtually all types of crimes. However, this is only a rough estimate of the multiplier effect of narcotics, although it does agree with international findings.

Better knowledge of the multiplier effect of drugs requires more information than that available to us. (An investigation with this aim in mind is currently being planned). However, it is certain that narcotics do accelerate the type of crime being studied here and drug abuse is of tangible significance for the overall crime levels in Stockholm.

### *Concluding Comments*

There is little doubt that the measures taken — the elimination of the bank guarantee and the introduction of identification requirements — were effective.

It is important to remember that they were implemented on the macro-level and not, as is customary, on an individual level. The measures meant that everyone who used checks was affected. The great majority of legal checking account users had to put up with increased restrictions so as to make it possible to cope with the abuses of a relatively small group.

Beginning in the late 1970s, a new type of crime has arisen. Charge account and credit card frauds have begun to spring up in the wake of these cards. There are many parallels to the case of check forgeries (Knutsson, 1980). The police have initiated negotiations with the credit card companies in an attempt to develop measures which can stem the new forms of criminality. The aim of the police is to avoid, in so far as possible, contacts with credit card abusers, i.e., to avoid micro-measures of the traditional type. It remains to be seen whether a regulation of the type studied in the present report can be achieved.

In addition to the conclusion regarding the effectiveness of the measures, this study also contains important implications for two scientific theses which, although unproven, are often presented in connection with discussions on anti-crime measures: the thesis of "objective interests" and the thesis of "the constancy of vices."

The thesis of "objective interests" states that established social institutions are interested in maintaining certain types of crimes in order to justify their own existence and/or to reap economic gains. The showpiece example is the alleged interest of the insurance companies in the continuation of crimes against property. As far as the police are concerned, certain criminologists have asserted that the police maximize their profits by taking measures against minor offenses of a traditional nature while avoiding conflicts with the establishment. Taking action against minor offenses is ineffective but visible. Since criminality of this kind is constantly growing, the resources and power of the police will also continue to grow. Since the perpetrators of such crimes are among the weakest members of society, the risk of effective protests against police injustices and false priorities is minimal.

Judging by the current study, the thesis of "objective interests" would appear to be incorrect. According to this thesis, popular in many circles, the police ought not to have attempted to persuade the banks to alter their routines in order to cope with check forgeries. The police should instead, according to this notion, have stuck to traditional action against these crimes — which, from the standpoint of police investigation, are quite convenient — in order to become more powerful.

With respect to the banks, another observation can be made. They were prepared to accept the losses occasioned by the check forgeries. The check system apparently yielded such large earnings for them that this expense was negligible.

In a cost analysis, however, the costs incurred by society must not be ignored. The judicial apparatus is highly expensive for the taxpayer. The extra efforts on the part of the

police, the courts and the correctional system which were caused by the check forgeries also have to be taken into consideration.

The second thesis can be summarized in the formula that "the sum of vices is constant." Once such a thesis is accepted, it is easy to end up in a fatalistic attitude; it is useless to try to prevent crime, since the criminals will seek compensation by committing other crimes. Our findings, in any case, show that this thesis does not hold in the example of check forgeries. There was no increase in other forms of crime. We were unable to establish a switch from check forgery to other, more serious crimes. Rather, forgers with the most serious criminal records appeared to have reduced the level of their criminal activity. Furthermore, the thesis of the constancy of vices has been cast into doubt in an earlier NCCP report relating to an analysis of crime trends in Stockholm after implementation of police measures (Kuhlhom, 1976).

The inadequacy of the thesis of the constancy of vices is exemplified in no area more clearly than that of alcohol policy. It would appear that many people do believe in the thesis of the constancy of vices. It is asserted that reduced legal availability of alcohol — for instance, through the use of some form of rationing cards — would be compensated for by bootlegging, smuggling or "perverted stimulation" (forbidden fruit tastes sweetest). But it can be shown that after the introduction of rationing cards in Sweden in the early years of this century, alcohol consumption did decline, while home distilling and bootlegging did not develop into Sweden's leading national disease. It was also possible in the context of alcohol policy to demonstrate that the sum of vices could be increased without difficulty. The alcohol policy effort to get Swedes to drink wine instead of stronger alcoholic beverages met with notable success as far as a sharp increase in wine consumption was concerned; however, there was no offsetting decline in liquor consumption so as to result in a constant level of vices.

Another example which tends to refute the thesis of constancy of vices may be found in the area of traffic law. Speed limits, for instance, have proved to be effective as regards the prevention of accidents. But there are no indications that motorists have—in accordance with the thesis of the constancy of vices — attempted to obtain compensation by running through red lights or by always driving the shortest route, even if it means driving the wrong way down a one-way street.

In conclusion, we would like to state once again that this investigation lends support to the notion of macro-measures. The fact that macro-measures apparently can be effective must not, however, be interpreted as proof that they can replace individually oriented measures. We have, for instance, shown that drugs have a strong crime-generating effect. This effect is so strong that our social welfare authorities should seriously consider which methods can best stimulate drug addicts to seek immediate treatment for their drug problems.