EDITOR'S NOTE: Resentment of those "getting a free ride" on welfare is close to the surface in any society and frequently erupts in witch hunts for welfare cheats or "social security scroungers." This resentment has been exploited in a recent British government campaign, "Beat-A-Cheat," to encourage members of the public to turn in people whom they think are making fraudulent welfare claims. The campaign was dubbed a "snoopers' charter" by the government's opponents, one of whom angrily said in Parliament: "Encouraging your next-door neighbor to snoop on you is the sort of community values we now expect in Britain" (New York Times, October 29, 1996, p.A10). That there is a better way to reduce welfare fraud is shown by this pioneering case study first published by the Swedish National Council for Crime Prevention (Kuhlhorn, 1982). When statements made about personal income to obtain housing allowances could be cross-checked by computer with other statements of income to determine sickness payments, this reduced the temptation for claimants to cheat by understating their incomes in order to obtain higher housing allowances. A survey of the public revealed that nearly 90 percent of the recipients of housing allowances approved of these computer checks. Most had nothing to fear, of course, but some may have been relieved that the temptation for them to cheat as well had been removed.
Housing Allowances

In a modern welfare society the state and the local authorities have an important role as redistributors of economic resources. People who have high incomes and/or are at the peak of their productive career have to pay higher taxes, which are then distributed to low-income earners and persons in unproductive phases. This redistribution function creates a tempting opportunity structure for white collar crime; a person who conceals his financial assets avoids payment of taxes and can benefit by various allowances provided by the Welfare State. This paper will deal with one such crime against the Welfare State, namely cheating on housing allowances in Sweden and the effects of preventive measures.

The Swedish system of housing allowances covers 472,000 households, i.e. 14 per cent of all households. The intention is that housing allowances shall provide support especially for families with children having low incomes and high housing costs. There are accordingly three significant criteria for obtaining a housing allowance:

- high housing costs
- large household, particularly with children
- low income.

The housing allowance differs for small and large households. The National Housing Board publishes catalogs about housing allowances which present standard figures for the various household sizes. The table for single, childless persons is reproduced as Table 1. The income of a single person may not be above 43,000 Swedish Crowns if he or she is to receive a housing allowance, even if the rent is very high. For a family with two children the situation is different as shown by the extract from the official table reproduced in Table 2.

Table 3 shows the extent to which different types of household received housing allowances in May 1980. It is also of interest to see the economic significance of housing allowances for the recipients. Table 4 shows for households which received housing allowances both the mean housing cost (e.g. rent) and the mean allowance. In total, housing allowances covered a good third of the housing cost.

### Table 1
Housing Allowances per Month for Single, Childless Persons, Sweden 1980.

<table>
<thead>
<tr>
<th>Qualifying annual income (Swedish Crowns)</th>
<th>Rent/housing cost (Swedish Crowns per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>29,000</td>
<td>20 60 100 140 180 200</td>
</tr>
<tr>
<td>31,000</td>
<td>35 75 115 155 175</td>
</tr>
<tr>
<td>33,000</td>
<td>50 90 130 150</td>
</tr>
<tr>
<td>35,000</td>
<td>25 65 105 125</td>
</tr>
<tr>
<td>37,000</td>
<td>40 80 100</td>
</tr>
<tr>
<td>39,000</td>
<td>55 75</td>
</tr>
<tr>
<td>41,000</td>
<td>30 50</td>
</tr>
<tr>
<td>43,000</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: National Housing Board
delicate matter. On the other hand, it may be considered legitimate that authorities make
privacy, Sweden has fairly rigorous data legislation. Linked processing of files containing
limitation is legal. To prevent the use of computers encroaching upon citizens' personal
ities thus has its own file with data of incomes for housing allowances. The second
allowances are administered by the local authorities. Each of Sweden's 277 local author-
collected centrally for all citizens at the National Social Insurance Board, the housing
administrative limitation. Whereas the income statements for sickness insurance are
processed, a crime prevention eldorado exists. By linked processing of the data for housing
allowances and for sickness insurance it is possible to identify households which have

The Temptation

Housing allowances are calculated on the basis of the applicant's statement of taxable
income in the calendar year for which an allowance is requested. This means that the
applicant must make a forecast. The recipient of an allowance must also submit a statement
of property as recorded in his or her last income tax return, and of the size and type of
household. A pessimistic forecast thus has certain beneficial effects for the applicant - low income gives a high housing allowance.

A similar statement of income and of changes in income must, in addition, be
submitted to the social insurance offices by practically all income-earners in Sweden, since
all must be registered with them. Here, however, the situation is the reverse of that for
housing allowances - high income gives a high sickness allowance.

Consequently, there is a great temptation for a person to be considerably more
pessimistic when estimating income as the basis for calculation of a housing allowance than
as basis for sickness insurance. As these two income statements are based on somewhat
different time frames - for housing allowances on income during a calendar year, and for
sickness insurance on income during a twelve-month period - some people will consciously
or unconsciously succumb to the temptation to report too low an income when applying for
a housing allowance. They are also more likely to forget to report an increase than a
decrease of income for adjustment of their housing allowance.

Control and its Legitimacy

Since statements of income both for housing allowance and sickness benefits are data-
processed, a crime prevention eldorado exists. By linked processing of the data for housing
allowances and for sickness insurance it is possible to identify households which have
reported different incomes. But no eldorado is without limit. In the first place there is an
administrative limitation. Whereas the income statements for sickness insurance are
collected centrally for all citizens at the National Social Insurance Board, the housing
allowances are administered by the local authorities. Each of Sweden's 277 local authorities
thus has its own file with data of incomes for housing allowances. The second limitation is legal. To prevent the use of computers encroaching upon citizens' personal privacy, Sweden has fairly rigorous data legislation. Linked processing of files containing data submitted by citizens to different authorities for different purposes is therefore a delicate matter. On the other hand, it may be considered legitimate that authorities make

TABLE 4
AVERAGE RENT/HOUSING COSTS AND HOUSING ALLOWANCE, SWEDEN,
MAY 1980 (SWEDISH CROWNS).

<table>
<thead>
<tr>
<th>Type of household</th>
<th>Rent/housing costs (mean)</th>
<th>Housing allowance (mean)</th>
<th>Allowance in relation to costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households without children</td>
<td>850</td>
<td>146</td>
<td>17%</td>
</tr>
<tr>
<td>Households with children</td>
<td>1,299</td>
<td>483</td>
<td>37%</td>
</tr>
<tr>
<td>All households</td>
<td>1,229</td>
<td>430</td>
<td>35%</td>
</tr>
</tbody>
</table>

The first year in which linked processing of the relevant data took place was 1979. These operations were extensively discussed in the press and other mass media. Consequently, many people had the opportunity to notify local authorities of any mistakes in their statements of income. Linked processing operations continued in 1980. The criterion adopted was that all households whose statement of annual income for housing allowances exceeded the statement made to the Social Insurance Office by at least 1000 Swedish Crowns were selected by the computer. These households than received a letter and were asked to state the reasons for the difference. (It should be mentioned that the probability of reporting too high an income to the Social Insurance Office is fairly low, since these statements of income are later compared with and corrected with respect to the annual income tax return).

Results of the Check

A large number of local authorities employ the services of a company, Kommun Data AB, which performs computer runs for them and which also performed the linked processing operations. As it appears from Table 5, a large majority of local authorities using Kommun Data AB's Computer Service System made such checks. Practically all households with housing allowance have been checked, usually once in each year. The local authorities spread these checks over several points of time during the year, i.e. the first check comprised certain households selected at random, the second other households, until

TABLE 5
THE SCOPE OF THE CHECK

<table>
<thead>
<tr>
<th>Local authorities (Swedish 'kommun')</th>
<th>1979</th>
<th>1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Swedish local authorities</td>
<td>277</td>
<td>277</td>
</tr>
<tr>
<td>Local authorities using the Computer Service System</td>
<td>248</td>
<td>251</td>
</tr>
<tr>
<td>Local authorities which check their housing allowances by means of the Computer Service System</td>
<td>218</td>
<td>225</td>
</tr>
<tr>
<td>Percentage of checking local authorities in relation to all local authorities using the Computer Service System</td>
<td>88%</td>
<td>90%</td>
</tr>
</tbody>
</table>

* Kommun Data AB
all households had been checked. The results are shown in Table 6.

Before discussing the results, is should be noted that the authorities had undertaken important preventive action without at the same time instituting a rigorous evaluation. The evaluation reported here was retrospective and was based on available data. However, the results are so striking that in all probability they would hold good even after thorough examination of the primary material. The tragedy of this type of subsequent analysis of secondary material lies rather in the losses of precision. For example, the preventive effect cannot be precisely defined, the costs of control in relation to the gain cannot be calculated and in particular, the effect of the data control on the local authorities’ administrative routines cannot be determined. This missed opportunity for a more rigorous evaluation of results of great interest for preventive theory must, however, not be allowed to detract from the importance of the results actually obtained. These can be summarized as follows:

1. The extent of this type of welfare criminality — 2.7 per cent in the first year and 1.2 per cent in the second - is considerably less than asserted in debates about economic crime or the extent of demoralization in Swedish society. Some protagonists are unlikely to accept a basic assumption of a law-abiding society with limited mass economic criminality. They will undoubtedly maintain that most recipients of housing allowances are not so stupid as to get caught in the data controls. They would instead under-report their income to all the relevant bodies, i.e. they would be consistent in their errors.

2. As far as can be judged, a preventive effect exists. The frequency of fraud fell from 2.7 per cent in the first year to 1.2 per cent in the second. The real preventive effect may be rather higher as the check in the first year was discussed in the mass media and thus gave recipients of housing allowances a chance to notify wrong or out-dated statements of income before the check was made.

3. After the opportunity structure was changed, the compliance among recipients of allowances increased. The number of spontaneous reports of changed income increased considerably from the first to the second year. This lends support to the Marxist thesis that changes of attitude are conditional upon changes of realities, and contradicts the sociopsychological thesis that the attitude to crime must change before criminality can be reduced. But it should be emphasized that this result was obtained in a sphere where a large majority of recipients of allowances considered the controls to be legitimate. It is by no means certain that the same results would be obtained when the legitimacy of control was questioned.

4. The number of persons with legitimate differences of income is much greater than the number with illegitimate. During 1979 and 1980, 19 per cent of the households were found to have a difference of income in their statement of at least 1000 Swedish Crowns. Some of them had notified differences of income before the check, some had de facto differences which entitled them to housing allowance or sickness benefit, and only a minority (14 per cent in 1979 and 6 per cent in 1980) had reported wrong income figures. From the calculation made by some local authorities of reduction in housing allowances after the check, it is apparent that the local authorities make quite considerable gains through their improved administrative routines for dealing with housing allowances.

To sum up it may be said that the linked processing of data files opens up substantial and interesting probabilities of crime prevention. In this concrete case it is apparent that the great gains to be made lie in a direct change of the crime opportunity structure. It is by no means certain that the same results would be obtained when the legitimacy of control was questioned.