



A Problem of Crime Control Policy in South Korea: A Challenge of Asymmetric Information

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Authors' contributions

This work was carried out in collaboration between both authors. Author SML designed the study and wrote the first draft of the manuscript. Author HHK performed the literature searches and the case analysis. Both authors read and approved the final manuscript.

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ABSTRACT

The asymmetric information is originally economic theory explaining why the market works imperfectly. However, asymmetric information is a common phenomenon that can be found easily in governments as well as in markets. A problem of crime control policy in South Korea stems from the asymmetric information. The problem is that the Korean National Police (KNP) have all information about crime but the KNP usually do not publicize it. As a result, the community knows little about crime activity and this imbalance of crime information has made it very difficult for the KNP and the community to work effectively to fight against crimes. Furthermore, the lack of communication has created the detrimental public relations for the KNP. For the problem of the crime control policy in Korea, increasing the channels of communication between the KNP and the public should be suggested as a remedy. However, before founding various communication channels with the public, it should be achieved as premises that the KNP firstly build more accurate crime report system and establish reliable crime statistics. The problem of asymmetric information of the KNP can only be resolved if the KNP establish the transparent crime statistics and increase communication channels to service essential crime information to the public. With this vital crime

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information, the community is expected to make a better decision about their safety issues. By the same token, the ameliorated public relations of the KNP are anticipated. This study is to analyze relevant information on asymmetric information and suggest recommendations for the KNP to solve this problem.

Keywords: Crime control policy; asymmetric information; crime information; public relation; Korea national police; South Korea.

1. INTRODUCTION

The asymmetric information is originally economic theory explaining why the market works imperfectly [1]. However, asymmetric information is a common phenomenon that can be found easily in governments as well as in markets. In spheres of governments, asymmetric information can be defined differently as the lack of communication between the government and the public makes possession of important information so unbalanced that neither parties can work effectively [2].

A problem of crime control policy in South Korea stems from the asymmetric information. The problem is that the Korean National Police (KNP) have all information about crime but the KNP usually does not publicize it. As a result, the community knows little about crime activity and cannot pay attention to inaccurate crime statistics. This imbalance of crime information has made it very difficult for the KNP and the community to work effectively to fight against crimes. Furthermore, the lack of communication has created detrimental public relations for the KNP.

The KNP are quasi-military that they are often regarded as military forces which are isolated from the civilians. The unique situation of the Korean Peninsula, which two Koreas are technically still at war against each other, has been attributed to this characteristic of the KNP. However, the successful policing hinges on mutual trust and dynamic cooperation between the police and the community [3]. Therefore, the communication between the police and the public is very important for the success of crime control policy in Korea. This study is to analyze relevant information on asymmetric information and suggest recommendations for the KNP to solve this problem.

2. THE PROBLEM OF ASYMMETRIC INFORMATION (ORGANIZATIONAL LEVEL): DILEMMA OF THE KOREAN POLICE

The police exist to prevent crime and to investigate crime. Of these two purposes,

preventing crime is more advantageous and more cost-effective than apprehending criminals. This is due to a number of causes: for example, once a violent crime such as an attempted murder happens, the cost of the criminal justice process to incarcerate criminals and also the cost of treating the victim and the family could be so enormous that public's maximum willingness to pay for preventative crime measures would be high. This is even more likely when the costs of emotional loss and the cost of post-traumatic stress disorder (PTSD) are considered [4].

In South Korea, there has been no report that the crime rate has been declining. Instead, violent crimes such as murder and rape appear more frequently on the news and make people more appalled. This could be due to the fact that the Korean society developed so quickly that some people could not easily adjust to social change or due to the increasing socio-economic disparity between the wealthy and the poor [5]. Whatever the reason, according to statistics [6], the crime rate in Korea is increasing. Whenever heinous crimes catch public attention or when there is a report that crime has increased, there is always a strong public outcry against the KNP: why did the police fail to prevent the crimes? Therefore, it is natural that the KNP are very sensitive towards crime rates. In our opinion, this sensitivity on the part of police could be applied to all police.

Crime rates are, in fact, one of the important factors used to evaluate police performance. However, according to the Kansas City Preventive Patrol Experiment [7], even though the police increase the number of patrols in some areas, the crime rate does not necessarily decrease. Especially, violent crime is so unpredictable that some people believe that it depends on chance; even though the police try to prevent crime, it can still happen. If the police are evaluated by a factor like the crime rate that they cannot easily manage, it is true that some police would easily be tempted to manipulate the crime rate. If a crime happens, a dishonest police officer may not report it to the station. Furthermore, it is highly possible that the police could underreport the severity of the crime. For

example, if an attempted murder or an attempted kidnapping occurs, a police officer could report that it was merely a minor assault. This is especially possible when a credible and accurate crime reporting system is not established, or when only the police have access to crime data. It is quite different here in the U.S. in the sense that anyone can easily access crime information. For example, crime information can be accessed on LAPD website or in the daily newspaper. However, in South Korea, it is quite difficult for citizens to access crime information. They need to ask the KNP to provide the data, processing takes a long time, and the requests could be denied for certain reasons. According to Dukenfield's law, "If a thing is worth winning, it's worth cheating for." [8] Therefore, if the crime rate is an important factor in evaluating police performance and if the police are often criticized for being unable to prevent crime, then there is a high possibility that the reported crime rate is inaccurate, especially when it is very easy to cheat the system by not reporting the crime or by underreporting it.

On the other hand, if the police catch criminals, they are more likely to exaggerate or over-report the success of apprehension. For instance, in Daejeon Korea, which is Korea's fifth largest city, the police caught a serial rapist in 2006 who raped more than 130 women over the period of five years from 2001 to 2006. At that time, the police were highly praised by the media and residents for solving the serial rapist case. One of the detectives who apprehended the criminal was promoted to inspector. However, from a different point of view, the police could have been criticized for their inability to catch the serial rapist for more than five years. However, the police had not been publicizing the occurrences of the serial crimes and the victims could not voice their agony publicly, or ask for the capture of the serial rapist due to the nature of the crime. It is the flip side of a coin. Highly admirable police successes are also highly culpable depending on the point of view.

Because of this phenomenon, asymmetric information is a serious problem between the police and the community in Korea. The police have information about various types of crime, but citizens do not know much about crime in their area. When a crime occurs, the police tend to make it secret, but if the police catch the criminals, they tend to over-advertise the success. Therefore, citizens have asymmetric information about crime in their area. They only

know that police caught some criminals, but they have little knowledge about overall crime activity, which is essentially very vital for their safety. As a consequence, the public cannot make a good decision about their safety issues such as whether to go jogging early in the morning.

According to statistics in 2018 [9], the five most important average crime apprehension-rates (murder, robbery, rape, assault and theft) in Korea are 74.8% compared to 20.3% in the U.S., 20.5% in Britain, and 29.9% in Japan. This either means that KNP are exceptional at catching criminals, or there could be something amiss with the data. The KNP are very good at catching murderers, robbers and rapists, so these apprehension rates could be higher than 90 percent. However, the apprehension rate of thieves in 2018 that is approximately 51 percent [10] is very high and something amiss.

This is a serious problem of crime control policy and the dilemma of the KNP. Nobody is now laboring to correct inaccurate crime statistics and speak frankly about them because nobody wants to take the liabilities and the community cannot pay attention to this problem. Moreover, because of this inaccurate statistics, mass media's deep distrust of the KNP is so prevalent that the KNP has been mass media's number one target of criticism for incompetence, even though the public believe the Korean society is relatively safe compared to other countries. In order to solve this serious problem, the KNP should be more transparent and increase the communication with the community. On top of that, the KNP should make a system such as a crime map in which citizens can easily have access to crime data to help them know about current crime activity near their neighborhood.

3. THE PROBLEM OF ASYMMETRIC INFORMATION (INDIVIDUAL CRIME VICTIM LEVEL): FRAUD USING ASYMMETRIC INFORMATION FOR CRIME AND CONTROLLING FRAUD

Fraud is a crime which intrinsically makes use of asymmetric information. Suppose a car is damaged in a flood and its owner decides to sell the car after repairs. If the owner hides the fact that the car was once inundated with water, he or she would be committing fraud by remaining silent. According to Korean Criminal Law, the act

would be fraud, because the seller is deceiving a potential buyer by not doing anything. Korean Law stipulates that inaction is equivalent to deception. Like this supposed case, people cannot know everything about other person's affairs or belongings when they are going to make a transaction. As a consequence, the confidence man always utilizes these natural information asymmetries for crime.

Fraud is providing a society with external social cost. If one loses money by an act of fraud, it affects not only individuals but also their whole society. Tragically, in South Korea a former famous baseball player who lost a significant amount of money through fraud was so desperate that he killed his family and committed suicide [11]. In another, a family that was victimized by fraud committed other property crimes, probably because they were tempted to cheat others in order to overcome their economic difficulties. Therefore, white-collar crime such as fraud could be seen as having more negative external costs on society.

Among the many kinds of fraud, Ponzi schemes have enormous effects on society as a whole because the number of victims and the amount of money lost are usually very substantial [12]. The Ponzi scheme is named after Charles Ponzi, a notorious Italian fraud from the 1920s. The Ponzi scheme is a fraud that pays returns to each investor from their own money or money paid by following investors, rather than from any actual profit. A good example of this is the case of Bernard Madoff, who pleaded guilty to running a \$65 billion Ponzi scheme.

"Madoff's story is not just that of a financial mastermind and criminal. It is a complex, ever-changing, and expanding tale of a fraud of unprecedented proportions. How did Madoff defraud so many of his clients? How did human nature and his investors' willingness to delude themselves play a role? In a sense, the fraud was a vast, unwitting conspiracy among Madoff, his colleagues, family, friends, and investors. The conspiracy perpetuated a fantasy. Madoff promised returns that were too good to be true, and everyone else conspired to believe his unbelievable promises."[13]

The Ponzi scheme is a very interesting social phenomenon because even very intelligent people can be victims of this ridiculous high-profit-promise fraud and it can be found not only

in the U.S. but also universally including South Korea. Why are people around the world deceived by this kind of nonsense? I think that two theories can explain Ponzi schemes: tipping point and positive feedback.

Tipping points are "the moment of critical mass, the threshold, the boiling point which is the level at which the momentum for change becomes unstoppable." Malcolm Gladwell illustrates two examples: the dramatic crime-rate fall in New York City in the 1990s and the success of Hush Puppy shoes. He explains that akin to a virus, small changes can begin to spread so fast that one dramatic moment can simultaneously change everything. As another example illustrating the tipping point from our observation, consider a crosswalk with traffic lights in which the distance between two pedestrian pathways is negligible. The traffic light is red, so a person stops to wait to pass through the crosswalk. A second person also stops. However, if a third person begins to walk through the crosswalk, ignoring the red light, then all of the waiting pedestrians begin to jaywalk. However, if the third person also stops to wait for the signal, then there is a high probability that all the pedestrians will wait and comply with the traffic signal afterwards.

Similar to the situation explained, if a small number of people begin to participate in a Ponzi scheme and inform others that their investment is very profitable as well as secure, as a result, more people begin to participate in the scheme. Then, at some point in time, it reaches the tipping point, so the Ponzi scheme is not stoppable anymore. The process is also catalyzed by so-called positive feedback. Positive feedback, sometimes referred to as cumulative causation or chain reaction, refers to situations where some force is amplified, then added to its input and then amplified once again, and so on. Therefore, if the police can concentrate their efforts on keeping the early-stage Ponzi scheme from reaching the tipping point and from spreading through the positive feedback, the crime can be controlled effectively at the early stage of its development and many victims can be protected from the crime.

However, the police alone cannot prevent crime. In order to control serious white-collar crime such as Ponzi scheme, the police also need dynamic cooperation from the community. If good communication methods between the police and the public are already developed, the police can

detect the fraudulent investment operation at its early stage and are able to crack down on it because the police have sufficient crime data and crime experts. Unfortunately, the public in South Korea are not fully protected from this kind of crime because they lack communication channels with the police. To make matters worse, the KNP is not providing the community with essential information about crime such as modus operandi of fraud. Therefore, the community is in danger of suffering from a serious problem of asymmetric information which is not only caused by the confidence man but also incurred by the lack of communication of the government (in this case, the police). In order to solve this problem, the police provide the community with necessary crime alerts and important crime information to prevent the public from falling into fraud or scams and should develop various communication channels with the community to control crime at its early stage.

4. CONCLUSION

When the market works imperfectly because of the asymmetric information, some solutions such as signaling and screening methods were suggested to help the buyer and the seller to make a good decision. For the problem of the crime control policy in Korea, increasing the channels of communication between the KNP and the public should be suggested as a remedy. In our opinion, in the U.S., crime map, crime alerts and warnings from TV advertisement against scams are playing a crucial role as pivotal communication channels between the police and the public. However, in Korea, nothing has founded yet.

Before founding various communication channels with the public, it should be achieved as premises that the KNP firstly build a more accurate crime report system and establish reliable crime statistics. A special national circumstance such as the reality of confronting with North Korea cannot be an excuse for justifying the lack of communication between the police and the community. This unique characteristic of over-militarization of the police should be addressed independently from a challenge of asymmetric information.

The problem of asymmetric information of the KNP can only be resolved if the KNP establish transparent crime statistics and increase communication channels to service essential

crime information to the public. With this vital crime information, the community is expected to make a better decision about their safety issues. By the same token, the ameliorated public relations of the KNP are anticipated.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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