

## Law & Economics of Crime

Law 940-001-08C  
Tuesdays: 6:30-8:30  
Tanenbaum Room 320  
Fall 2008

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- Objective:** This seminar will focus on the economic model of crime and its empirical validity. We will be primarily interested in discussing the legal and policy implications of the literature.
- Grading:** Your grade will be based primarily (70%) on a semester paper. The paper can follow one of two models: 1) a low risk model involves performing a literature review of some area of crime research, providing critical commentary of the literature and suggesting fruitful extensions of that literature; 2) a higher risk (but also higher return) option will involve putting together a crime dataset and examining the effect of some policy intervention on crime rates. You should discuss your topic with me by the middle of the semester. I am happy to comment on drafts as well. The final paper is due on the last day of class (submitted by midnight to the class portal). The remainder of the class grade (30%) will be determined according to your performance on the “comments” discussed below.
- Comments:** As you can see on the schedule below, each week’s discussion will focus on the papers identified as “required.” There are also sets of “optional” papers for each week. Each week, you should choose one optional paper to write a very short (2 pages max) comment on that addresses the following questions: 1) What is the hypothesis of the paper; 2) why is the question addressed in #1 important; 3) what methods are used to examine the hypothesis; 4) what did the author find when she tested the hypothesis; and 5) what is the strongest criticism of the approach taken by the author. Your best six comments will count toward your grade (i.e., maximum of 5% for each), so (if you choose) you can skip the assignment for up to 6 weeks without hurting your grade. The comments are due before class starts each week (submitted on the class portal).
- Discussion:** Please be prepared to discuss each week’s required papers and any of the optional papers you find interesting.

Schedule:

Sept. 2: Introduction – The Economic Model of Crime

Required: Becker, Gary. "Crime and Punishment: An Economic Approach." *Journal of Political Economy*, 76(2): 169-217 (1968).

Optional: None for this week

Sept. 9: Cops

Required: Levitt, Steven. "Using Electoral Cycles in Police Hiring to Estimate the Effect of Police on Crime." *American Economic Review*, 87(3): 270-290 (1997).

Klick, Jonathan, and Alexander Tabarrok. "Using Terror Alert Levels to Estimate the Effect of Police on Crime." *Journal of Law & Economics*, 48(1): 267-279 (2005).

Optional: McCrary, Justin. "Using Electoral Cycles in Police Hiring to Estimate the Effect of Police on Crime: Comment." *American Economic Review*, 92(4): 1236-1243 (2002).

Levitt, Steven. "Using Electoral Cycles in Police Hiring to Estimate the Effect of Police on Crime: Reply." *American Economic Review*, 92(4): 1244-1250 (2002).

Evans, William, and Emily Owens. "COPS and Crime." *Journal of Public Economics*, 91(1-2): 181-201 (2007).

Sept. 16: Prisons

Required: Levitt, Steven. "The Effect of Prison Population Size on Crime Rates: Evidence from Prison Overcrowding Litigation." *The Quarterly Journal of Economics*, 111(2): 319-51 (1996).

Katz, Lawrence, Steven Levitt, and Ellen Shustorovich. "Prison Conditions, Capital Punishment, and Deterrence." *American Law and Economics Review*, 5(2): 318-43 (2003).

Optional: Bedard, Kelly, and Eric Helland. "The Location of Women's Prisons and the Deterrence Effect of 'Harder' Time." *International Review of Law and Economics*, 24(2): 147-167 (2004).

Chen, Keith, and Jesse Shapiro. "Do Harsher Prison Conditions Reduce Recidivism? A Discontinuity-Based Approach." *American Law and Economics Review*, 9(1): 1-29 (2007).

Waldfoegel, Joel. "Are Fines and Prison Terms Used Efficiently? Evidence on Federal Fraud Offenders." *Journal of Law & Economics*, 38(1): 107-139 (1995).

Sept. 23: No Class

Sept. 30: Capital Punishment

Required: Donohue, John, and Justin Wolfers. "Uses and Abuses of Empirical Evidence in the Death Penalty Debate." *Stanford Law Review*, 58: 791-846 (2005).

Optional: Dezhbakhsh, Hashem, and Paul Rubin. "From the "Econometrics of Capital Punishment" to the "Capital Punishment" of Econometrics: On the Use and Abuse of Sensitivity Analysis." *Working Paper* (2007).

Grogger, Jeffrey. "The Deterrent Effect of Capital Punishment: An Analysis of Daily Homicide Counts." *Journal of the American Statistical Association*, 85(410): 295-303 (1990).

Kuziemko, Ilyana. "Does the Threat of the Death Penalty Affect Plea Bargaining in Murder Cases? Evidence from New York's 1995 Reinstatement of Capital Punishment." *American Law and Economics Review*, 8(1): 116-142 (2006).

Oct. 7: Guns

Required: Lott, John, and David Mustard. "Crime, Deterrence, and Right-to-Carry Concealed Handguns." *Journal of Legal Studies*, 26(1): 1-68 (1997).

Duggan, Mark. "More Guns, More Crime." *Journal of Political Economy*, 109(5): 1086-1114 (2001).

Optional: Ayres, Ian, and John Donohue. "Shooting Down the 'More Guns, Less Crime' Hypothesis." *Stanford Law Review*, 55: 1193-1312 (2003).

Plassman, Florenz, and John Whitley. "Confirming 'More Guns, Less Crime.'" *Stanford Law Review*, 55: 1313-1369 (2003).

Mocan, Naci, and Tekin Erdal. "Guns and Juvenile Crime." *Journal of Law & Economics*, 49(2): 507-531 (2006).

Oct. 14: Sentencing Enhancements

Required: Kessler, Daniel, and Steven Levitt. "Using Sentencing Enhancements to Distinguish Between Deterrence and Incapacitation." *Journal of Law & Economics*, 42: 343-363 (1999).

Helland, Eric, and Alexander Tabarrok. "Does Three Strikes Deter? A Non-Parametric Estimation." *Journal of Human Resources*, 42(2): 309-330 (2007).

Optional: Shepherd, Joanna. "Fear of the First Strike: The Full Deterrent Effect of California's Two- and Three-Strikes Legislation." *Journal of Legal Studies*, 31(1): 159-201 (2002).

Iyengar, Radha. "I'd Rather Be Hanged for a Sheep than a Lamb: The Unintended Consequences of 'Three Strikes' Laws." Working Paper (2007).

Oct. 21: Corruption

Required: Fisman, Raymond, and Edward Miguel. "Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets." *Journal of Political Economy*, 115(6): 1020-1048 (2007).

Glaeser, Edward, and Raven Saks. "Corruption in America." *Journal of Public Economics*, 90(6-7): 1053-1072 (2006).

Optional: Wolfers, Justin. "Point Shaving: Corruption in NCAA Basketball." *American Economic Review Papers and Proceedings*, 96(2): 279-283.

Makowsky, Michael, and Thomas Stratmann. "Political Economy at Any Speed." *American Economic Review*, forthcoming.

Oct. 28: White Collar Crime

Required: Alexander, Cindy. "On the Nature of the Reputational Penalty for Corporate Crime: Evidence." *Journal of Law and Economics*, 42(1): 489-526 (1999).

Agrawal, Anup, Jeffrey Jaffe, and Jonathan Karpoff. "Management Turnover and Corporate Governance Changes following the Revelation of Fraud." *Journal of Law and Economics*, 42(s1): 309-342 (1999).

Optional: Karpoff, Jonathan, John Lott, and Eric Wehrly. "The Reputational Penalties for Environmental Violations: Empirical Evidence." *Journal of Law and Economics*, 48(2): 653-675 (2005).

DellaVigna, Stefano, and Eliana La Ferrara. "Detecting Illegal Arms Trade." Working paper (2008).

Nov. 4: Effect of Macroeconomic Conditions/Poverty on Crime

Optional: Johnson, Ryan, Shawn Kantor, and Price Fishback. "Striking at the Roots of Crime: The Impact of Social Welfare Spending on Crime During the Great Depression." National Bureau of Economic Research Working Paper (2007).

Kelly, Morgan. "Inequality and Crime." *Review of Economics and Statistics*, 82(4): 530-539 (2000).

Ihlanfeldt, Keith. "Neighborhood Drug Crime and Young Males' Job Accessibility." *Review of Economics and Statistics*, 89(1): 151-164 (2007).

Ihlanfeldt, Keith. "Neighborhood Crime and Young Males' Job Opportunity." *Journal of Law and Economics*, 49(1): 249-283 (2006).

Nov. 11: Juvenile Crime

Levitt, Steven, and Lance Lochner. "The Determinants of Juvenile Crime," in Jonathan Gruber: *Risky Behavior among Youths: An Economic Analysis*. Chicago, IL: University of Chicago Press, 327-73 (2001).

Levitt, Steven. "Juvenile Crime and Punishment." *Journal of Political Economy*, 106(6): 1156-85 (1998).

Ludwig, Jens, Greg Duncan, and Paul Hirschfield. "Urban Poverty And Juvenile Crime: Evidence From a Randomized Housing-Mobility Experiment." *Quarterly Journal of Economics*, 116(2): 655-679 (2001).

Lee, David, and Justin McCrary. "Crime, Punishment, and Myopia." NBER Working Paper: W11491 (2005).

Nov. 18: Drugs/Drinking

Levitt, Steven, and Sudhir Venkatesh. "An Economic Analysis of a Drug-Selling Gang's Finances." *Quarterly Journal of Economics*, 2000, 115(3): 755-89.

Kuziemko, Ilyana, and Steven Levitt. "An Empirical Analysis of Imprisoning Drug Offenders." *Journal of Public Economics*, 2004, 88(9-10): 2043-66.

Levitt, Steven, and Jack Porter. "How Dangerous Are Drinking Drivers?" *Journal of Political Economy*, 2001, 109(6): 1198-237.

Carpenter, Christopher. "Heavy Alcohol Use and Crime: Evidence from Underage Drunk-Driving Laws" *Journal of Law and Economics*, 2007, 50(3): 539-557.

Nov. 25: Relationship Between Education and Crime

Naci H. Mocan and Erdal Tekin. "Catholic Schools And Bad Behavior: A Propensity Score Matching Analysis," NBER Working Paper 2002.

David Figlio and Jens Ludwig. "Sex, Drugs, and Catholic Schools: Private Schooling and Non-Market Adolescent Behaviors," NBER Working Paper 2000

Julie Cullen, Brian Jacob, and Steven Levitt. "The Effect of School Choice on Participants: Evidence from Randomized Lotteries." *Econometrica*, 74(5), pp. 1191-1230 2006.

Lance Lochner and Enrico Moretti. "The Effect of Education on Crime: Evidence from Prison Inmates, Arrests, and Self-Reports" American Economic Review, Vol. 94, No. 1 , pp. 155-189 2004.

Dec. 2: Immigration and Crime

Borjas, Grogger, and Hanson "IMMIGRATION AND AFRICAN-AMERICAN EMPLOYMENT OPPORTUNITIES: THE RESPONSE OF WAGES, EMPLOYMENT, AND INCARCERATION TO LABOR SUPPLY SHOCKS" NBER 2006

Butcher and Piehl "Recent Immigrants: Unexpected Implications for Crime and Incarceration." NBER 1997

Butcher and Piehl "WHY ARE IMMIGRANTS' INCARCERATION RATES SO LOW? EVIDENCE ON SELECTIVE IMMIGRATION, DETERRENCE, AND DEPORTATION" NBER 2007

Moehling and Piehl "IMMIGRATION AND CRIME IN EARLY 20TH CENTURY AMERICA" NBER 2007.