

Syllabus, Eco 499, Economics of Crime

MW 3:30pm-4:45pm, B&E room 208

Course description: This course uses economic theory and empirical methods to study the issue of crime and punishment. Traditional scholarly research in this area was done by criminologists or sociologists, who might focus on the deviant psychology of the criminal mind or the social forces that would drive someone to crime. Economists differ in focus when they discuss crime: we view most crime as utility-maximizing decisions made in response to incentives. As these incentives can be altered (say, by hiring more police, or expanding use of the death penalty), presumably crime is responsive to public policy. In some cases, economic theory will be the appropriate tool to analyze crime policy (for example, economists worry about bad incentives coming from three strikes laws), but more often, we will use empirical methods to measure how responsive crime is to different policy options.

Contact info: My name is Jeremy Sandford, and I am an assistant professor in the economics department at UK. Please call me Jeremy if you are comfortable doing so, otherwise Dr./Prof. Sandford is fine. My email address is jeremy.sandford@uky.edu. My website is jasandford.com. It has a detailed schedule, which I will update after each class, and information on homeworks and other assignments.

Office meetings: I will have regular office hours from 4:00-5:00pm each Tuesday and Thursday. Additionally, I am often in my office during business hours, so you may stop by outside of office hours with a quick question. If you have a more involved question, please email me to set up an appointment (or come during office hours).

Readings: We will read roughly 15 academic journal articles, most published in economics journals, and a few from other disciplines such as law or criminology. For the most part, I choose the papers we discuss according to two criteria: I- the paper is relevant and interesting, II- the paper is sufficiently short and simple that I feel undergraduate economics majors are capable of absorbing at least most of its information. There will be exceptions to II, though I will warn you in advance when I assign such papers, and will have correspondingly lower expectations about what you will be able to understand from reading the paper (for example, I may ask you to read only a portion of a complicated/long paper, or to “skim” for the main ideas).

When we discuss academic journal articles, I expect the following:

- You have read and taken notes on the complete article prior to class.
- You are capable of answering basic questions, both on a quiz and during class discussion, regarding the motivation, results, methods, and data of the paper.
- You have put some thought into the paper, and have some idea of what you don't understand, how it fits with other papers we've read, whether you agree or not with its methods or conclusions, and so on.

Additionally, I will also assign about a dozen popular press articles, from sources such as *The Atlantic*, the *New York Times*, and various blogs. About 3-4 classes will be devoted to discussing these articles. Since such articles will be easy for all students to understand, my expectations are correspondingly higher for what you be able to retain going into class, and for your contributions to the class discussion. Specifically, on days which we discuss popular press articles, I expect the following:

- You are able to summarize the complete article in a few sentences, and answer basic questions about its content.
- For articles presenting a certain point of view, you should have formed an opinion about whether or not you agree with the point of view, and be prepared to defend your stance.
- Since many popular press articles give only a partial view of a subject, you should have formed some impression of what other viewpoints would be reasonable and what the relative merits of those viewpoints are.

Assessment: Course grades will be determined by a weighting of reading quizzes (20% total), homework assignments (20%), an in-class presentation (15%), a research paper (20%), my assessment of your participation and effort towards the class (15%), and a final exam (10%).

Reading quizzes: To incentivize reading papers, I will have an unspecified number of “reading quizzes,” which will generally test basic knowledge of papers assigned for the day of the quiz. You may use written notes to complete these quizzes, but not the papers themselves. Reading quizzes will test knowledge of each paper’s main points, ideas, data, and results. Even if you are puzzled by aspects of an assigned paper, you should do your best to prepare for a reading quiz on the day we discuss that paper.

Homework: There will be 3-5 graded homework assignments. Some will ask you about specific papers, while some will ask you to complete simple empirical exercises. Students may work together on homeworks, but each student should turn in his own work, and no two assignments should be substantiative identical. To be clear, if two students work together, and so their answers are qualitatively identical, with similar structure, this is fine. Any text appearing verbatim on both students’ answers is not fine, and will, at a minimum, result in a grade of 0 for the assignment.

Class presentation: Students will be assigned in pairs to a policy debate regarding an aspect of crime policy. Immediately before the presentations, each student will randomly be assigned to one side of the issue. You must thus prepare to argue both sides. The purpose of this uncertainty is to incentivize you to research both sides’ strong points, which I believe is essential to a good presentation. Each student should plan on speaking for about 15 minutes. After both students present, each student will have a chance to ask questions of the other, and I and the rest of the class will also ask follow up questions. More detailed information on the presentations, including a schedule, will follow. General topics for the debates include the death penalty, Internet gambling, illegality of prostitution and drugs, US prison policy, the importance of 4th amendment protections, and the relationship between social policy and crime. Grading for the presentation will be based on the effectiveness of your arguments, how ably you respond to questions, and my assessment of how thoroughly you have prepared.

Research paper: You will complete a research paper on a topic of your choice. If you are interested in a topic covered in class, you may cover it in (much) greater detail in your paper. You may also pursue a topic related to the economics of crime that is not covered in class. Good papers may be either normative

(advocating a particular position) or positive (describing an issue). The paper assignment will be discussed in greater detail early in the semester.

Exams: There will be no midterm exam. The final exam is scheduled by the university for Thursday, December 19th at 8am. The final exam will be comprehensive, and will ask you both basic recall questions regarding the papers and topics we have studied and essay-based questions asking you to tie together recurring themes from across the semester. Issues raised in student presentations may appear on the final exam.

Class participation: I expect students to attend every class and actively participate in class discussions. As this is a “senior seminar” class, and not a class on economic theory, I expect students to read required readings in advance, and come prepared to contribute to class discussion by asking questions, answering questions I pose, or by making any intelligent comments whatsoever. I will not give a high grade to a student who frequently misses class, and I reserve the right to determine the grades of marginal students based on quality of participation.

Late work: While I am willing to accommodate reasonable requests for extra time on assignments, work turned in after the deadline given will receive a grade penalty at my discretion, with the penalty being any amount up to and including 100%. If a student must miss a class on which an assignment is due, including for an excused absence, that student must arrange for an alternate means of turning in the assignment on time.

Academic dishonesty: Plagiarizing even a small part of a research paper is a serious violation of university policy and it is my responsibility to the university to pursue any such cases. I will seek to impose the maximum penalty allowed under university guidelines should I become aware of a student who has committed academic dishonesty. In the case of plagiarizing any part of a paper, this would most likely be a grade of XE in the course.

Students with disabilities: If you have a documented disability and need an accommodation, please make arrangements with me during the first week of the term. Please request that the counselor for students with disabilities send me a letter verifying your disability.

Topics Covered

Crime trends of the last 60 years

- Levitt, Steven (2004), “Understanding why crime fell in the 1990’s: Four factors that explain the decline, and six that do not,” *Journal of Economic Perspectives*, 18(1), 163-190
- Donohue, John and Steven Levitt (2001), “The impact of legalized abortion on crime,” *Quarterly Journal of Economics*, CXVI(2), 379-420

- Foote, Christopher and Christopher Goetz (2005), "Testing economic hypotheses with state-level data: A comment on Donohue and Levitt (2001)," Federal Reserve Bank of Boston WP No. 05-15 <http://www.bostonfed.org/economic/wp/wp2005/wp0515.pdf>
- Donohue, John and Steven Levitt (2003), "Further evidence that legalized abortion lowered crime: A reply to Joyce," *Journal of Human Resources*, XXXIX(1), 29-49
- "Cracked up," Maia Szalavitz, 5/11/1999, Salon.com
- "America's real criminal element: Lead," Kevin Drum, January/February 2013 issue, *Mother Jones*

The economic model of crime

- Becker, Gary S. (1968), "Crime and punishment: An economic approach," *Journal of Political Economy*, 76(2), 169-217
- Ehrlich, Issac (1996), "Crime, punishment, and the market for offenses," *Journal of Economic Perspectives*, 10(1), 43-67
- "Thinking about crime," James Q. Wilson, September 1983 issue, *The Atlantic*

Demographic determinants of crime

- Blumstein, Alfred and Jacqueline Cohen (1987), "Characterizing Criminal Careers," *Science*, 238(4818), 985-991.
- Levitt, Steven D. (1999), "The Exaggerated Role of Changing Age Structure in Explaining Aggregate Crime Changes," *Criminology*, 37(3), 581-599
- "Latino immigrants and crime," Tyler Cowan, 2/20/2010, Marginal Revolution
- "Open doors don't invite criminals," Robert Sampson, 3/11/2006, *The New York Times*
- "His-Panic," Ron Uniz, 3/1/2010, *The American Conservative*

Economic determinants of crime

- Kelly, Morgan (2000), "Inequality and Crime," *Review of Economics and Statistics*, 82(4), 530-539.
- Lochner, Lance and Enrico Moretti (2004), "The Effect of Education on Crime: Evidence from Prison Inmates, Arrests, and Self-Reports," *American Economic Review*, 94(1), 155-189.
- "American murder mystery," Hanna Rosin, July/August 2008 issue, *The Atlantic*
- "Idle hands are the devil's workshop," James Hamilton, 5/1/2007, econbrowser.com

Deterrence: police

- Levitt, Steven (1997), "Using electoral cycles in police hiring to estimate the effect of police on crime," *American Economic Review*, 87(3), 270-290

- Klick, Jonathan and Alexander Tabarrok (2005), "Using terror alert levels to estimate the effect of police on crime," *Journal of Law and Economics*, 48(1), 267-279
- "Police, crime, and the usefulness of economics," Alex Tabarrok, 12/13/2012, Marginal Revolution
- "Broken windows," George Kelling and James Q. Wilson, March 1982 issue, *The Atlantic*

Deterrence: death penalty

- Ehrlich, Isaac (1975), "The Deterrent Effect of Capital Punishment: A Question of Life and Death," *American Economic Review*, 65(3), 397-417.
- Donohue, John J. and Justin Wolfers (2005), "Uses and Abuses of Empirical Evidence in the Death Penalty Debate," *Stanford Law Review*, 58, 791-845.
- Katz, Lawrence, Steven Levitt, and Ellen Shustorovich (2003), "Prison conditions, capital punishment, and deterrence," *American Law and Economics Review*, 5(2), 318-343
- "More on the economics of capital punishment," "The economics of capital punishment," "Further comments on capital punishment," Gary Becker and Richard Posner, 12/18/2005, 12/25/2005, Becker-Posner blog
- "The appeal of death row," Mary Fischer, November 2011 issue, *The Atlantic*
- "The last line of defense," Raymond Bonner, March 2012 issue, *The Atlantic*

Deterrence: Incapacitation

- Levitt, Steven D. (1995), "Why Do Increased Arrest Rates Appear to Reduce Crime: Deterrence, Incapacitation, or Measurement Error?," NBER WP #5268.
- Chen, M. Keith and Jesse M. Shapiro (2004), "Does Prison Harden Inmates? A Discontinuity-Based Approach," Cowles Foundation Discussion Paper No. 1450.
- "Does America imprison too many people", Gary Becker and Richard Posner, 12/4/2011, Becker-Posner blog
- "Fear without function: Do sex offender registries reduce crime?" Alex Tabarrok, 8/15/2011, Marginal Revolution
- "The caging of America," Adam Gopnik, 1/20/2012, *The New Yorker*
- "For lesser crimes, rethinking life behind bars," John Tierney, 12/11/2012, *New York Times*

Guns and gun control

- Lott, John R., Jr. and David B. Mustard (1997), "Crime, Deterrence, and Right-to-Carry Concealed Handguns," *Journal of Legal Studies*, XXVI, 1-68.
- Duggan, Mark (2001), "More Guns, More Crime," *Journal of Political Economy*, 109(5), 1086-1114.

- Miron, Jeffrey A. (2001), "Violence, Guns, and Drugs: A Cross-Country Analysis," *Journal of Law and Economics*, XLIV(2, pt. 2), 615-634.
- Cook, Phillip and Jens Ludwig (2006), "The social costs of gun ownership," *Journal of Public Economics*, 90, 379-391
- "What kind of gun control?", "Gun control - Posner's comment" Gary Becker and Richard Posner, 2/20/2011, Becker-Posner blog
- "Can gun control laws be effective," Becker-Posner blog
- "The case for more guns, and more gun control," Jeffrey Goldberg, December 2012, *The Atlantic*
- "More guns, less crime: A dialogue," Ta-Nehisi Coates and Jeffrey Goldberg, 12/26/2012, *The Atlantic*
- "There's little we can do to prevent another massacre," Megan McArdle, 12/17/2012, *The Daily Beast*
- "The simple truth about gun control," Adam Gopnik, 12/20/2012, *The New Yorker*
- "Carrie Nation at the New Yorker," Ross Douthat, 12/20/2012, *The New York Times*

Drugs and drug laws

- Levitt, Steven and Sudhir Venkatesh (2000), "An Economic Analysis of a Drug-Selling Gang's Finances," *Quarterly Journal of Economics*, 755-789
- Miron, Jeffrey A. (1999), "Violence and the U.S. Prohibitions of Drugs and Alcohol," *American Law and Economics Review*, 1-2, 78-114.
- "Crime, cocaine, and marijuana," Tyler Cowan, 1/19/2004, Marginal Revolution
- "Cracked up," Maia Szalavitz, 5/11/1999, Salon.com
- "Crime and crack," Tyler Cowan, 5/23/2005, crookedtimber.org
- "Have we lost the war on drugs?" Gary Becker and Kevin Murphy, 1/4/2013, *The Wall Street Journal*
- "Marijuana use is too risky a choice," David Frum, 1/7/2013, cnn.com

This list is preliminary. I will maintain an updated schedule on my website, jasandford.com, which will list the actual topic on each class day, as well as any additional required readings.