

01:220:331 Economics of Crime
Department of Economics, Rutgers University
Syllabus, Fall 2008
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Professor

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Course Overview

This course covers economic analysis of crime and the criminal justice system, criminal behavior, law enforcement, crime prevention, sentencing, capital punishment, organized crime, and the war on drugs. The primary goal of the course is to develop economic thinking in order to gain insight into the behavior of the key actors (potential offenders, potential victims, and the enforcement system) that determine crime outcomes. This approach allows the consideration and evaluation of policies to prevent or reduce crime.

This course is designed to build upon the introductory topics in economics, to build economic literacy and citizenship, as specified in the Department's learning goals. In addition, it introduces data sources and data analysis, to begin to develop economic numeracy.

Some of the issues we will cover will have "right answers" and some of which do not. One goal of the course is to develop judgment about the quality of evidence and argument. Another goal is to discern where research can illuminate the issues involved and where it does not seem to shed light.

It is important to recognize that understanding and preventing crime requires perspectives in addition to economics. This course emphasizes economics; courses in other disciplines (political science, philosophy, sociology, etc.) will emphasize other aspects of the same and other questions.

Prerequisites

This course requires introductory economics (01:220:102, 103 or equivalent).

Special Permission Numbers

I have no authority to provide special permission numbers to any students. The only way to enroll in this, or any economics, class is to use the regular online registration system. Keep checking the online system during the add/drop period so that you can take any opening that occurs.

Course Expectations

There are two 80-minute classes each week: Mondays and Thursdays 9:50-11:10am in Campbell A4. You are expected to attend class, do the required reading, complete the assigned homework, and participate in class discussions and exercises.

University Code of Student Conduct Summary

All members of the Rutgers University community are expected to behave in an ethical and moral fashion, respecting the human dignity of all members of the community and resisting behavior that may cause danger or harm to others through violence, theft, or bigotry. All members of the Rutgers University community are expected to adhere to the civil and criminal laws of the local community, state, and nation, and to regulations promulgated by the university.

All members of the Rutgers University community are expected to observe established standards of scholarship and academic freedom by respecting the intellectual property of others and by honoring the right of all students to pursue their education in an environment free from harassment and intimidation. Submitting work that is not your own, whether it was produced by friends or strangers, is a serious violation of University policy. The full University academic integrity policy can be found at:

http://catalogs.rutgers.edu/generated/nb-ug_current/pg21724.html

Religious Holidays

If an exam or paper is scheduled for a day on which you will be religiously observant (refraining from participating in secular activities), you must let me know in advance so that alternate arrangements can be made. Send me an email before October 1 to let me know of conflicts you will face this semester.

Office Hours

Office hours will be Mondays from 1:30-3:30 in my office on Livingston campus – Lucy Stone Hall B245 (phone: 732-445-1170). Any additional office hours will be announced on the course website. You do not need an appointment to come to the regular office hours. If you have course or work conflicts with the regularly scheduled times, send me an email to schedule an appointment. I will also make myself available after every class session for matters that do not require long conversations.

Course Website

Announcements will be posted on sakai.rutgers.edu. In addition, class handouts and other resources will be distributed using sakai. You are responsible for checking the web site weekly for announcements. Readings will be available either by handouts or via electronic resources. Links or instructions for the latter will be provided on the course web site.

To log in, use your netid and password. If you are registered for the course, you should see a tab for the course. Let me know if you have any problems with Sakai. I will send broadcast emails only for time-sensitive communication.

Course Requirements

- Homework: will be announced in class and on the course website. Due dates will be approximately every other week, for a total of 5 assignments. These will include discussion questions and problems to work. I will drop the lowest score (including zero) in calculating the term grade.
- Class participation: students will be evaluated on their use of the readings and their ability to move our conversations forward in class discussion. Participation that indicates lack of awareness of the assigned material will not be viewed positively.
- Midterms: 80-minute midterm exams will take place in class on Monday October 6 and Thursday November 6.
- Final exam: a 3-hour final exam will be given Monday December 22 from 8am-11am.

Makeup exams may be offered to those who present a valid, written excuse *before* the exam and have an absence approved by the Dean's office and the professor.

The University rules governing final exams, and conflicts that require rescheduling them, will be followed. These rules can be found at: <http://scheduling.rutgers.edu/fallfinals.htm>.

Grading

The overall grade for the course will be based on:

Homework	15%
Class participation	15%
First midterm	15%
Second midterm	25%
Final exam	30%

** The midterms will be weighted together at 40%. I will weigh whichever exam is better at 25% and whichever is worse at 15%.

Readings

Criminal Victimization in the U.S., Bureau of Justice Statistics

Uniform Crime Reports, Federal Bureau of Investigation

Correctional Populations in the U.S., Bureau of Justice Statistics

Cook, Philip (1986) "The demand and supply of criminal opportunities." *Crime and Justice: An Annual Review of Research* 7:1-28

Walinsky, Adam (1995) "The Crisis of Public Order." *Atlantic Monthly*, 276: 39-54.

Kleiman, Mark and Rebecca Young (1995) "The Factors of Production in Retail Drug Dealing," *Urban Affairs Review*, 30:730-748.

Dilulio, John and Anne Piehl (1991). "Does Prison Pay? The Stormy National Debate Over the Cost-Effectiveness of Imprisonment." *The Brookings Review*, (Fall):28-35.

Schelling, Thomas (1968) "Economics and criminal enterprise." In T. Schelling, *Choices and Consequences* p.158-178.

Levitt, Steven (1999) "The Exaggerated Role of Changing Age Structure on Aggregate Crime Rates." *Criminology*, vol. 37, no. 3.

Moehling, Carolyn and Anne Morrison Piehl (2009) "Immigration, Crime, and Incarceration in Early 20th Century America," *Demography* (forthcoming).

Freeman, Richard. "Economics of Crime." *Handbook of Economics*.

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

Piehl, Anne M., David Kennedy and Anthony Braga (2000) "Problem Solving and Youth Violence: An Evaluation of the Boston Gun Project," *American Law and Economics Review*, 2(1):58-106.

Steven Raphael, "Should Criminal History Records be Universally Available?" *Criminology and Public Policy*, September 2006.

Bushway and Sweeton, "Abolish Lifetime Bans for Ex-felons," *Criminology and Public Policy*, Nov. 2007.

Fischel and Sykes, "Corporate Crime," *Journal of Legal Studies*, 1996.

Alexander, Cindy R. (1999) "On the Nature of the Reputational Penalty for Corporate Crime: Evidence," *Journal of Law and Economics*.

Blumstein, Alfred (1993) "Racial Disproportionality of U.S. Prison Populations Revisited." *University of Colorado Law Review*, 64:743-60.

Tonry, Michael and Matthew Melewski (2008) "The Malign Effects of Drug and Crime Control Policies on Black Americans" in *Crime & Justice*, Chicago: University of Chicago Press.

Cohen, Mark A. (2000) "Measuring the Costs and Benefits of Crime and Justice." Chapter in Volume 4 (pp. 263-316): "Measurement and Analysis of Crime and Justice." *Criminal Justice 2000*. National Institute of Justice, July 2000, NCJ 182411.

Nagin et al.(2006) Public Preferences for Rehabilitation versus Incarceration of Juvenile Offenders" *Criminology and Public Policy*.

Piehl, Anne M. "Work, Incentives, and Prisoner Reentry," Powerpoint notes, November 2008.

Testimony before the United States Sentencing Commission of Justice Department on Crack Cocaine Retroactivity.

New Jersey Commission to Review Criminal Sentencing, Supplemental Report on New Jersey's Drug Free Zone Crimes and Proposal for Reform, 2007.

Concepts & Topics

Basics:

Economic model of crime; demand for safety; supply of offenses.

Insights of market approach to law enforcement; factors of production.

Victimization statistics; survey design; alternative ways to capture information. National Crime Victimization Survey.

Overlap between victims and offenders.

Gang structure; tournament model; pricing decisions.

Organized crime; relation to monopoly power; alternative ways to reduce harm.

Aggregation bias.

Counterfactuals and how to construct them.

Age-crime curve.

Predictions about aggregate crime rates from age structure.

Comparing populations with different age structures.

Costs of crime, crime prevention, and law enforcement.

Benefit cost analysis (compared to cost effectiveness).

Marginal vs. average cost.

Incapacitation benefits.

“Willingness to pay” surveys.

Federal vs. state jurisdiction.

Crack vs. powder cocaine.

Retroactive changes to sentencing.

Statistical discrimination.

Stereotypical discrimination.

Bans on access to criminal history information.

Displacement.

Deterrence and marginal deterrence.

School zones; urban effect; competing concerns in policy reform.

How is corporate crime similar to and different from individual crime?

What mechanisms are available for deterring and punishing corporate crime?

Costs of overdeterrence.

Empirical testing of theoretical implications.

Event study of stock market and benchmarking against other stocks.

Size of reputational penalty for corporate crime.

“nudges” or behavioral economics vs. high powered incentives.

Competing challenges for prisoner reentry.