I. Crime in the United States

- 1/143 people in prison in 2005 (1/100 adults in 2008)
- 93 percent of all prisoners are male
- 60 percent of those in federal prison are there for drug-related offenses
- U.S. has 5 percent of the world’s population and 25 percent of its incarcerated persons

A. Crime rates

1. The crime rate (including both violent and nonviolent crime)
   - hit its peak in the 1930s,
   - decreased until the 1960s,
   - rose again between the early 1960s and mid- to late 1970s,
   - and then fell again beginning in the early 1980s and throughout the 1990s. The decline continued, at much slower rate, through 2008.

2. Possible problems with crime statistics

3. Comparison between the United States and other countries
   - Nonviolent crime: Rates are actually as high or higher in many developed countries than they are in the United States
   - Violent crime: The United States is still the leader in the area of violent crime (although the homicide rate in the United States did fall by about one third between 1991 and 2004.

4. Characteristics of criminals and their victims

   Criminals:
   - Two-thirds of all street crime is committed by people under age 25 (mostly males).
   - Six percent of young males of a given age account for more than 50 percent of all of the crime accounted for by all males of that age.
   - Criminals tend to come from dysfunctional families; have close relatives who are criminals; have low IQs, do poorly in school; have alcohol or drug problems; live in poor, chaotic neighborhoods; and begin a life or crime at a relatively young age.

   Victims:
   - White criminals tend to target white victims, black criminals tend to target black victims.
   - Blacks are 33 percent more likely than whites to be victims of more serious theft.
   - In the 75 most populous urban counties, blacks account for 20 percent of the population, but 54 percent of the murder victims.

B. Social cost of crime

1. Total social costs = property and personal losses of victims + public and private costs of crime prevention
      - Property losses = $45 billion
      - Personal losses = $5 billion (ignores pain and suffering, trauma, nonuse values, etc.)
b. Public and private costs of crime prevention
   - Public costs = $100 billion (one third for police, one third for prisons, one third for the rest)
   - Private costs = $100 billion

c. What do the preceding numbers say about the efficiency of crime prevention efforts?

d. Graphical analysis

II. Does Punishment Deter Crime?

Begin with two alternative hypotheses:

(1) an increase in expected punishment results in a significant deterrent effect versus (call this the deterrence hypothesis)

(2) expected punishment is not a significant deterrent; instead crime is the result of a complex set of socioeconomic factors (and possibly biological factors).

Appropriate policy depends on whether (1), (2) or a combination of (1) and (2) is correct.

A. Deterrence (Hypothesis 1)
The studies that have been conducted to date regarding deterrence, including studies that focus on the crime rate and studies that focus on crime among specific groups of individuals, suggest that expected punishment has a significant deterrent effect. These studies examine both crime rates and the behavior of selected groups of criminals.

B. Economic conditions and crime rates (Hypothesis 2)
Up until the 1990s, the available evidence suggested that there is, at best, a very weak relationship between crime and economic conditions. However, the declining crime rates in the 1990s, combined the high degree of economic prosperity during the same time period, may lend some support to hypothesis 2. In any event, the studies that have been conducted are far from perfect. Caution is required when drawing broad conclusions.
C. Does crime pay?
On net, the answer is no for both mid-rate and high-rate offenders. Then why do people commit crimes? Do they discount the expected costs too heavily? Do they just plain like committing crime?

D. Abortion and Crime
Study by Donahue and Levitt presents strong statistical evidence of a link between the legalization of abortion and the decline in crime rates that began to appear roughly 18 years later. To be specific, there was a considerable decline in the proportion of the population accounted for by males between 14 and 24 years of age.
1. Timing:
   b. Crime rates began declining nationally in 1991, 18 years after *Roe* (earlier in the five states that had legalized abortion prior to 1973)

2. Affected population
   a. Women most likely to get an abortion are more likely to give birth to boys who go on to become criminals.
   b. An average of 1.6 million abortions per year by 1980.

3. Further evidence
   a. States with higher abortion rates saw larger decreases in crime rates.
   b. States that legalized abortion before *Roe* saw their crime rates begin to decline in the late 1980s.
   c. Studies in Australia and Canada have found a similar link between abortion and crime rates.

4. Conclusion
   a. Approximately half of the decline in crime in the 1990s is attributable to the increase in abortion. Approximately one half of this is attributed to the decline in the proportion of the population accounted for by males between 14 and 24 years of age.

5. Ethical and moral considerations

III. Efficient Punishment
A. Imprisonment
1. The social benefits of imprisonment
   At least four sources of benefits:
   i. deterrence (discussed above)
   ii. retribution (psychic income)
   iii. rehabilitation (little evidence of this)
   iv. incapacitation (depends on supply of criminals being inelastic)
      - contrast incapacitation with deterrence
2. The social costs of imprisonment
   Social costs include the direct costs of imprisonment (average $40,000/year for maximum security) plus the opportunity costs of foregone output that could be produced by people who are in jail.
   - In 1995 Texas incarcerated 415,000 people at a cost of $3 billion.
   - “Factories with fences”

3. Sentencing reform
   Two reforms have caused a sharp increase in the number of prisoners in the United States.
   - First, indeterminate sentencing was replaced with determinate (mandatory) sentencing.
   - Second, “three strikes, you’re out” was passed in some states for repeat violent criminals. The empirical evidence on the net effects of three strikes laws is rather mixed.

B. Fines
   Western Europe relies much more heavily on fines than does the United States. In addition, the fine can be adjusted for the criminal’s income. Depending on the crime, fines can be much more cost effective than incarceration. Note that fines create revenue that can be used to help defray the costs of the criminal justice system. In addition, depending on the crime, the level of the fine and the alternative length of incarceration, fines may be a more effective deterrent.

C. The cost-effectiveness of imprisonment versus fines

   1. Graphical analysis

IV. The Death penalty: skip this section

V. The Economics of Addictive Drugs and Crime: skip this section

VI. The economics of handgun control: skip this section
VII. Explaining the Decline in Crime in the United States
   A. Rising crime rates from the mid 1970s through 1990
      1. 80 percent increase in violent crime

      2. Forecasts of much worse things to come

   B. Falling crime rates in the 1990s: Why?
      1. Several explanations put forward:
         - innovative policing strategies,
         - increased reliance on prisons,
         - changes in illegal drug markets,
         - aging of the population,
         - tougher gun control laws,
         - strong economy,
         - increased number of police,
         - other (e.g., increased use of capital punishment).

      2. Explanations the data do not support:
         - strong economy,
         - changing demographics (aging of the population),
         - innovative policing strategies,
         - tougher gun control laws,
         - laws allowing the carrying of concealed weapons,
         - increased use of capital punishment

      3. Explanations the data do support:
         - increased number of police (accounts for 10 percent of the drop in crime),
         - increased reliance on prisons (accounts for one third of the drop in crime),
         - changes in illegal drug markets, e.g., the receding crack epidemic (accounts for 15 percent of the drop in crime), and
         - the legalization of abortion.