I. MAJOR TOPICS: Listed below are the major topics in this chapter. You should have a complete understanding of each of these topics and be able to conduct complete analyses that utilize the corresponding concepts, principles, etc.

1. Briefly summarize the characteristics of criminals and crime victims in the United States.

2. In addition, compare crime rates for violent and nonviolent crimes in the United States and Western Europe.

3. Summarize the empirical evidence on the social costs of crime in the United States. Based on the available data, what can we conclude about the efficiency and cost-effectiveness of crime prevention efforts in the United States? Why?

4. What is the correct analytical approach to answering the question, Does punishment deter crime? What types of problems are encountered in efforts to empirically address this issue? What does the available evidence suggest regarding the effectiveness of punishment as a deterrent to crime?

5. What does the available evidence suggest regarding the hypothesis that crime is primarily a function of economic conditions?

6. Based on your answers to questions 4 and 5, what would you recommend be done to reduce the rate of crime in the United States? Why?

7. What do the available data tell us regarding the question, Does crime pay?

8. Summarize the major findings of the study by Donahue and Levitt that analyzes the relationship between the legalization of abortion and crime rates.

9. Summarize the social benefits and costs of imprisonment. What effect has sentencing reform had on the cost of imprisonment in the United States? Why?

10. Compare and contrast imprisonment and fines as alternative approaches to punishment, focusing on the social benefits and costs of each.

11. Are fines superior to incarceration for all crimes, or only for some? Using economic principles, explain how you would distinguish those crimes for which fines are superior.

12. Summarize the economic argument in favor of legalization of at least some addictive drugs.

13. List each of the explanations of the drop in the crime that occurred in the 1990s that are evaluated by Levitt. Of these explanations, which ones do not appear to in fact be valid? Which ones do appear to in fact be valid? For each explanation explain briefly why the data do or do not support its validity.
II. REVIEW QUESTIONS

1. Several years ago, the Congress passed a law that imposes a penalty of an additional 5 years in jail for anyone convicted of using a gun in the commission of a crime. In a subsequent legal case, a man who was driving his car down a city street was pulled over on suspicion of drug trafficking. The police found approximately one ounce of cocaine in the front seat of his car. When they searched the back seat of his car, they found more cocaine and a loaded gun hidden underneath a coat. The man was charged with possession of a controlled substance and using a gun in the commission of a crime. He was found guilty on both counts and sentenced to jail for 15 years; ten years for the cocaine charge and 5 years for the weapons charge.

   a) According to the theory of crime developed in the text and class, did the man commit a crime insofar as the second charge (use of a gun in the commission of a crime) is concerned?

   b) Assume prior to the enactment of the new law available resources were being allocated cost effectively between severity of punishment and certainty of punishment. Assuming the Congress did not authorize any new funds to cover the costs of the new law, how would this affect the cost effectiveness of the allocation of resources between the two aforementioned activities? In addition, what should we expect to happen to the level of deterrence that is achieved in the wake of this new law relative to the level of deterrence achieved prior to the law’s enactment?

2. A number of analysts, citing the relatively high costs of anti-drug policies and their apparent failure to have an appreciable effect on drug use in the United States, advocate policies that would effectively legalize the use of certain addictive drugs such as marijuana and cocaine. Other analysts, citing the destructive effects of drug use on productivity and social well-being, are adamantly opposed to such policies and instead argue that the authorities should implement even tougher policies against drug distribution and use.

   a) Using the supply-demand model, the concept of negative externalities, and appropriate assumptions about the elasticity of supply and elasticity of demand, construct analyses that support each side’s position.

   b) Which argument do you consider to be more credible? Why?

3. Use basic economic principles to explain how each of the following would result in a decrease in crime.

   a) An increase in the number of police in a city.

   b) Increased reliance on prisons to punish criminals.