

## 10.3 Crime and Punishment 1

Monday, October 12, 2020 12:50 PM

Acrop goes free = 1  
Perp gets caught =

Commit crime if opportunity cost < return  
 $\hookrightarrow x \in [0, 1]$

$P$  = Punishment if caught

$A = P \cdot \text{Prob. Caught}$

Crime pays if  $(1 - P) \cdot 1 - P^P$

$$\bar{x} = (1 - P) - P^P$$

