

ECON 1029 - Economics of Crime: Theory and Lessons to and from the Latin America (Fall 2016)

João Manoel Pinho De Mello Meeting : Friday 2:00 p.m.
 " 5 p.m.

joampm@insper.edu.br Office hours (M-6 Littauer):
Friday 5:00 p.m. – 7 p.m.

Introduction

The recently released ranking by the Mexican NOG *Consejo Ciudadano para la Seguridad Publica y Justicia Penal* shows that Latin America hosts 41 out of the 50 most violent cities in the World. Crime is both a cause and a consequence of under-development in Latin America. This class focuses on the determinants of crime and its consequences, with emphasis, but not exclusively, on Latin America. The course covers both theory and empirical evidence. The course navigates through economic theory and Law and Economics. But the focus is on rigorous empirical methods and results. Topics include: incarceration, incapacitation, recidivism, guns and crime, violence in illegal markets, substance abuse and crime, labor market and crime, and policing. Besides learning different aspects of crime in Latin America and elsewhere, students will receive training in causal estimation in social sciences.

Evaluation

The grade has four components: a final exam (40%), class participation (20%) and a project (40%). Class participation includes discussions and, more specifically, participation in class debates. The final project is a short paper or a critical report on an article. Because this class counts towards writing requirements, the final project has to be a written piece (between 15 and 20 pages, including figures and tables).

Method

I will hold both traditional lectures and more interactive sessions. I will assume students will read the material assigned for the class in advance so that we can hold productive discussions. Discussions in class will count towards the participation grade (this includes debates on topics proposed below).

Notes

For most classes I will have PowerPoint® lecture notes which I will make every effort to make available the eve of class. The syllabus is somewhat tentative. I could make small modifications throughout the semester. I will post updated versions.

Reading

The course requires quite a lot of reading. A tentative reading list is below. Items marked with * are mandatory (meaning will be object of discussion in class). Unmarked marked are optional, but highly recommended. Sometimes I cover in class unmarked items that are a bit too technical.

Prerequisites

This is an advanced undergraduate class. I will hold a somewhat high-level technical discussion. Knowledge of microeconomics (ECON 1010A level), and econometrics (ECON 1123 level) will make the class much more enjoyable. Most of the material covered will presuppose the abovementioned level of microeconomics and econometrics.

Class Plan and Reading List

Lecture 1 (09/02). Introduction to the course. Economics of Law: basic theory. Discussion: is a high enough fine enough?

Reading: *Polinsky (2011, chapters 2, 3, 10 and 11); *The Economist (2012);

Becker (1974).

Lecture 2 (09/09). Economics of Crime: basic theory. The problem with measuring crime. An introduction to international crime comparisons. Crime and violence: Latin American exceptionalism? Big swings in crime: the US and (some) Latin American successes.

Reading: *Becker (1974); Soares (2004). Di Tella, Edwards and Schargrotsky (2010); Naritomi and Soares (2010); *Levitt (1999).

Lecture 3 (09/16). Demography and Crime

Reading: Levitt (1999); *De Mello and Schneider (2010); Zimring (2007). *Chevalier and Marie (2015).

Lecture 4 (09/23). Drugs and violence. Theory. Drug (ab)use and crime. Drug-related gang violence.

Reading: *Becker, Muphy and Grossman (2004). Goldstein (1985) *Adda, McConnel and Rasul (2014); Dell (2015); *Biderman, De Mello and Schneider (2010). Biderman et al (2016)

Lecture 5 (09/30). Transnational drug trade. Policy debates: repression and taxation.

Readings: Dell (2015); *Mejía, Restrepo and Roza (2015). Cook and Durrance (2013).

Debate on Legalization. Proposed topics:

- Contrast of models: Marijuana Legalization in Colorado and Uruguay
- Reducing damages within the prohibition paradigm or legalizing?

Lecture 6 (10/07). Policing. The identification problem. The electoral cycle instruments and its problems. Exploring quasi-natural experiments (the problem with instruments). Hotspot policing and Experiments

Reading: Levitt (1997); *McCrary (2002); Levitt (2002); *Di Tella and Schargrotsky (2004).

Lecture 7 (10/14). Policing continued. The problem with instruments and experimentation. Displacement. Police response.

Reading: *Deaton (2010). González Navarro (2013); *Blanes i Vidal and Kirchmaier (2016). Weisburd and Green (1995).

- Debate: Can we be smarter in policing?

Lecture 8 (10/21). Incarceration and Recidivism. Theory. The identification problem. The judges' instrument.

*Di Tella and Schargrotsky (2013); *Green and Winik (2010).

Beyond Utilitarianism: the moral obligations of the criminal justice (vengeance against recovery)

Lecture 9 (10/28). Incarceration and sentencing: incapacitation versus deterrence. Theory. Identification issues. Evidence.

Readings: *Buonnano and Raphael (2013); *Klessner and Levitt (1999); Drago et al (2009). Johnson and Raphael (2012).

Lecture 10 (11/04). Firearms. Theory: the deterrence and the lethality hypotheses. Measurement Issues. Evidence. The Shall Issue Concealed Weapons Controversy. Evidence from Latin America.

Readings: Duggan (2001); * Manski and Pepper (2015); *Dube et al (2013); Cerqueira and De Mello (2016).

Lecture 10 (11/11). Economic conditions and crime in Latin America and Brazil: an exploration of recent data. The complicated relationship between inequality and crime.

Readings: lecture notes.

Lecture 10 (11/18). Economic conditions and crime: the complicated relationship between inequality and crime. Income and Crime. Cash Transfer Programs and Crime.

*Di Tella et al (2010); *Fajnzylber et (2002); *Foley (2011); *Chioda et (2016).

Lecture 11 (12/02). Labor markets and Crime. Education and Crime.

Readings. Carneiro et al (2016); *Raphael, S. and R. Winter-Ebmer (2001); *Locher and Moreti (2004).

References

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