

Finders Keepers: Forfeiture Laws, Policing Incentives, and Local Budgets

Baicker & Jacobson, 2007 J-Pub

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Why Do We Care?

- Policy: How do local police respond to financial incentives to catching bad guys (and taking their stuff)?
- Economics: Principal/Agent and optimal incentive structure



Data

- DOJ forfeitures 1990-1998
- State forfeitures 1990s
 - CA, FL, PA, AZ, & NY
- County expenditures 1991-2001
- UCR arrests 1991-1999
- DEA drug prices 1977-1999
- County demographics

Methodology and Research Design

- FE regressions:
 - Police budget on lagged seizures
 - Police behavior on forfeiture sharing
- Exog. variation comes from “unexpected seizures”

Contribution

- Local gov't partially offsets forfeiture by reducing police spending
 - Effect stronger in a deficit
- Police increase drug arrests (heroin)
 - Increases street price of heroin

Things I Liked

- Theory section broad and conceptual
- Analyzes response of the agent & the intervening intermediary

Concerns

- I don't believe "large seizures" = "unexpected seizures"

Extension

- Do de-funded police departments respond by robbing citizens (sorry, “seizing assets”)?