## 35857   Economics of Crime

| module number |
| --- |
| 35857 |
| **module title** |
| Economics of Crime |
| **module coordinator** |
| Dr. Aixa Maria Garcia-Ramos |

| examination number | credit points (ECTS) | hours per week (SWS) |
| --- | --- | --- |
| 271040 | 5 | 2+2 |
| **availability** | **duration** | **recommended semester** |
| Summer semester | 1 semester | 2 |

| workload |
| --- |
| Lecture 2 SWS (30 hours class instruction; 45 hours self-study)<br>Uebung 2 SWS (30 hours class instruction; 45 hours self-study)<br><br>Calculation is based on: every hr./sem.-week corresponds to 60 minutes. One semester is presumed to be 15 weeks, i.e. 14 course + 1 exam week |
| **module applicability** |
| Modulgruppe D: Governance, Institutions and Development |
| **reference to the LPO I** |
|  |
| **recommended requirements** |
| Solid knowledge in (undergraduate) microeconomics and statistics/econometrics |
| **obligatory requirements** |
|  |
| **language** |
| English |

| content |
| --- |
| This module introduces students to the theoretical and empirical contributions of economists to the understanding of crime. The economic approach to crime assumes that individuals choose whether to commit a crime based on a rational comparison of its expected costs and benefits. We start by reviewing the theoretical model of crime developed by Becker (1968), which has been the seminal work in the field. After introducing the key elements and implications of this model, we focus on the growing number of empirical studies that have attempted to test its predictions. More specifically, the module covers topics such as the role of policing, imprisonment, labour market opportunities, education, immigration, drug policy, and guns. We also examine the recent contributions in the subfields of intimate partner violence and organised crime. Throughout the course we will become familiar with a variety of sources of crime data, as well as policy evaluation methods commonly used in these empirical analyses.<br><br>Table of contents: |

| |
|---|
| Chapter 1: Introduction |
| Chapter 2: Economic models of crime |
| Chapter 3: Taking the model to the data |
| Chapter 4: Probability of apprehension |
| Chapter 5: Severity of punishment |
| Chapter 6: Labour market |
| Chapter 7: Education |
| Chapter 8: Immigration |
| Chapter 9: Returns to crime |
| Chapter 10: Illegal drugs |
| Chapter 11: Social interactions |
| Chapter 12: Intimate partner violence |
| Chapter 13: Organised crime |

**intended learning outcomes (ILOs)**

Students who have successfully participated in this module should be able to
- demonstrate a clear understanding of the main topics in the field of the economics of crime including Becker's theoretical model and the role of several determinants of crime
- interpret and think critically about Becker's theoretical model and approximately 15 empirical studies reviewed in the lectures and tutorials
- synthesise and communicate the content of the reviewed papers effectively in written and oral forms
- conduct rigorous research and participate in well-informed debates on the area of the economics of crime.

**teaching methods**

Classroom lecture with interactive elements (Vorlesung mit Seminarcharakter)
Uebung with tutorials and student presentations

**required attendance**



**examination (type of examination, scope)**

Portfolio (final exam and presentation or seminar paper and presentation)

**overall grade relevance**

75% final exam and 25% presentation or 60% seminar paper and 40% presentation

**possibility of retake exam**



**reading list**

- Aizer, A. (2010). The gender wage gap and domestic violence. The American Economic Review, 100(4), 1847-1859.
- Becker, G. (1968) Crime and punishment: An economic approach. Journal of Political Economy, 76(2): 169-217.
- Bell, B., Fasani, F., Machin, S. (2013). Crime and immigration: Evidence from large immigrant waves. Review of Economics and statistics, 21(3): 1278–1290.
- Brassiolo, P. (2016). Domestic violence and divorce law: When divorce threats become credible. Journal of Labor Economics, 2(34), 443-477.
- Cameron, S. (1988). The economics of crime deterrence: A survey of theory and evidence. Kyklos, 41: 301-323.
- Chalfin, A., McCrary, J. (2017). Criminal deterrence: A review of the literature. Journal of Economic Literature, 55(1): 5-48.
- Cook, P. J., Kang, S. (2016). Birthdays, schooling, and crime: Regression-discontinuity analysis of school performance, delinquency, dropout, and crime initiation. American Economic Journal: Applied
- Economics, 8(1): 33-57.

- Corno, L. (2017). Homelessness and crime: do your friends matter? The Economic Journal, 127(602): 959-995.
- Di Tella, R., Schargrodsky, E. (2013). Criminal recidivism after prison and electronic Monitoring. Journal of Political Economy, 121(1): 28-73.
- Dobkin, C., Nicosia, N. (2009). The War on Drugs: methamphetamine, public health, and crime. The American Economic Review, 99(1): 324-349.
- Draca, M., Koutmeridis, T., Machin, S. (2018). The changing returns to crime: Do criminals respond to prices? Review of Economic Studies, 0: 1-30.
- Draca, M., Machin, S., Witt, R. (2011). Panic on the streets of London: police, crime and the July 2005 terror attacks. The American Economic Review, 101(5): 2157-2181.
- Dube, O., Garcia-Ponce, O., Thom, K. (2016). From maize to haze: agricultural shocks and the growth of the Mexican drug sector. Journal of the European Economic Association, 14(5): 1181-1224.
- Ehrlich, I. (1973) Participation in illegitimate activities: A theoretical and empirical investigation. Journal of Political Economy, 81(3): 521-65.
- Gould, E. D., Weinberg, B. A., Mustard, D. B. (2002). Crime rates and local labor market opportunities in the United States: 1979-1997. The Review of Economics and Statistics, 84(1): 45-61.
- Monteiro, J., Rocha, R. (2017). Drug battles and school achievement: Evidence from Rio de Janeiro's favelas. The Review of Economics and Statistics, 99(2): 213-228.
- Pinotti, P. (2015). The causes and consequences of organised crime: preliminary evidence across countries. The Economic Journal, 125(586): F158-F174.

**additional notes**

Exam questions must be answered in English