

Syllabus: The Economics of Crime - Econ 355/Crim 355

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office hours: Mondays & Tuesdays 4:30 – 6 pm

Prerequisites Crim 200 or 3 hours of introductory economics (Econ 100, 200 or 201)

Programs Served This course serves three programs of study at ISU. It is an upper division elective that counts toward majors in either Economics or Criminology, and it is designated in the Foundational Studies (FS) program as an Integrative Upper-Division elective. For details on how the course meets FS goals, see pp. 5-6 below.

Summary This course surveys the intersection of two broad areas of human behavior: criminal and economic. It is divided into four main parts. The first (and largest) reviews social science methodology and basic concepts from economics and criminology. The second part applies economics to analyze criminal behavior in a social environment that imposes sanctions against crime. Here we consider criminals as rational actors and develop a framework to analyze their decisions to engage in crime. The third part of the course addresses the economic burden that criminality imposes on a society. The cost of supporting a criminal justice system and how to evaluate costs imposed by criminal acts are considered. This section also examines efficiency in allocation of criminal justice resources. The final part of the course examines the process of creating criminal law from a political economy perspective. While the course draws extensively from Criminology, it is fundamentally an application of Economics to questions of crime and the social response to crime.

Textbooks

Harold Winter. 2008. *The Economics of Crime: An Introduction to Rational Crime Analysis*. London and New York: Routledge.

Robert Bohm. 2001. *A primer on crime and delinquency theory*. Belmont, Calif.: Wadsworth.

Readings are also assigned from other sources and available from the main library at the reserve counter and through e-reserve. See details below.

Grade Grades will be based on several components: two exams, two guided essays, a data research task, a research project and classroom participation (attendance and activity). The first exam will cover social science methodology, and basic economics & criminology. The second exam will be during finals week over readings and material covered in class after the first exam. The guided essays are short papers written outside the classroom in response to questions posed by the instructor. See p. 2 for details. The data task is described on p. 2 and in a longer handout on that assignment. Research projects are the creation of each student. The only requirement is that they address a connection between crime and economics. See pp. 3-4 for details. Deadlines are set for written assignments. Late work is accepted but with a discounted grade. The rate of discount is 1.5 percent on a daily basis. A schedule of discount factors is available on the course Blackboard site.

Relative weights of graded elements: Exams 30% (15% each); Guided essays 20% (10% each); Data task 10%; Research project 25%; Classroom participation 15%. (Participation is evaluated on a 3 point scale: 1 = present but not attentive; 2 = present & attentive but not contributing; 3 = attentive & contributing with questions and/or statements relevant to the material at issue. Non-attendance is scored at 0.) I use the following conversion between numerical grades expressed in percentage of points possible and letter grades:

97 – 100	A+	84 - 88	B+	69 - 73	C+	54 - 58	D+	< 44	F
93 - 96	A	79 - 83	B	64 - 68	C	49 - 53	D		
89 - 92	A-	74 - 78	B-	59 - 63	C-	44 - 48	D-		

Statement on Academic Integrity for Writing Assignments

With regard to student writing assignments and the professional work of faculty, a key aspect of academic integrity means avoiding plagiarism. Plagiarism amounts to presenting written work as one's own creation when in fact it has been lifted from someone else's work without appropriation attribution. This is a serious infraction of professional ethics and academic integrity. If you are uncertain about a particular piece of your writing, seek your instructor's advice before submitting the assignment.

First instances of plagiarism will result in a grade of zero for the assignment and filing of a report of integrity violation with Student Judicial Programs. A second instance will result in an F for the course and a second report of integrity violation. For more on the ISU policy on academic integrity, visit: <http://www.indstate.edu/academicintegrity/> From there you can download the *Student Guide to Academic Integrity*.

Two Guided Essay Questions (submit responses electronically)

Your answer for each assignment should be in the form of a short essay (2 to 4 pages) that addresses issues raised in the question. Think of it as a take-home exam, but complete it as a formal writing assignment. Bibliography is not necessary unless you use direct quotes or paraphrasing. Both content and style will be considered in grading, but the emphasis will be on content. I expect to see evidence of learning from the readings assigned and class discussion. I specify due dates below, but you should begin work on these essays well before their due dates.

Essay 1: Rational Crime (Due xx) Social scientists have identified an approach to study criminal behavior known as "the economic model of crime" or "rational crime." Write a short essay that traces the broad outlines of this model and explains its implications for policies to reduce crime. You could also explain some of its limitations.

Essay 2: Rational Crime Response (Due xxxx) Any criminal justice system requires economic resources to operate. How much of a society's resources should be devoted to suppressing crime? How can we approach this issue? How should criminal justice resources be allocated? What would constitute an efficient allocation and how might this be determined? What would be a fair allocation? Explain some principles that could guide allocation decisions.

Crime Statistics Research Task (due xxx, submit electronically)

This assignment requires students to independently develop a limited set of quantitative indicators for crime and write a brief interpretative essay (2 to 4 pages) describing the sources of the data and their limitations. In this exercise students shall update three tables with recent data. This task develops expertise in locating and critically evaluating quantitative information and in rudimentary manipulation of basic data.

Research Project (submit each element electronically)

This is essentially a term paper for the course, but I impose a degree of structure on your preliminary work. Final papers are usually around 10 to 15 pages, but there is no specific requirement in this regard. Quality is much more important than quantity. A variety of paper formats are acceptable, such as Chicago style, APA and MLA. The important thing is to be neat, complete and consistent in formatting. For further information see the binder on writing research papers on reserve in the main library: *Some Guidelines for Writing Research Papers in Economics*. Four stages should be submitted as follows:

Topic statement	due xx February
Outline and preliminary bibliography	due xxx February
First draft (a completed essay)	due xxx April
Final version	due xx May (finals week)

Topic Statement (10% of project grade) A title page and a one or two paragraph description of your topic. This is simple to complete, but it serves to get you started and focused on a topic.

Outline and Preliminary Bibliography (10% of project grade) Provide a proposed structure for your paper and some sources you have consulted and some you intend to consult. Use consistent and complete bibliographic forms.

Office Consultation (required, not graded) After I have marked your outline and preliminary bibliography, you must schedule an office consultation to discuss the results and how best to proceed with your project. At that time we can talk about any other concerns you have with the course. Scheduling sheets will be circulated in class.

First draft (30% of project grade) A complete essay (including bibliography) with all the main ideas developed, but one that will require revisions to have a polished product.

Final version (50% of project grade) This should be your personal best effort: A complete and polished essay on your topic. It is a revised draft in response to my comments on the first draft and other improvements that you determine yourself.

It is acceptable to alter the topic of your research project after beginning it. Often it is difficult to know whether a particular topic is the right one for you or even feasible, so remain flexible, especially in early stages. Thus as you proceed, you should not feel locked in to the description and structure that you devise in previous stages. However, if you decide to completely abandon a topic, a new topic statement and outline must be submitted. For each stage of your project I will provide you with a grading sheet that explains how I evaluated it and why you received the grade that you did. It is important for you to pay attention to these details in order to improve your writing.

When you submit the final version of the paper, you are required to also submit the graded version of the first draft along with the grading sheet.

Possible Topics A separate handout sheet contains some ideas for research projects. These are only suggestions. You can devise your own topic, or modify one of these. The only requirement is that projects include perspectives of both economics and criminology.

Schedule for Specific Topics and Reading Assignments

Other than the books by Harold Winter and Robert Bohm, you can access these materials through reserve in the library. Some are available in paper and electronic form, others are available only through e-reserve. File names are in brackets. The Supplemental Reading List has further sources under each topic area.

I. Methodology, Basic Criminology and Basic Economics [7 wks]

Methodology in Social Science Weeks 1 & 2: dates to be specified (TBS)

Bohm. Ch. 1: An introduction to theory

The economic approach to human behavior. Chapter 1 in *The economic approach to human behavior*. by Gary Becker. Chicago: University of Chicago Press, 1976.

Course Reserve – paper and electronic [Becker76]

Economic theory, rationality and economic efficiency. Chapter 4 in *Introduction to Microeconomics*, 2nd ed. by Edwin Dolan: Best Value Textbooks, 2006.

Course Reserve – electronic [Dolan4]

Defining Crime and Understanding Crime Statistics Week 3: TBS

The Measurement of Crime. Chapter 2 in *Criminology*, by P. Beirne and J.W. Messerschmidt. Los Angeles: Roxbury Publishing, 2006. pp. 29-59.

Course Reserve – paper and electronic [CrimStats]

Handout on working with crime statistics; Handout on UCR v. NCVS

Crime Statistics Research Task – See handout. Updated tables and interpretive essay **due on Monday 8 February**.

Criminology Theories Weeks 4 & 5: TBS

- Classical and Positivist: Bohm chs. 2 & 3
- Biological and Psychological: Bohm chs. 4& 5
- Sociological: Bohm ch. 6
- Critical and Integrated: Bohm chs. 7& 8

Basic Principles of Economics Weeks 6 & 7: TBS

Dolan. *Introduction to Microeconomics* 2nd ed.

- Ch. 1 Tradeoffs, cost, efficiency and the Production Possibilities Frontier. Handout: Five Deputies
- Ch. 2 Market model, equilibrium and shifts of equilibrium; Handout: Cocaine Market
- Ch. 3 Elasticity. Handout: Elasticity
- Course Reserve – electronic [Dolan1, Dolan2, Dolan3]

Week 8: Review and Exam 1 - date TBS

Week 9: SPRING BREAK

II. An Economic Approach to Criminal Behavior and Criminal Justice Policy Weeks 10 - 12: TBS

- A. Costs, benefits and uncertainty
- B. Rational behavior and deterrence
- C. Tradeoffs in criminal justice policy
- D. Efficient allocation of criminal justice resources

Handout: The Steakhouse Robbery

Winter - *The Economics of Crime*.

- Ch. 1 Rational crime basics: tying crime to economic analysis. Handout: The Steakhouse Robbery
- Ch. 2 Efficient punishment and fines: Economic approach to criminal justice policy
- Ch. 3 Prison and crime deterrence: applying economic logic to prison sentences

III. Economic Impacts of Crime Weeks 13 & 14: TBS

- A. Victimization costs of crimes
- B. Defensive expenditures
- C. Cost of a criminal justice system

Anderson, David A. 1999. The aggregate burden of crime. *Journal of Law and Economics*. v. 42, n. 2, pp. 611-642. Course Reserve – electronic [Anderson99]

Handout: The Bungled Burglary

Winter - *The Economics of Crime*.

- Ch. 6 Private crime deterrence: economic analysis of private defenses against crime
- Ch. 7 Drugs and crime: economics of prohibition – rational strategy for social control of drugs

IV. Origins of Criminal Law – Political Economy of Social Groups and Control Weeks 15 & 16: TBS

Bohm – Ch. 7 Critical theories of crime

Gordon, David. 1971. Class and the economics of crime. *Review of Radical Political Economics*, 3(3): 50-75. Course Reserve – electronic [Gordon71]

Winter - Ch. 8 Social reforms and crime deterrence: policies beyond the criminal justice system

Final Exam (Exam 2) TBS

Summary Due Dates for Graded Work

Research Project – Topic Statement	Monday xx February
Crime Statistics Research Task	Monday xx February
Research Project – Outline and Preliminary Bibliography	Monday xx February
Exam 1	Wednesday xx March
Guided Essay 1	Monday xx April
Research Project – First Draft	Monday xx April
Guided Essay 2	Friday xx April
Final Exam (Exam 2)	Wednesday xx May, TBA
Research Project – Final Version	Friday xx May (finals week)

FS Program: Ways of Knowing and Learning Objectives

As an Integrative Upper-Division Elective (IUDE) course, CRIM 355/ECON 355 addresses several of the ways-of-knowing identified in the FS program. The thematic approach uses the discipline of economics to critically evaluate criminal behavior and social responses to crime. This requires understanding criminality and criminal justice from multiple perspectives. The course addresses the following Ways of Knowing specified in the FS program:

- quantitative literacy (QL)
- ethics and social responsibility (E&SR)
- global perspectives & cultural diversity (GP&CD).
- social and behavioral sciences (SBS)
- historical studies (Hist)

Students are required to integrate multiple perspectives on criminality and social response to crime in the exams and homework assignments. Most of the reading assignments also integrate multiple perspectives. Several assignments constitute a research project in which students are required to write analytically at an advanced level. Thus all three Learning objectives of IUDE courses are addressed.

The course promotes several of the general FS Learning Objectives, including the following:

1. Locate, critically read, and evaluate information to solve problems.
2. Critically evaluate the ideas of others.
3. Apply knowledge and skills within and across the fundamental ways of knowing.
4. (Does not apply.)
5. Demonstrate the skills for effective citizenship and stewardship.
6. Demonstrate an understanding of diverse cultures within and across societies.
7. (Does not apply.)
8. Demonstrate an understanding of the ethical implications of decisions and actions.
9. (Does not apply.)
10. Express oneself effectively, professionally, and persuasively both orally and in writing.

The course also contributes to particular Skill and Applied Learning Objectives of the FS program. These include:

1. Development of critical thinking skills.
2. Development of information literacy skills.
3. Include a graded developmental writing component.
4. Opportunities for students to critically read and analyze sophisticated, complex text, and to write intensively.
5. Assignments that apply information from within and across various "ways of knowing."

Connecting Course Activities to FS Program’s Ways of Knowing and Learning Objectives

The following table indicates how specific course assignments are tied to the Ways of Knowing and the Learning Objectives specified in the FS Program. (IUDE = Integrative Upper-division Elective; FS = Foundational Studies; S&A = Skill and Applied; X = Way of Knowing addressed; ?X = Way of Knowing may be addressed, depending on choice of research topic. ? : #, # = Learning Objective may be addressed, depending on choice of research topic.) FS Learning Objective 10 – effective expression – is addressed through classroom discussion of the reading assignments as well as writing assignments. Further explanation of how some of the economics topics promote particular Ways of Knowing other than Social and Behavioral Sciences follow the table.

Activity/Assignment /Topic	Ways of Knowing					Learning Objectives		
	QL	SBS	E&SR	Hist	GP&CD	IUDE	FS	S&A
Research Project: Topic Statement		X	?X	?X	?X	1, 2	1, 2, 3, 10; ?: 5, 6, 8	1, 2, 3, 5
Crime Statistics Research Task	X	X		X		1, 2	1, 3, 10	1, 2, 3, 4, 5
Research Project: Outline & Bibliography		X	?X	?X	?X	1, 2, 3	1, 2, 3, 10 ?: 5, 6, 8	1, 2, 3, 4, 5
Guided Essay 1	X	X	X			1, 2, 3	1, 2, 3, 8, 10	1, 2, 3, 4, 5
Research Project – First Draft	?X	X	?X	?X	?X	1, 2, 3	1, 2, 3, 10; ?: 5, 6, 8	1, 2, 3, 4, 5
Guided Essay 2	X	X	X			1, 2, 3	1, 2, 3, 8, 10	1, 2, 3, 4, 5
Research Project – Final Version	?X	X	?X	?X	?X	1, 2, 3	1, 2, 3, 10; ?: 5, 6, 8	1, 2, 3, 4, 5
Social Science Methodology Bohm, Ch. 1, Becker, Ch. 1 Dolan, Ch. 4	X	X	X			1, 2	1, 2, 3, 5, 8, 10	1, 2, 4, 5
Defining & Measuring Crime Beirne & Messerschmidt, Ch. 2	X	X	X	X	X	1, 2	1, 2, 3, 5, 6, 8, 10	1, 2, 4, 5
Criminology Theories Bohm, chapters 2 - 8		X	X	X	X	1, 2	1, 2, 3, 5, 6, 8, 10	1, 2, 4, 5
Basic Economics Dolan, chapters 1 – 3 Handouts on: cocaine market, elasticity, PPF for police force	X	X				1, 2	1, 2, 10	1, 2, 4, 5
Economic analysis of criminal behavior Winter, Ch. 1 Handout: Steakhouse Robbery	X	X	X		X	1, 2	1, 2, 3, 5, 6, 8, 10	1, 2, 4, 5
Economic analysis of punishment Winter, chapters 2 & 3	X	X	X		X	1, 2	1, 2, 3, 5, 6, 8, 10	1, 2, 4, 5
Economics of private deterrence Winter, Ch. 6	X	X	X			1, 2	1, 2, 3, 5, 8, 10	1, 2, 4, 5
Economics of prohibition Winter, Ch. 7	X	X	X	X	X	1, 2	1, 2, 3, 5, 6, 8, 10	1, 2, 4, 5
Victimization costs Handout: Bungled Burglary Anderson - 1999	X	X	X			1, 2	1, 2, 3, 5, 8, 10	1, 2, 4, 5
Aggregate social cost of crime Anderson - 1999	X	X	X	X		1, 2	1, 2, 3, 5, 10	1, 2, 4, 5
Political economy of crime Gordon – 1971 Winter, Ch. 8 Bohm, Ch. 7	X	X	X	X	X	1, 2	1, 2, 3, 5, 6, 8, 10	1, 2, 4, 5

Elasticity is a mathematical measure of the responsiveness of one variable to changes in another, such as how quantities purchased by consumers respond to price or income changes. It is part of the basic vocabulary of economics and an excellent tool for teaching numeracy (quantitative literacy).

The Cocaine Market exercise (in which elasticity is applied) uses standard economic tools applied to a criminal behavior. As this is a quantitative analytical model, it also promotes numeracy.

The PPF (Production Possibilities Frontier) for the police force is similarly well suited for teaching numeracy. This involves the use of analytical graphs and the calculation of numerical measures of tradeoffs between competing goals. By using values of arrests for different crimes, further numeracy skills in the area of optimization are taught.

Economic analysis of criminal behavior and of punishment further expands numeracy through the application of probabilities to calculate Expected Values. Because this analysis incorporates social class and moral outlooks, it also touches on cultural diversity and ethics. Analysis of punishment also embraces evaluation of retributive justice, which imparts an additional dimension in the area of ethics and social responsibility.

Economics of prohibition also involves a quantitative approach that teaches numeracy, but what is more emphasized here is a balanced objective analysis of prohibition, which in turn teaches lessons in ethics and social responsibility as well as cultural diversity. This is also related to the U.S. experience in prohibition of alcohol, and so imparts an historical way of knowing.

Victimization costs is inherently quantitative, and so valuable in teaching numeracy, but it has important lessons in ethics because it places dollar values on elusive impacts of crime such as loss of life, fear and other psychological distress.

The Aggregate social cost of crime is a topic that involves extensive numerical calculation, thus promoting numeracy skills. It also teaches lessons in how to quantitatively analyze issues with incomplete data. As the data is from a particular time period, with dollar values attached, historical perspective is taught in converting nominal dollar figures into real dollar figures.

Statements on Indiana State University Policies

Management of this course will comply with all official policies of ISU. These include the following:

Code of Student Conduct

Students will be held to account for violations of the *Code of Student Conduct* in relation to the course. Students are encouraged to review this code, and in particular the *Policy of Academic Integrity*. Both can be downloaded from: <http://www.indstate.edu/sjp/code.htm>

The Sycamore Standard

Students at Indiana State University are expected to accept certain personal responsibilities that constitute a standard for behavior in a community of scholars. As a student at Indiana State University I will:

- practice personal and academic integrity,
- commit my energies to the pursuit of truth, learning, and scholarship,
- foster an environment conducive to the personal and academic accomplishment of all students,
- avoid activities that promote bigotry or intolerance,
- choose associations & define my relationships with others based on respect for individual rights & human dignity,
- conduct my life as a student in a manner that brings honor to me and to the University Community, and
- discourage actions or behaviors by others that are contrary to these standards.

Adopted by the Indiana State University Student Government Association April 17, 2002

Americans with Disabilities Act

Indiana State University seeks to provide effective services and accommodation for qualified individuals with documented disabilities. If you need an accommodation because of a documented disability, you are required to register with Disability Support Services at the beginning of the semester. Contact the Director of Student Support Services. The telephone number is 237-2301 and the office is located in Gillum Hall, Room 202A. The Director will ensure that you receive all the additional help that Indiana State offers.

If you will require assistance during an emergency evacuation, notify your instructor immediately. Look for evacuation procedures posted in your classrooms.

Laptop Usage Forbidden

While the University has chosen to require laptops of its students, the University also recognizes and respects the right of faculty to conduct their classes as they deem appropriate. In this course, no laptop may be used in class. Failure to comply with this direction is a violation of the Code of Student Conduct.”

Academic Freedom

“Teachers are entitled to freedom in the classroom in discussing their subject, but they should be careful not to introduce into their teaching controversial matter which has no relation to their subject.”

The preceding comes from the American Association of University Professors statement on academic freedom. Though the full statement speaks to many issues, this portion on the conduct of teaching is the most relevant. For the purpose of Foundational Studies courses this means that faculty have the right to conduct their class in a fashion they deem appropriate as long as the material presented meets the learning objectives laid out by the entire faculty.

To read more about academic freedom, visit:

<http://www.aaup.org/AAUP/pubsres/policydocs/contents/1940statement.htm>