

Part I: Answer any THREE questions. Each is worth 10 points.

1. Suppose the criminal's gain counts as a benefit that offsets the victim's loss. Then my gain from stealing \$100 from you exactly offsets your loss of \$100, so there is no social benefit or social loss ($\$100 - \$100 = \$0$). In this framework, what is the objection to crime?
2. Explain briefly the economic reason why the optimal punishment for a teenager who assaults someone at a high school dance should be more certain and less severe than the optimal punishment for an adult, professional mugger who assaults someone in the course of committing a robbery.
3. Should criminal sanctions be monetary (fines) or non-monetary (imprisonment)?
4. The rationally self-interested criminal is said to compare the expected costs and benefits of criminal activity and to commit a crime if the expected benefits exceed the expected costs. Crime can, therefore, be deterred by raising the probability of detection, apprehension, and conviction and the level of the sanction if convicted. But is it possible that we can raise the expected cost of crime too high (e.g., by making the level of sanctions for any given crime too severe)? To put this another way, is there such a thing as over-deterrence? Explain.

Part II: True, False, Explain. Answer any TWO questions. Limit your answers to a sentence or two. Each is worth 5 points.

5. Reduced business in downtown stores after dark is an indirect cost of muggings.
6. For every prisoner and every prison sentence, there exists a monetary equivalent of the punishment.
7. High unemployment limits the value of "day fines" as a system of punishment.

Part III: Answer this question.

8. A number of federal laws have been passed in recent years that are aimed at reducing the amount of crime in the United States. These laws include a ban on certain automatic weapons, an increase in the number of police that are available to patrol the streets, and an increase in the length of jail terms for certain offenses and an increase in the variety of crimes where a jail sentence is now mandatory. [Use a graph as part of your explanation for each part. Be sure to explain what each curve represents in your model.]
 - a) Use the model that illustrates the *optimal reduction in crime* to analyze the effects of the automatic weapons ban. (Hint: Police officers are strong supporters of the ban because of the increased dangers of dealing with crime and criminals when automatic weapons are involved.) [5 points]
 - b) Use the model that illustrates the *optimal allocation of resources between severity and certainty* of punishment to analyze the effects of the increase in the number of police officers on the optimal allocation of resources among deterrence activities and the achievable level of deterrence. (Plot the severity of the crime on the horizontal axis and the certainty of the crime on the vertical axis.) [5 points]
 - c) Use the model that illustrates the *rational amount of crime* to analyze the effects of the increase in the length of jail terms for certain offenses and an increase in the variety of crimes where a jail sentence is now mandatory on the economically rational amount of crime. [5 points]