Identifying Criminals' Risk Attitudes

by Murat C Mungan and Jonathan Klick

Theory:

Beckerian Model:

b: benefit from crime

p: probability of punishment

s: severity of punishment

→ b-ps= expected benefit from crime

→ risk-neutral person equally deterred by p and s

→ p has greater effect on deterrence than s only for risk-seeking people

Mungan and Klick (2014):

When b can be partially forfeited, with probability α, upon getting caught, the expected benefit is: (1-αp)b-ps

→ p deters risk-neutral people more than s

→ people can be risk-averse and still be deterred more deterred by p relative to s

Logic in Mungan and Klick (2014) similarly applicable if

- Imprisonment causes delay in consumption of criminal benefit due to discounting

- offender can be caught during attempt and not obtain criminal benefit.

- offenders are judgment proof and s is monetary.

- convictions generate informal sanctions in addition to s.

Quotes from the Prior Literature on the Certainty Aversion Presumption (CAP):

"Crimes are more effectually prevented by the certainty than the severity of punishment."

—Cesare Beccaria,
Dei delitti e delle pene, 1764

"The widespread generalization that offenders are more deterred by the probability of conviction than by punishment when convicted turns out to imply in the expected utility approach that offenders are risk-preferrers, at least in the relevant range of punishment"

—Gary Becker,
Crime and Punishment: An Economic Approach, 1968

"[This generalization] would make criminals different from the rest of the population, because the other types of analysis have established that law abiding citizens tend to be risk-averse"

-Neilson and Winter (1997)

Conclusions Regarding CAP:

Mungan and Klick (2015):

Multiple theoretical considerations imply that CAP does not impy risk-seeking behavior. Moreover, criminals' responsiveness to the severity and the certainty of punishment is context dependent. These contexts can separately be studied through empirical studies (informed by theoretical decision making models) that distinguish between different types of offenders, e.g. repeat offenders v. first time offenders.

Empirical Strategies:

How can one identify which theoretical considerations shape criminals' responsiveness to p vs. s?

-Role of Informal Sanctions: Measure difference in responsiveness to p vs. s among first-time offenders and repeat-offenders, and compare.

-Role of Forfeiture: Measure difference in responsiveness to p vs. s in high forfeiture versus low forfeiture crime categories.

-Role of Discounting: Measure difference in responsiveness to p vs. s in immediate gratification (e.g. violent crimes) versus delayed enjoyment crimes (e.g. property offenses).

-Role of Judgment Proofness: Measure difference in responsiveness to p vs. s among people with different levels of assets.