

The Economics of Capital Punishment
By Joe Baker

What makes the study of economics so far out, hip and groovy? Why is it that SUU undergraduates can't wait until their next economics class? I submit that it is because economic analysis can be applied to almost any problem.

A recent Fed article examined the economics of capital punishment. Nobel Prize winning economist Gary Becker examined this issue in a famous 1968 article. Becker argued that criminals are rational, weighing the expected benefits of crime against the expected costs. Criminals "supply crime" if benefits outweigh costs. The expected cost of crime is related to the penalty (imprisonment, fines, execution) and the probability of getting caught, sentenced, and carrying out the sentence. Even if the penalty is severe, if this probability is low then the expected cost is low.

Isaac Ehrlich applied Becker's theory to death penalty and crime data. His findings were astounding: the deterrent effect of one execution saves the lives of eight potential victims. Ehrlich's paper was used in argument before the 1976 Supreme Court, which restored capital punishment. This was not the last word. Economists Passell and Taylor examined the issue with a different method and found mixed results, that is, capital punishment may or may not be a deterrent.

A major factor that reduces the deterrent effect of capital punishment is that it is so rarely carried out: only about 2 percent of those on death row are executed per year. This death rate is only slightly higher than the death rate for all young men from accidents or violence; it approximates that of young black males. Death-row risk is not substantially different from being out of prison.

Is there a punishment worse than death? For example, what if convicted criminals were forced to attend SUU faculty senate meetings? Harvard economist Lawrence Katz examined the possibility that dreadful prison conditions (rape by AIDS carriers, violence, boredom) are stronger deterrents than death. Using prison deaths from illness, accident, or violence as a measure of prison conditions, Katz found that ten prison deaths had the deterrent effect of reducing 300-1000 violent crimes and approximately 4 murders. Katz concluded that life in prison is much worse than capital punishment. (And if you really want a deterrent, ban prison smoking.)

What about pardons? Pardons or commutations would reduce the expected cost of crime; Becker's analysis would predict this would increase crime rates. Economist Naci Mocan looked at this relationship and found results consistent with Becker's theory: each additional execution results in five fewer homicides, and three additional commutations results in one additional homicide.

Where does all this leave us? We really can't say if capital punishment is a deterrent, or if there are stronger deterrents. I say so what. We do it because it is just; deterrence is of secondary importance. Capital punishment is, in the words of Oklahoma Governor Frank Keating, "a statement of moral outrage and justice sought and restored."