A Framework for the Welfare Analysis of Policing Policy

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Abstract

Public safety is a core responsibility of state and local governments, and policing accounts for a substantial share of local government expenditure. A large empirical literature estimates the effects of particular law enforcement interventions, but these policies are difficult to compare because they operate through different enforcement margins and are rarely evaluated within a common welfare framework. This paper develops such a framework for policing policy. I introduce a model that combines aggregate policy variables, including police force size and punishment severity, with an individual-level enforcement process in which officers encounter a selected subset of civilians and decide whether to arrest them based on noisy signals of guilt. The model can therefore compare policies that operate through different enforcement mechanisms but affect a common set of welfare-relevant outcomes: crime deterrence, fiscal costs, arrests of guilty civilians, and wrongful arrests of innocent civilians. I characterize the equilibrium as the intersection of civilians' offending response to enforcement — the "demand curve" — and the police enforcement response to civilian offending — the "supply curve." I then study the planner's choice of police force size and the guilt standard for arrest. The planner trades off the deterrence benefits of enforcement against fiscal costs and the social costs associated with guilty and wrongful arrests. The resulting optimality conditions can be expressed using a small set of sufficient statistics that describe how crime, guilty arrests, and wrongful arrests respond to each policy instrument. These conditions provide a common basis for comparing policies that alter the scale of policing with policies that alter how officers conduct enforcement. I conclude with an empirical application to the NYPD stop-question-and-frisk program, using the model to map observed enforcement moments into the sufficient statistics required for welfare analysis and to assess whether observed department policy is consistent with the model's optimality conditions.

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