The Effect of Arrest on Income

Discussion

Nice Data

- 1. New data
- 2. Large data
- 3. Look at something new, *before* & after crime
- 4. New: non-crime people too. Typical datasets only have offenders beginning at the time of offense
- 5. It's the administrative - complete data - tax records, labor, and arrests / crime

Arrest & Income

- Reverse Causality
- Omitted Variables

- Grogger (1995) using individual fixed effects (FE) regression analysis on a sample of California inmates. He concluded that the impact of income on earnings were negative but moderate in magnitude and rather short lived.

Comments

- “It makes it possible to include for the first time a large control group of individuals who have never been arrested.”
  - A: Is this a valid control group? Propensity score to match?
  - A2: Do you want "random" arrest? or IV for arrest?
  - A3: summary statistics indicate quite different set of people on all observed levels (at least in Table 1)
  - A4: potentially problematic: on time-invariant characteristics. these are joint decisions: education, marriage, crime. individual fixed effects won't address the possibility that people select into a life of crime anticipating subsequent non-attachment and the non-marriage is what affects income
    - Illustration: Q: crime --> income
    - q: these aren't really time-invariant are they?

Comments

- Reverse Causality
  - A: How about selection?
  - A2: Omitted variables associated with arrest besides earnings?

Comments

- “More surprisingly there appears to be a relatively important decrease in earnings in the years prior to an arrest.”
  - A: Doesn’t this undermine causal story?
  - A2: and Estimates?
  - A3: quantify the Ashenfelter's dip
    - Q: Time-frequency of income data? Are these smoothed plots or raw data? Looks like local polynomial estimator. How is bandwidth chosen?
      - It doesn’t look to have lots of random shocks
    - Q:! Is this 'mechanical', the drop in income? physically incapicitated from working?
    - Q!!: Why *exactly* 12 months before and 12 months after? Why *exactly* midpoint?
      - (slides) q; specification: consider issue of what? when logs and distributed lag?

Specification

- Q2: Reason for distributed lag for before, for after run separately?
- Q3: i don't understand how the specification includes the never-arrested if your lags/leads are relative to arrest. are these in the year fixed effects?
  - shouldn't you be matching to individuals, or
  - control for the interactions between demographics and first differences (ethnic people on a different time trend)
  - and probably, the control group is the never-arrested at the same age, in that demographic category
- Q4: how are repeat arrested counted?
- Q5: what is "0 years" before/after arrest? isn't that the specific time? maybe clearer: 0-1 years., 1-2 years, etc.
- Q6: type of arrest?
- Q7: what is "age" when you have FE? is this age interacted w ? are you calculating first differences?
- Q8: is it sensitive to # of lags/leads?

Comments

- Q9: if log(0+1) is an issue: then separate
  - labor participation (i.e. non-zero income)
  - labor income ; median regression
- Q10: didn't see: dropping 0s, "pre-arrest income has no effect, only lower in 3rd year before"
  - * why/how exactly would the dip before arrest occur from including 0s?
  - "anni horribles"
- Q11: Should incarceration be proxied by 0?
  - is it the opportunity cost? i.e. people select between incarceration and income, then what you observe is their willingness to not have that income.
  - so do you need to impute the actual opportunity income rather than 0?
  - Labor supply literature

Comments

- Separate Papers
  - causal impact of income shocks on crime
  - causal impact of public policy re benefits on crime
    - » I anticipate doing crime to increase income, it lowers now beforehand; crime has % of arrest, so see the relationship. income shock protection may do nothing.
  - audit experiments with CVs with or without criminal records
    - but they choose different kinds of jobs
  - Kling
    - length of incarceration. Not arrest and lumping together
  - Grogger
    - Arrest or conviction?