

Crime and State Capacity: "making and breaking the city"

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GRUTA
da MONTA 965



SUMMARY

1. Crime Trends and Patterns
2. Causes
3. Consequences
4. Policies: what can be done

INTRODUCTION

Urban crime shapes how we experience, navigate, and interact with urban spaces. It modifies our behaviors and choices...

In the last 12 months, for security reasons did you avoid...	São Paulo city	Other State Capitals
Using a cell phone in public places?	75.35%	72.50%
Going out or coming home very late?	70.10%	71.89%
Places with few people around?	67.44%	68.71%
Leisure activities you used to do?	33.45%	37.35%
Using some form of public transportation?	28.86%	41.48%

Source: Brazilian Household Survey (PNADC) 2021-4.

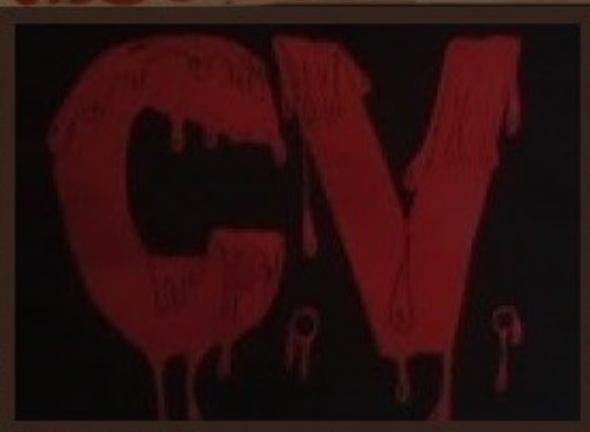
INTRODUCTION

Fear of crime in Brazilian cities is very high. It creates psychological barriers, limiting the sense of freedom and enjoyment that ideally characterizes city life.

Do you feel unsafe...	São Paulo city	Other State Capitals
In the City?	80%	67%
In the neighborhood?	42%	41%
At home?	11%	11%

Source: Brazilian Household Survey (PNADC) 2021-4.

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1. CRIME TRENDS AND PATTERNS

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CRIMINOLOGY “LAWS”

Patterns close to “general propositions of universal validity” in criminology:

- A small number of high-rate offenders account for a large proportion of crime
- There is an age–crime curve, and most criminals generally age out of crime
- A small percentage of places in a city account for a disproportionately high percentage of crime.

Source: Weisburd, D. (2015). The law of crime concentration and the criminology of place. *Criminology*, 53, 133–157.

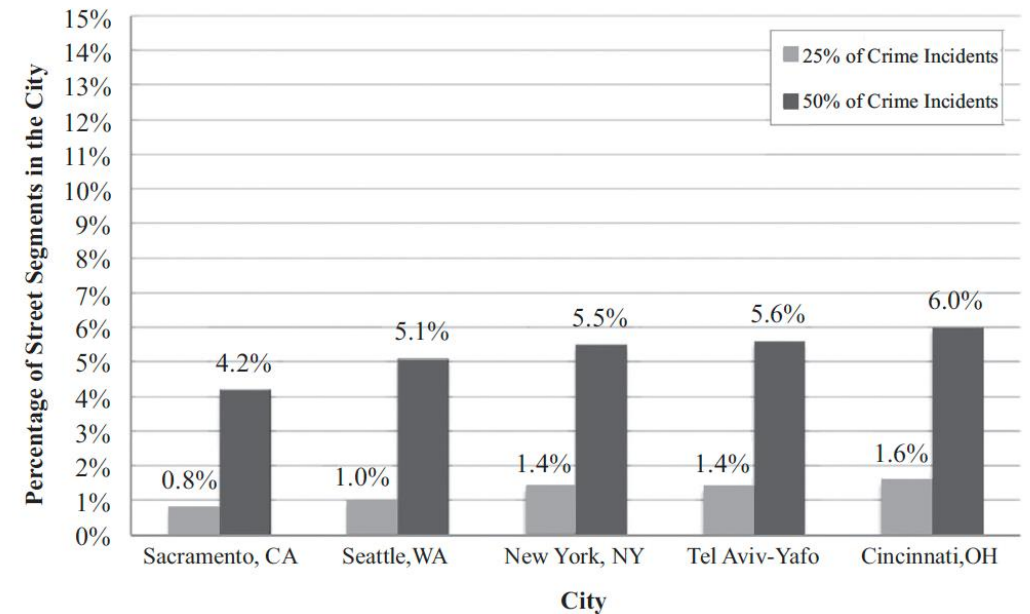
CRIME CONCENTRATION IN RICH COUNTRIES

Crime is not evenly distributed across urban spaces but is highly concentrated in specific locations, often called "hotspots", that account for a disproportionately high percentage of crime.

Weisburd's Law of Crime Concentration:

Regardless of crime type or city pattern, **50% of criminality is concentrated within 2.1 to 6 percent of street segments**, and **25% of crime concentrates within 0.4 to 1.6 percent of street segments**.

Figure 3. The Law of Crime Concentration in Large Cities



Source: Weisburd, D. The law of crime concentration and the criminology of place. *Criminology*, 53, 133–157, 2015.

CRIME CONCENTRATION AT MICRO-PLACES IN CITIES IN LATIN AMERICA ARE SIMILAR OR HIGHER

Table 1 Homicide concentration

Country	City and population (in millions)	n crimes (and rate per 100,000)	% of streets accounting for 25% of crime (n streets)	% of streets accounting for 50% of crime (n streets)
Brazil	Duque de Caxias (0.3)	454 (133)	0.4 (42)	1.1 (126)
	Nova Iguaçu (0.8)	431 (55)	0.3 (42)	0.9 (125)
	Rio de Janeiro (6.3)	1909 (30)	0.3 (129)	1.1 (455)
	São Gonçalo (0.3)	439 (130)	0.2 (22)	1.0 (102)
Colombia ^a	Barranquilla (1.2)	523 (43)	0.2 (na)	0.7 (na)
	Bogotá (8.1)	1834 (23)	0.2 (na)	0.5 (na)
	Cali (2.4)	2456 (102)	0.4 (na)	1.3 (na)
	Medellin (2.5)	1503 (60)	0.4 (na)	1.2 (na)
Venezuela ^b	Sucre (0.3)	223 (74)	0.4 (na)	1.5 (na)

^a Mejía et al. (2015)

^b Jaitman and Ajzenman (2016)

Numbers in bolditalic indicate values below Weisburd's (2015) bandwidths and numbers in italics indicate values above Weisburd's (2015) bandwidths. All data periods are for 2017 unless stated: Brazil 2016, Colombia 2012–2013, Venezuela 2014

Source: Chainey, S.; Pezzuchi, G.; Guerrero Rojas, N.O.; Hernandez Ramirez, J.L.; Rosas Valdez, E. (2019). Crime concentration at microplaces in Latin America. *Crime Science*, v. 1, p. 1-18.

CRIME CONCENTRATION AT MICRO-PLACES IN CITIES IN LATIN AMERICA ARE SIMILAR OR HIGHER

Table 4 Vehicle theft concentration

Country	City and population (in millions)	n crimes (and rate per 100,000)	% of streets accounting for 25% of crime (n streets)	% of streets accounting for 50% of crime (n streets)
Argentina	La Matanza (1.8)	5160 (291)	0.5 (165)	2.3 (723)
	Lanus (0.5)	2303 (507)	2.3 (186)	6.7 (533)
	Lomas de Zamora (0.6)	2632 (429)	1.8 (202)	5.5 (637)
	San Martin (0.4)	1635 (387)	2.1 (162)	5.9 (467)
Colombia ^a	Barranquilla (1.2)	1406 (115)	0.6 (na)	1.9 (na)
	Bogota (8.1)	6573 (81)	0.4 (na)	1.5 (na)
	Cali (2.4)	6442 (268)	0.7 (na)	2.2 (na)
	Medellin (2.5)	9862 (393)	0.9 (na)	3.0 (na)
Mexico	Ecatepec (1.7)	828 (50)	0.6 (12)	1.8 (35)
	Escobedo (0.4)	281 (80)	0.2 (46)	0.5 (115)
	Monterrey (1.1)	267 (24)	0.3 (37)	0.8 (104)
	Oaxaca (0.3)	450 (176)	0.03 (5)	0.1 (12)
	Tlalnepantla (0.7)	6216 (952)	0.8 (145)	2.1 (383)
	Tlaxcala (0.1)	333 (378)	0.2 (15)	0.8 (50)
	Zacatecas (1.6)	240 (15)	0.03 (3)	0.1 (7)

Refer Table 1 footnote

Source: Chainey, S.; Pezzuchi, G.; Guerrero Rojas, N.O.; Hernandez Ramirez, J.L.; Rosas Valdez, E. (2019). Crime concentration at microplaces in Latin America. *Crime Science*, v. 1, p. 1-18.

HOMICIDE LEVELS ARE VERY HIGH IN LATIN AMERICA

The Americas have the highest regional homicide rate in the world: it accounts for 34 percent of all homicides globally in 2021 and 12.5 percent of the world's total population (UNODC, 2023).

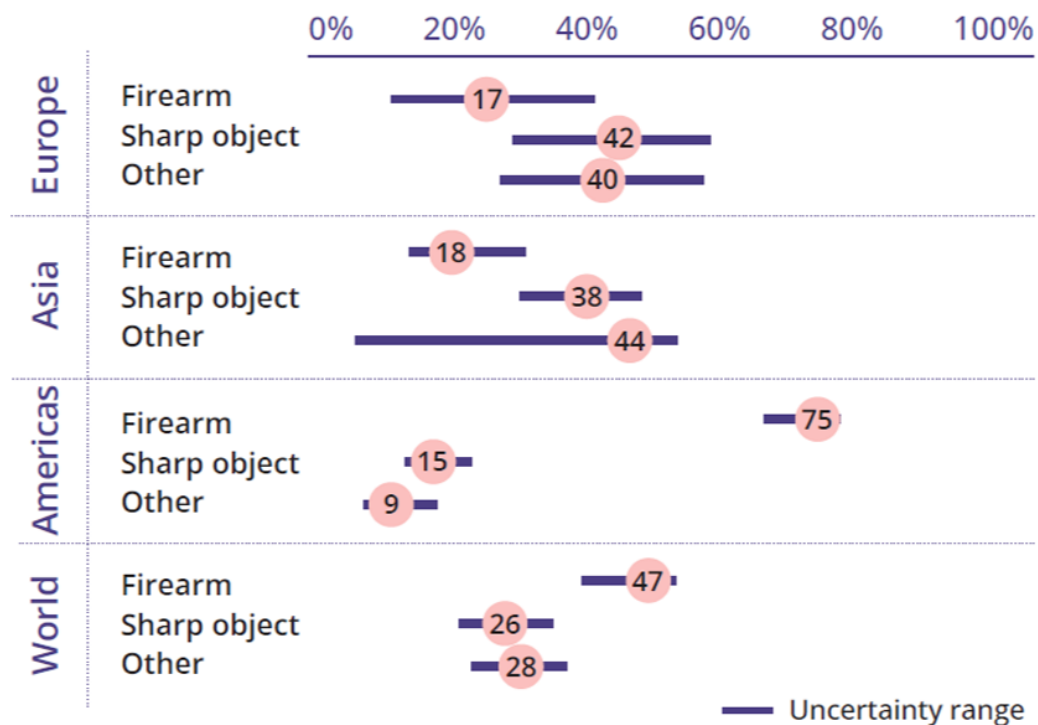
At least three risk factors contribute to above-average homicide rates across Latin America and the Caribbean (UNODC, 2023):

1. Illicit drug markets
2. Proliferation of firearms
3. Proliferation and fragmentation of heavily-armed criminal groups

Source: United Nations Office on Drugs and Crime (2023).

PREVALENCE OF FIREARMS AS MAIN WEAPON USED IN HOMICIDES

Fig. 8 Regional shares of homicides by type of known mechanism, 2021



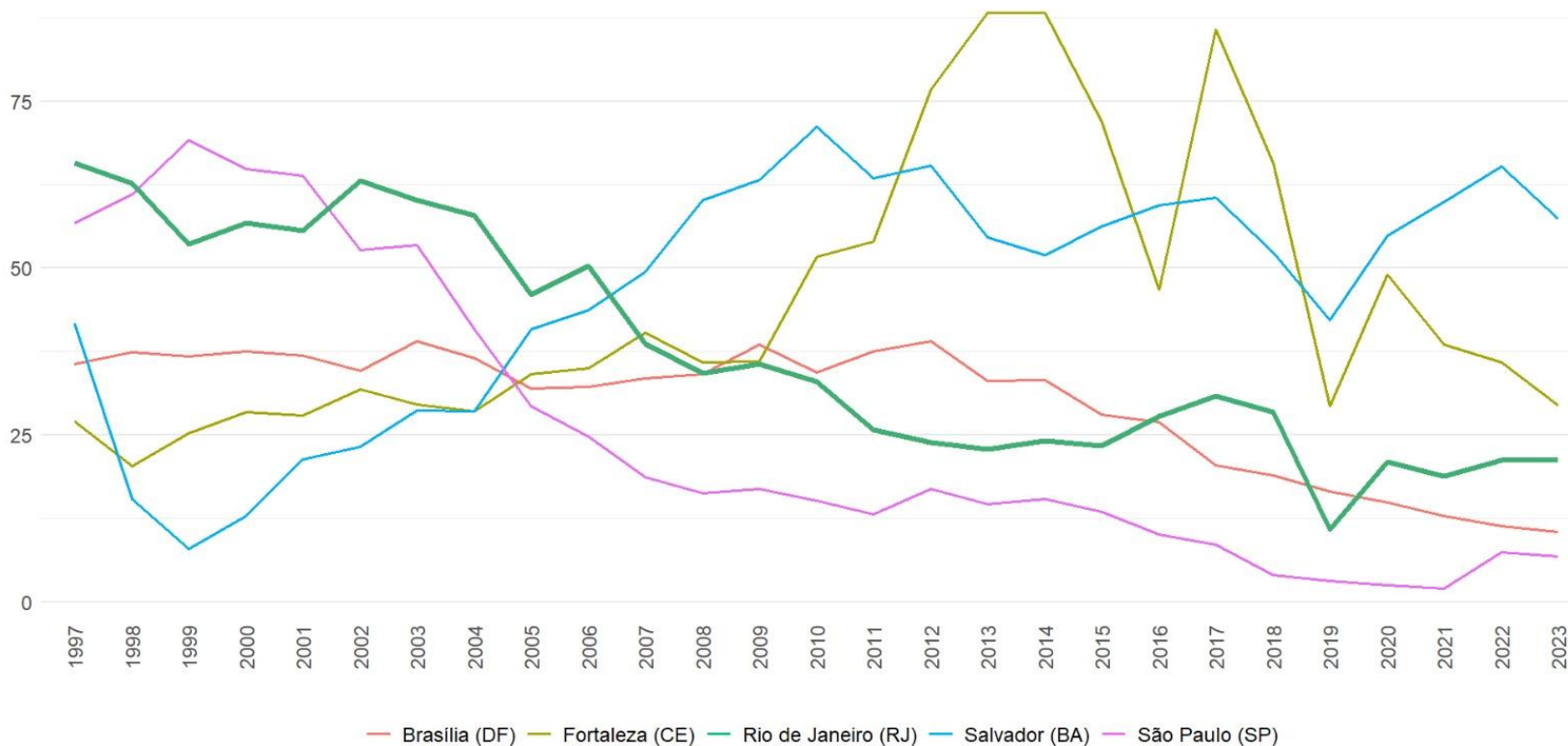
Source: United Nations Office on Drugs and Crime (2023).

LARGE SHARE OF HOMICIDES CAUSED BY GROUP VIOLENCE



CAN WE INTERPRET REDUCTION IN HOMICIDE RATES AS AN INDICATION THAT GROUPS ARE LOSING POWER?

Homicide rates per 100,000 in habitants in Brazil's largest cities



Source: Information System of the Ministry of Health (1980-2021) and Yearbook of the Brazilian Public Security Forum (2022-2023).

ORGANIZED CRIMINAL GROUPS

The presence of organized criminal groups does not always translate into a high rate of homicidal violence.

Types of organized crime such as large-scale drug trafficking can be managed in ways that may or may not promote violence, as shown by the example of the countries in South-Eastern Europe that lie on the Balkan Route.

Factors that may influence crime levels include:

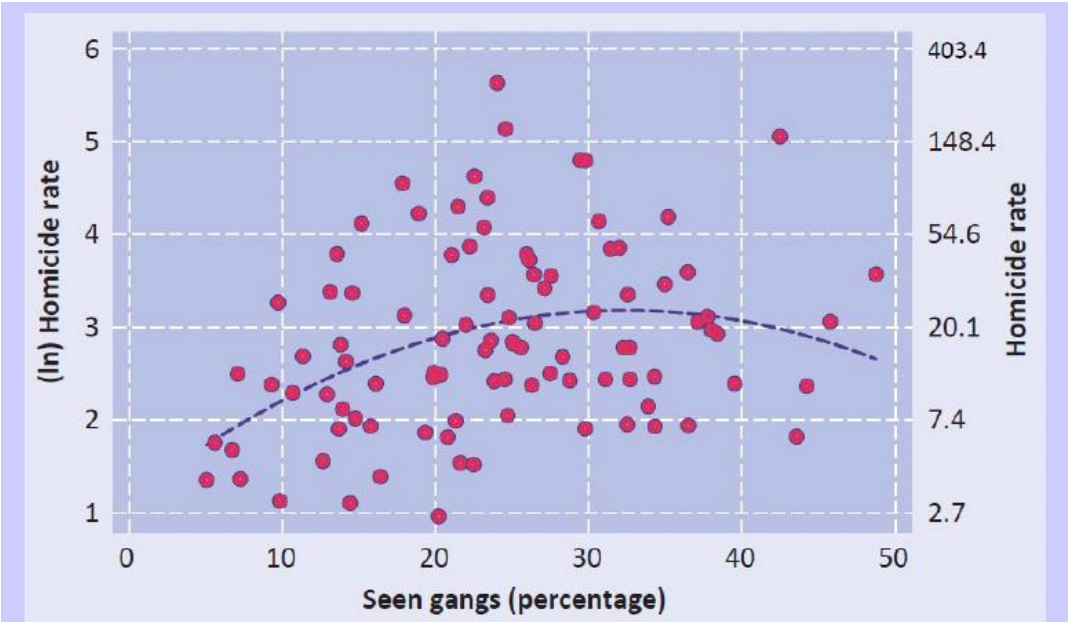
- Dominance of a hegemonic organized crime group.
- “Gentleman’s agreements”, including those with state authorities.
- “Pax mafiosa” or “pax narcotica”, when the leadership of organized crime groups has deliberately reduced the use of overt violence.
- Militarized crime control interventions.

Source: United Nations Office on Drugs and Crime (2023).

DATA ON ORGANIZED CRIME GROUPS

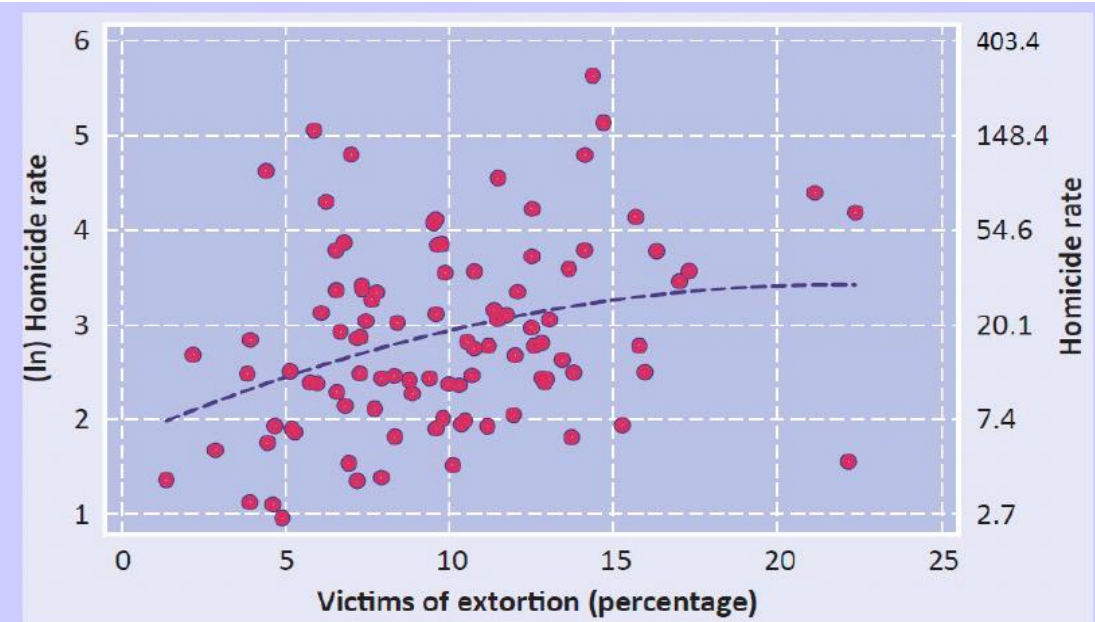
Increasing debate that homicide level is a bad proxy for presence of organized criminal groups.

Homicide rate (ln) by the proportion of respondents who had heard about or seen violent groups or gangsterism near their home, Mexico, 2021



Source: INEGI, ENSU 2021.

Homicide rate (ln) by the proportion of respondents who had been victims of extortion, Mexico, 2021

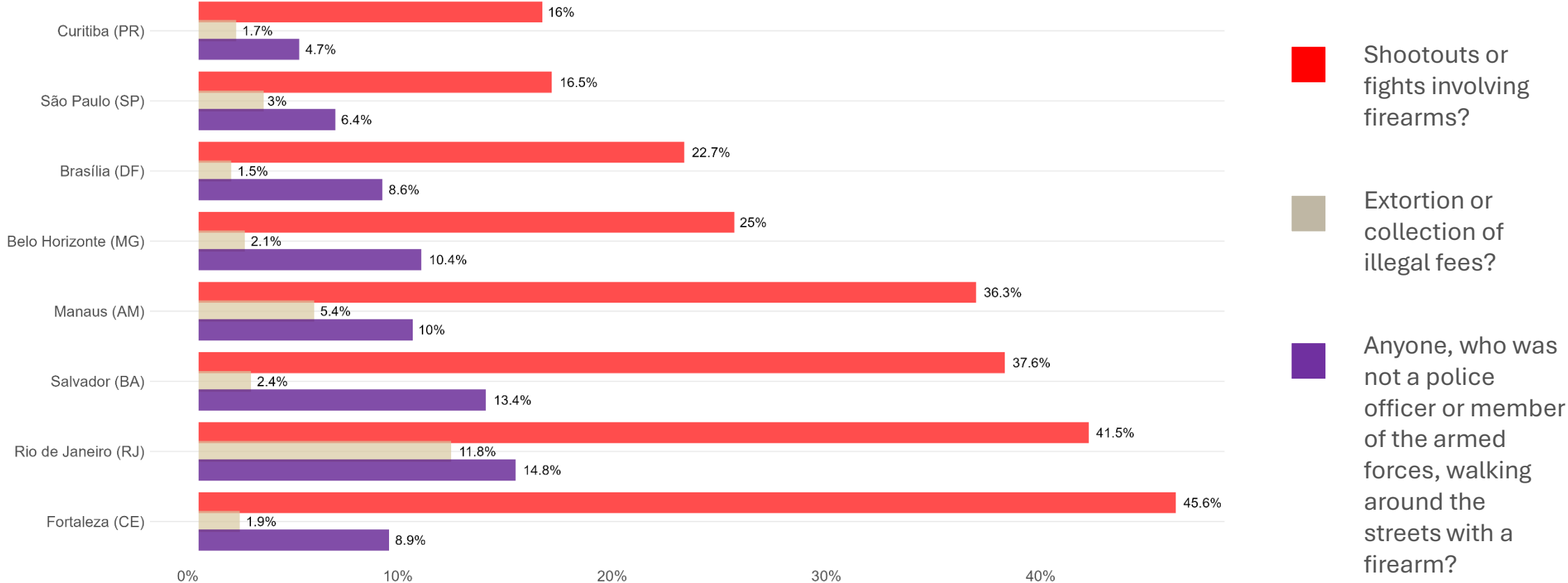


Source: INEGI, ENSU 2021.

Source: UNODC (2023).

SURVEY QUESTIONS

In the last 12 months, around the household, was there...



Source: Information System of the Ministry of Health (1980-2021) and Yearbook of the Brazilian Public Security Forum (2022-2023).

WHAT THE LITERATURE HAS DONE TO MEASURE THE PRESENCE OF ORGANIZED CRIME GROUPS

- Police Intelligence data (Dell, 2015; Bruhn, 2021)
- Crime registers (Lonsky, 2020)
- Media accounts (Trejo and Ley, 2021; Dipoppa, 2020)
- Google News (Sobrino, 2021)
- Surveys, administrative data and interviews with criminals (Blattman et al, 2024)
- Tip lines (Monteiro & Rocha, 2017; Magaloni et al, 2021; Monteiro et al, 2024)

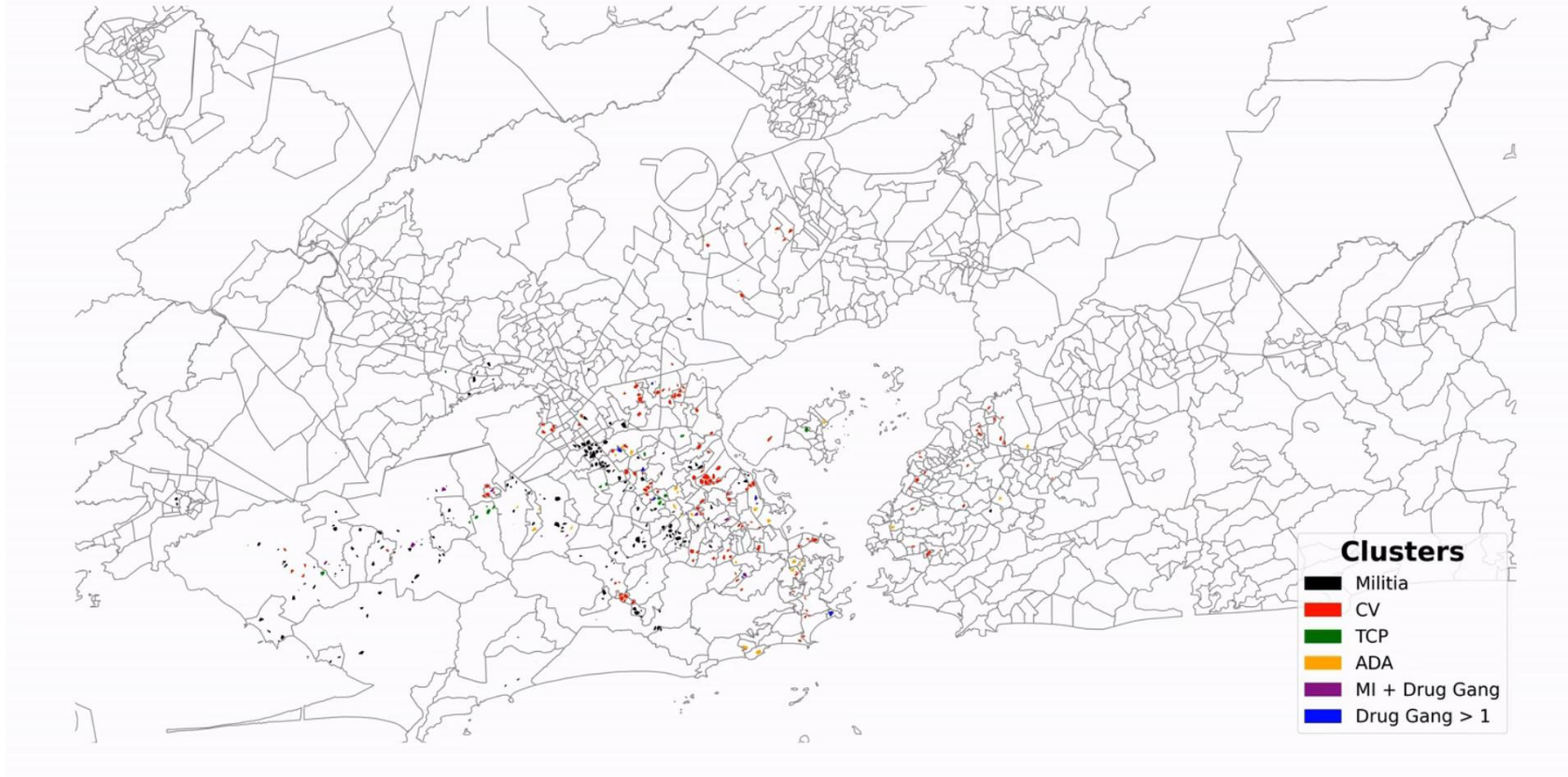


REGULAR EXPRESSIONS

Axis	Dimension	Examples of regular expressions
Territorial Control	Armed Circulation	Armed Carry + Gun
	Street Blockade	Street Blockade Closed + Access Barricades
	Surveillance	Camera + Security Transmission Radio Fireworks
	Violence	Murder Home + Invasion Beaten
	Threats	Threaten Intimidate Approaching + Residents
Rent Extraction	Extorsion	Extorsion Collection + Fees Security Fees
	Illegal Goods and Services	Slot Machines Minibus Loan Shark
	Legal Goods and Services	Gas Water Electricity Irregular + Transport Deforestation + Construction

EVOLUTION OF THE PRESENCE OF TCEs IN RIO DE JANEIRO

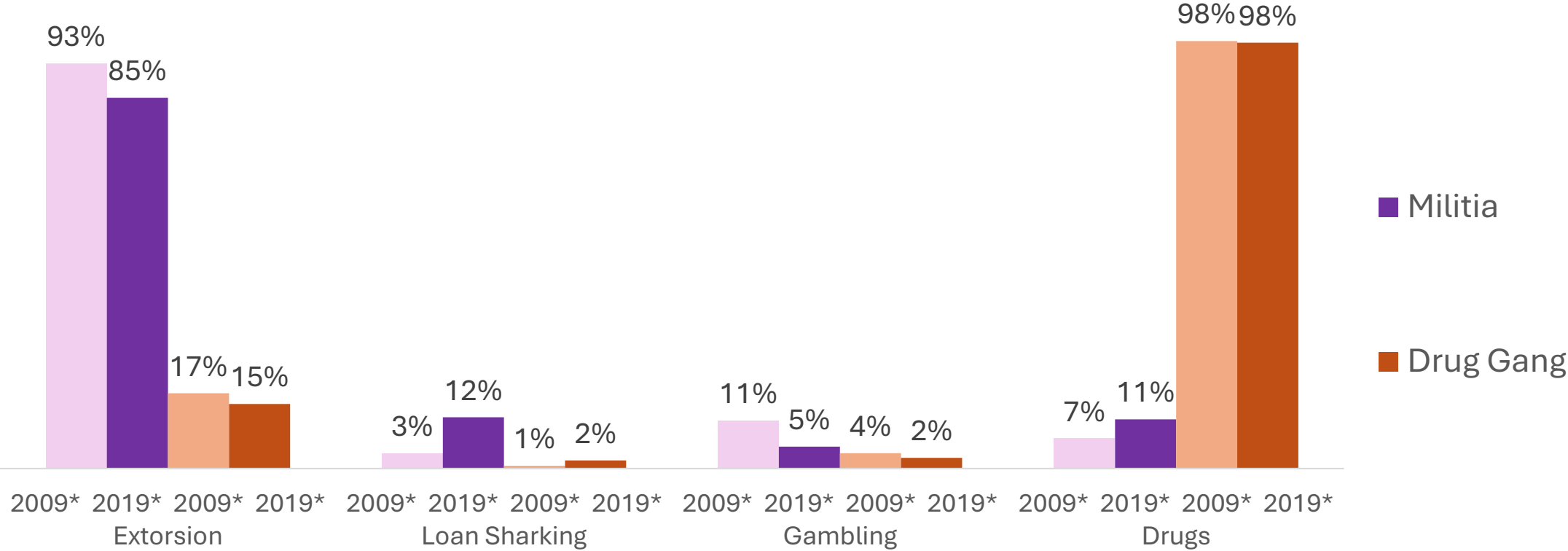
2008



Source: Monteiro, J.C.M.; Fagundes, E.; Carvalho, M.; Gomes, R. Territorial criminal enterprises: Evidence from Rio de Janeiro. *Working Paper*, 2024.

PARTICIPATION IN ILLICIT ACTIVITIES

Percentage of territories controlled by each group in which the following sources of income were identified.

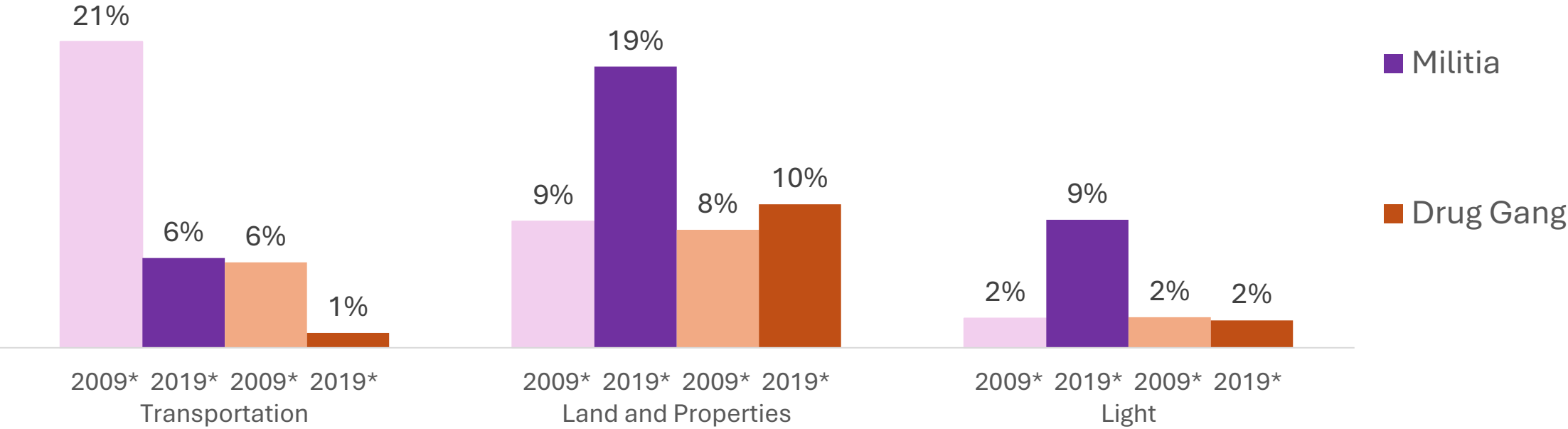


*The reported value refers to the average of the current year and the previous year.

Source: Monteiro, J.C.M.; Fagundes, E.; Carvalho, M.; Gomes, R. Territorial criminal enterprises: Evidence from Rio de Janeiro. *Working Paper*, 2024.

PARTICIPATION IN LICIT ACTIVITIES

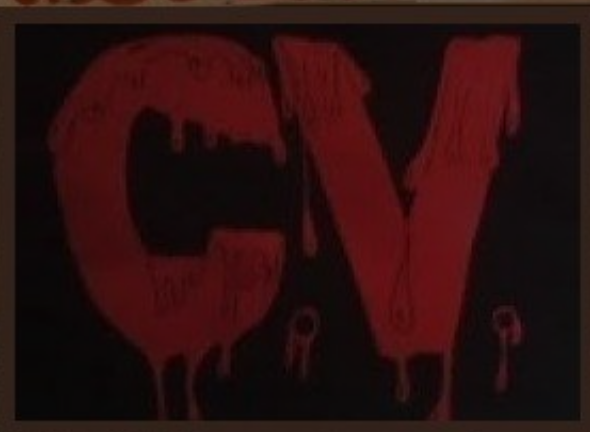
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Source: Monteiro, J.C.M.; Fagundes, E.; Carvalho, M.; Gomes, R. Territorial criminal enterprises: Evidence from Rio de Janeiro. *Working Paper*, 2024.

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2. CAUSES: WHAT DRIVES CRIME?

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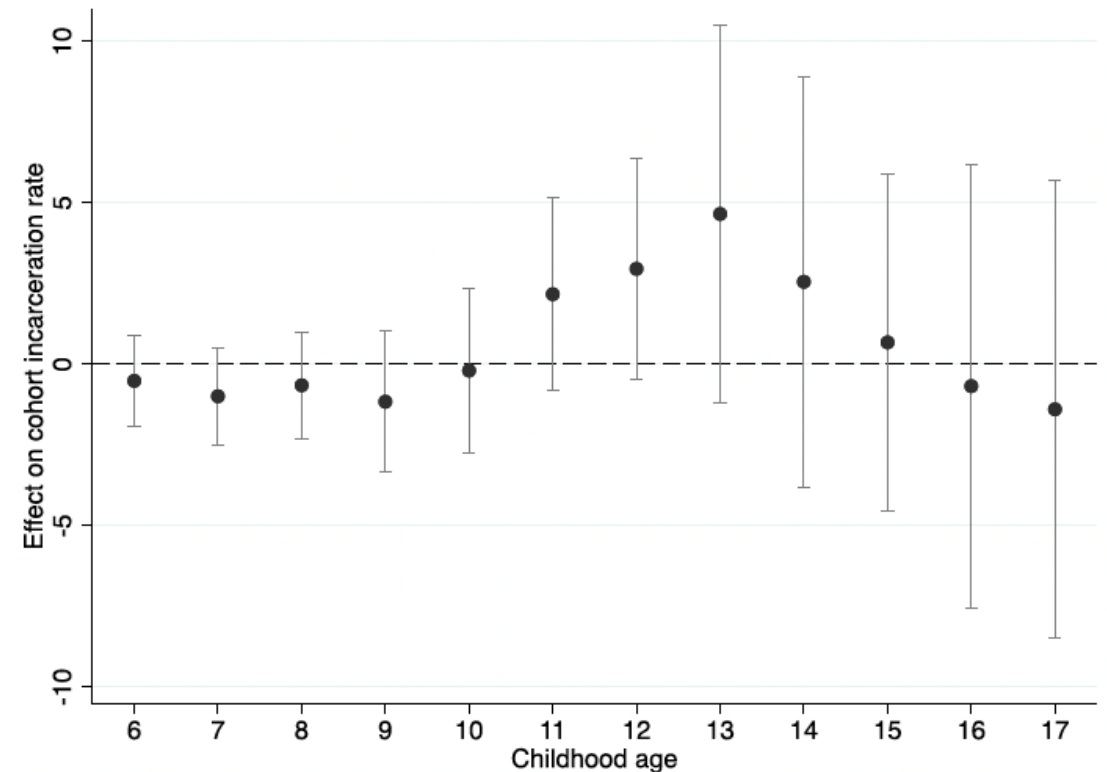
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ECONOMIC INCENTIVES AND EARLY EXPOSURE

The allure of high profits from criminal activities can lead children onto a path of crime.

Exploiting administrative data on incarceration, school records, and coca production in Peru:

- Higher coca leaf prices in Peru led to an increase in child labor in coca farming, leading to higher adult incarceration rates for drug trafficking and violent crimes.
- Also, children who were more exposed to the price increase experienced higher school dropout rates.
- Why? Criminal life often pushes children aged 11-14 to drop out of school to "specialize" in criminal activities.



Source: Sviatschi, M. (2022). Making a NARCO: Childhood Exposure to Illegal Labor Markets and Criminal Life Paths. *Econometrica*, 90(4), 1835-1878.

CRIME IS TRIGGERED BY BINDING LIQUIDITY CONSTRAINTS

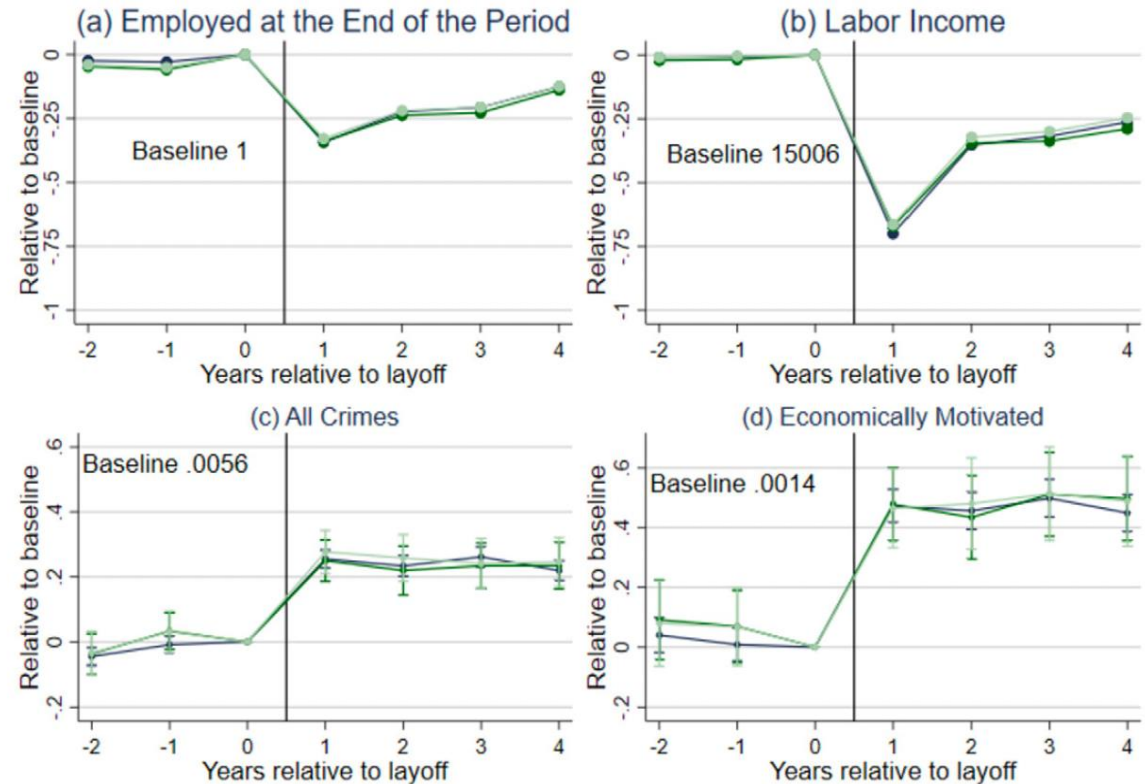
Taking advantage of detailed data on the universe of workers and criminal prosecution in Brazil—a large country with very high levels of crime—they precisely estimate the impact of unemployment on crime.

Compare the criminal behavior of workers displaced by mass layoffs, before and after displacement, with a matched control group of workers who were not displaced in the same year.

The probability of criminal prosecution increases by 23% in the first year following the job loss and is then stable over a 4-year period.

The effect is driven mainly by young and low-tenure workers.

Spillover effects on cohabiting sons, who are likely subject to the same liquidity constraints.



Source: Britto, D. G., Pinotti, P., & Sampaio, B. (2022). The effect of job loss and unemployment insurance on crime in Brazil. *Econometrica*, 90(4), 1393-1423.

CRIME IS TRIGGERED BY BINDING LIQUIDITY CONSTRAINTS

The effect is not solely driven by economically-motivated crimes (+43%), but it also extends to violent crimes (+17%) and other crimes such as traffic offenses and failure to obey.

The fact that non-economically motivated crimes increase suggests that psychological stress may be a relevant mechanism.

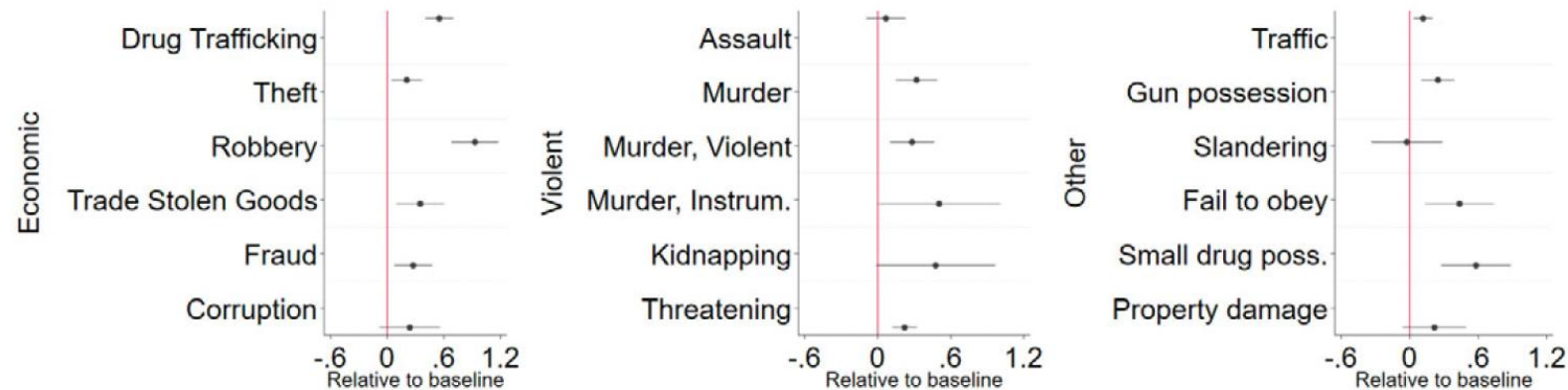


FIGURE 4.—Effect of job loss on different types of crime. *Notes:* The graphs show the estimated effect (and confidence interval) of job loss on different types of crime, as estimated from the difference-in-differences equation (2) and rescaled by the average outcome in the treatment group at $t = 0$.

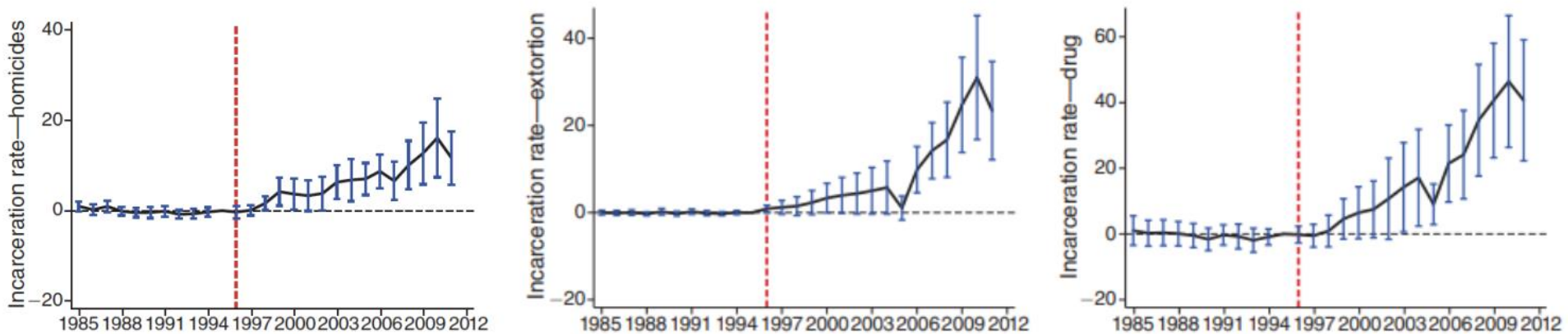
Source: Britto, D. G., Pinotti, P., & Sampaio, B. (2022). The effect of job loss and unemployment insurance on crime in Brazil. *Econometrica*, 90(4), 1393-1423.

CRIMINAL NETWORKS

Movement of criminal leaders can bring crime to new areas and lead to the recruitment of children outside the existing criminal network.

A shock of deportation policy in 1996 moved criminal leaders (who grew up in the US) to El Salvador.

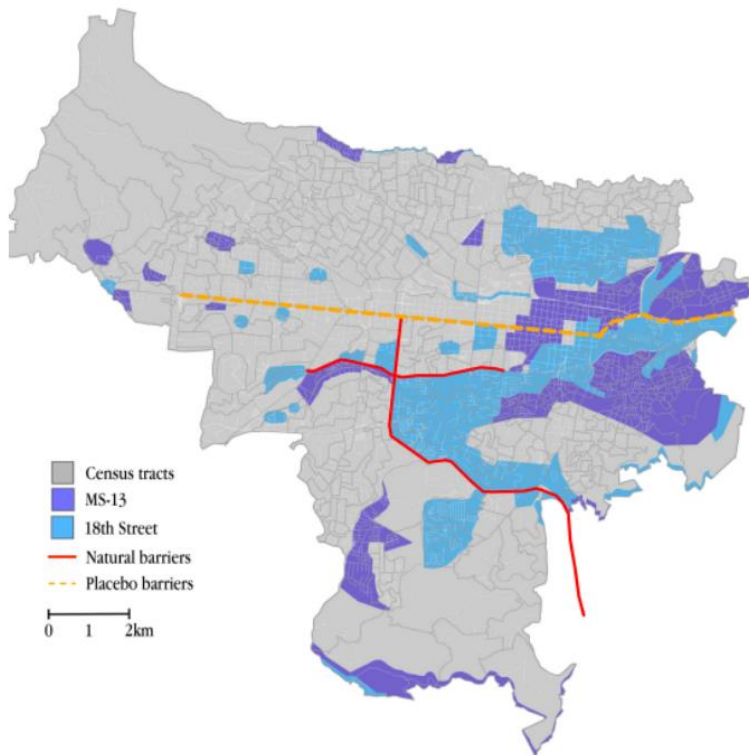
The deportations of gang members from USA to El Salvador in 1996 led to an increase in homicide rates and gang activity, as well as an increase in gang recruitment in the municipalities where those gang leaders were born.



Source: Sviatschi, M. M. (2022). Spreading gangs: Exporting US criminal capital to El Salvador. *American Economic Review*, 112(6), 1985-2024.

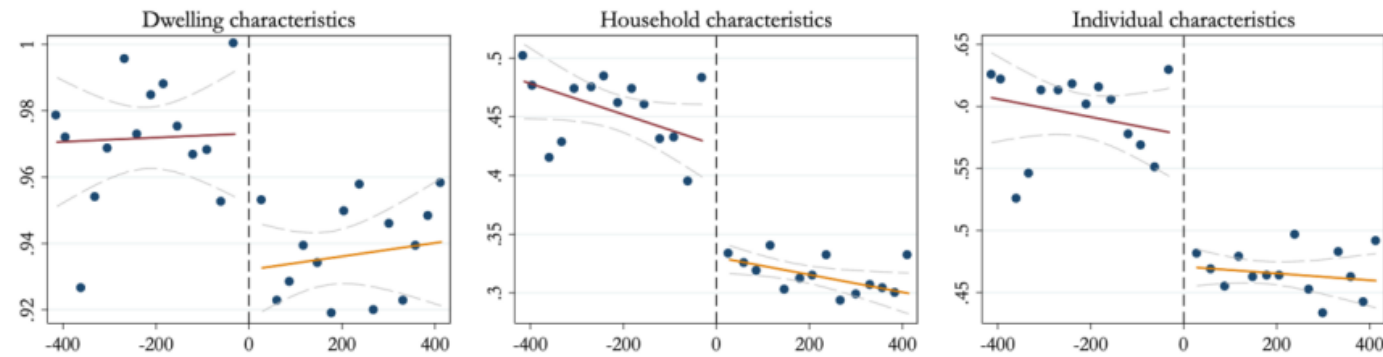
ECONOMIC DEVELOPMENT

Beyond its direct consequences on homicides and other criminal activities, crime can hinder development through territorial control in El Salvador.



Individuals in gang-controlled neighborhoods have less material well-being, income, and education than individuals living only 50 meters away but outside of gang territory.

None of these differences existed before the arrival of gang leaders in 1996.

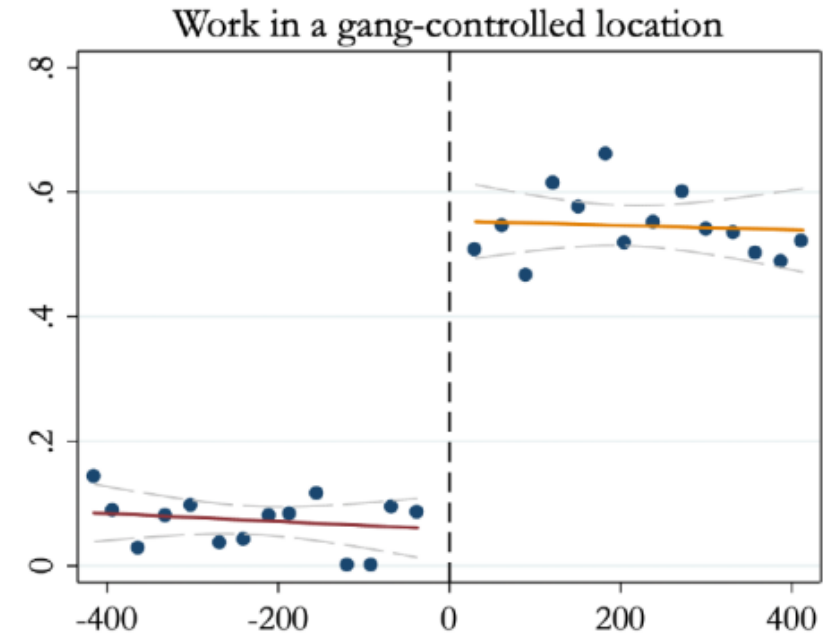


Source: Melnikov, N., Schmidt-Padilla, C.; Sviatschi, M. (2024). Gangs, Labor Mobility and Development. Conditionally Accepted. *Econometrica*.

ECONOMIC DEVELOPMENT

Living in an area controlled by criminal organizations can prevent people from making optimal decisions.

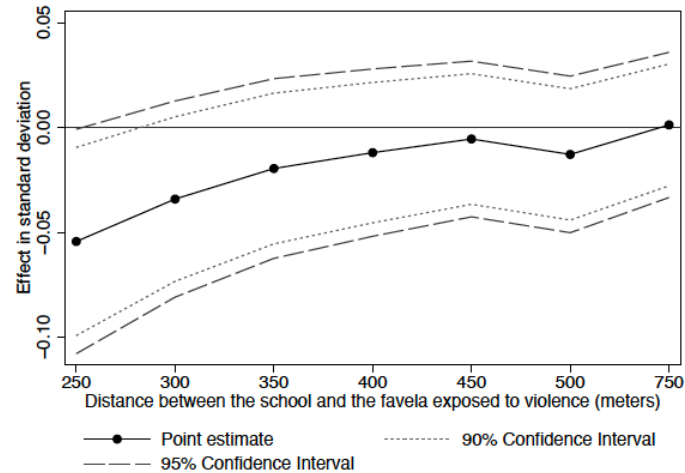
The authors found that people in areas controlled by gangs in El Salvador have more restrictions in their mobility, which narrows their labor options...



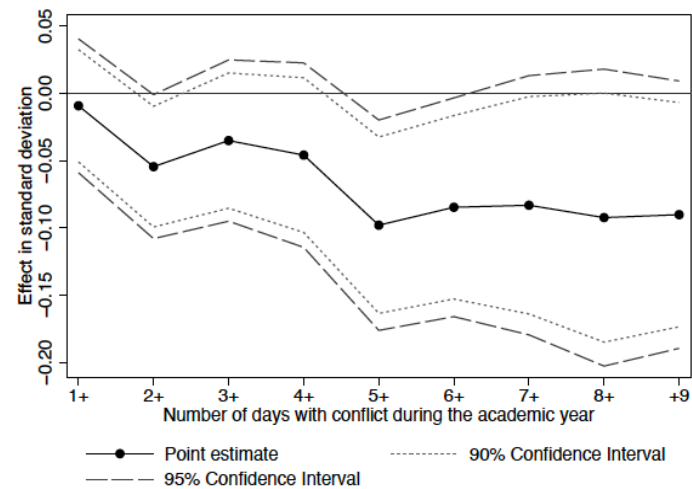
Source: Melnikov, N., Schmidt-Padilla, C.; Sviatschi, M. (2024). Gangs, Labor Mobility and Development. Conditionally Accepted. *Econometrica*.

TURF WARS AFFECT THE PROVISION OF PUBLIC SERVICES

Causal Impact on Student Learning



(a) Impact on Math Test Scores by Violence Distance (buffer of distance from the school to the conflict location, in meters).



(b) Impact on Math Test Scores by Violence Intensity (number of days during the school period).

Source: Monteiro, J., & Rocha, R. (2017). Drug battles and school achievement: evidence from Rio de Janeiro's favelas. *Review of Economics and Statistics*, 99(2), 213-228.



O Globo, 07/22/2014



O Globo 10/17/2014

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3. POLICIES: WHAT HAS BEEN DONE?

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TRADITIONAL MEASURES

Main security policy approach has been crackdowns on the drug trade and military confrontations.

Very limited results:

- Increase in police violence and false positives, harming trust in institutions. (Acemoglu et al., 2020)
- The crackdown strategy, which was not sustained over time, exacerbated the splintering of gangs in places such as Mexico and Jamaica (UNODC, 2023)

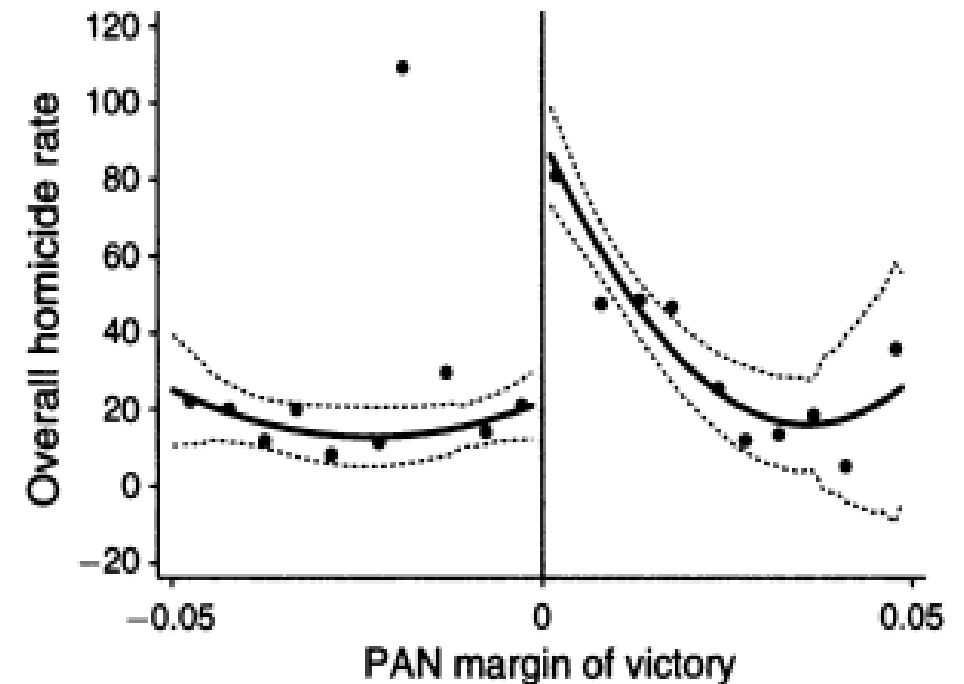
Deploying the military alongside law enforcement became very common in Latin America (ex. Mexico, Brazil and Colombia):

- It is ineffective at best in reducing crime and, at worst, it may increase crime and human rights abuses (Blair and Weintraub 2023; Durán-Martínez and Soifer 2021; Flores-Macías and Zarkin 2023; Magaloni and Rodriguez 2020).
- It hinders reform (Flores-Macías & Zarkin 2021).

MEXICAN WAR ON DRUGS INCREASED DRUG-RELATED VIOLENCE AND HOMICIDES

In cities where the PAN (the conservative party from Mexico, which launched a war on drugs) won in 2007, homicides rates increased significantly compared to the municipalities where it lost the elections...

Panel B. Post-inauguration (homicide rate)



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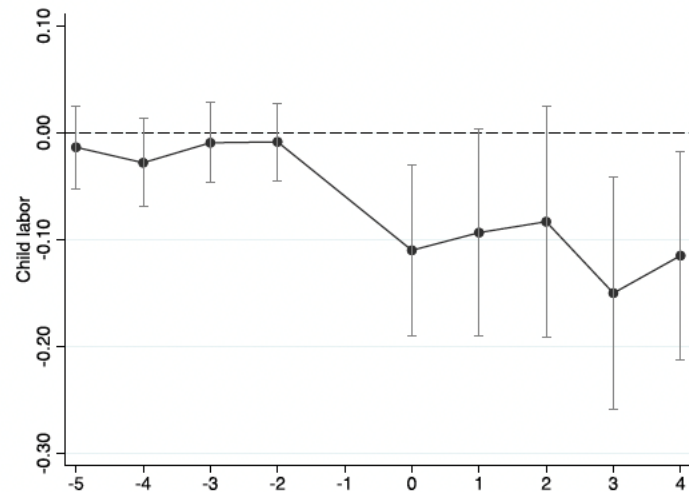
3. POLICIES: KEY CHALLENGES AND OPPORTUNITIES

Brasil

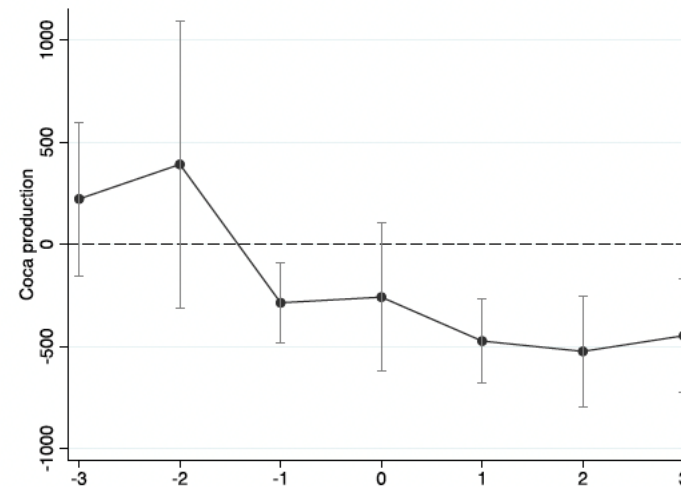
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LIQUIDITY CONSTRAINT IS A MAJOR DRIVER OF CRIME IN MIDDLE AND LOW INCOME COUNTRIES

Conditional cash transfers to stay in school in Peru reduces child labor and coca production.



(b) Child labor relative to years with CCT



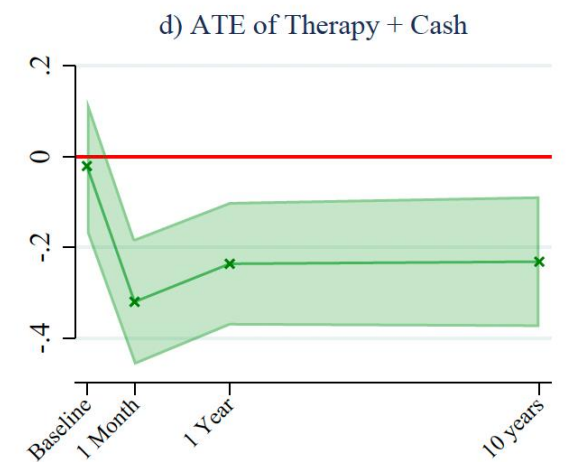
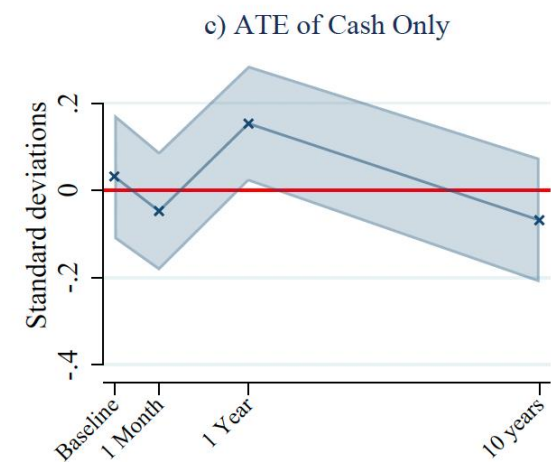
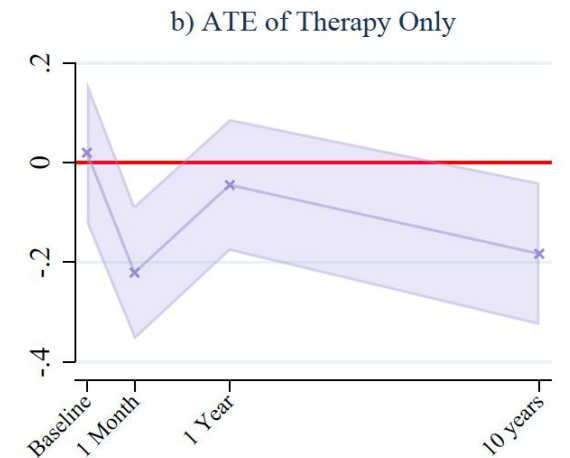
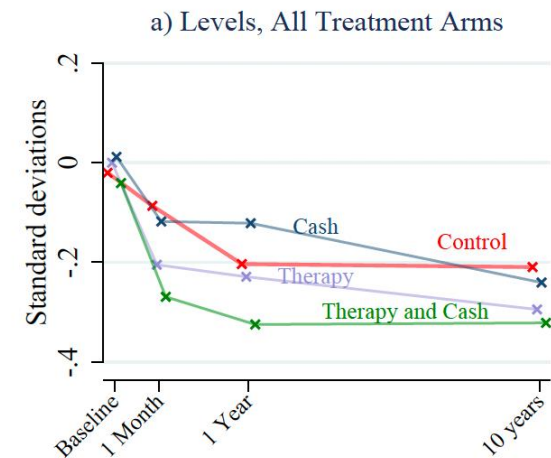
(c) Coca production relative to years with CCT

Source: Sviatschi, M. M. (2022). Spreading gangs: Exporting US criminal capital to El Salvador. *American Economic Review*, 112(6), 1985-2024.

LIQUIDITY CONSTRAINT IS A MAJOR DRIVER OF CRIME IN MIDDLE AND LOW INCOME COUNTRIES

Cognitive Behavior Therapy works much better in Liberia when combined with Conditional Cash Transfers...

Source: Blattman, C., Chaskel, S., Jamison, J. C., & Sheridan, M. (2023). Cognitive behavior therapy reduces crime and violence over 10 years: Experimental evidence, American Economic Review: Insights, volume 5, number 4, December.



LIQUIDITY CONSTRAINT IS A MAJOR DRIVER OF CRIME IN MIDDLE AND LOW INCOME COUNTRIES

Unemployment insurance attenuates the impact of job loss on crime.

Crime rate in the first 6 months after layoff is 21% lower for marginally eligible workers compared with marginally noneligible ones. The average effect of unemployment benefit completely offsets the potential increase in crime upon job loss.

However, this effect is transitory and vanishes immediately when benefits expire.

More evidence on the role of liquidity constraints in promoting crime:

- Munyo & Rossi (2015) estimate that increasing the prison release gratuity from 30 to 100 pesos eliminates first day recidivism.
- Chioda, De Mello, and Soares (2016) find that an expansion in Bolsa Família coverage to children 16–17 years old significantly reduces crime by 6.5% in school neighborhoods

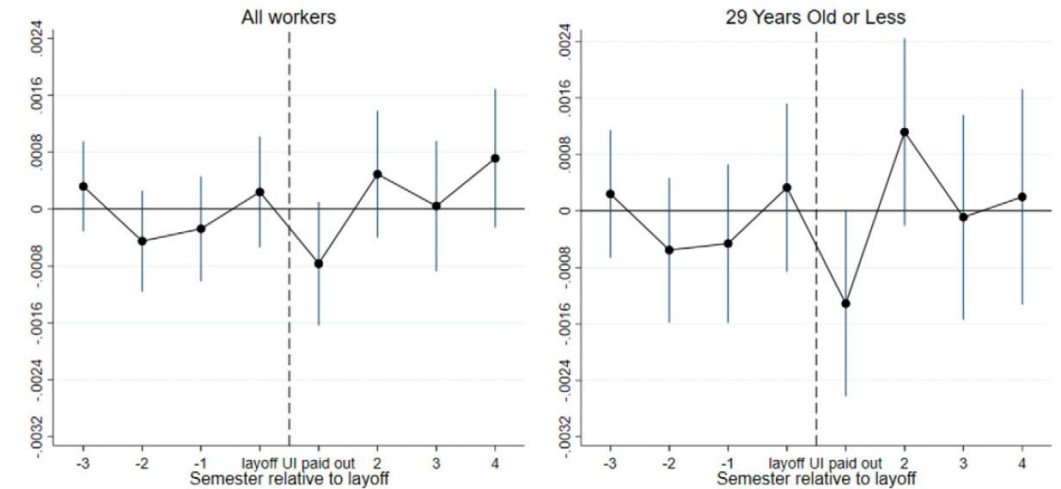


FIGURE 9.—Effect of UI eligibility on crime before and after layoff, by 6-month period. *Notes:* The graphs plot RD estimates on the effect of eligibility for unemployment benefits on the probability of criminal prosecution in 6-month periods before and after the layoff. The sample includes displaced workers with at least 6 months of continuous employment prior to layoff. Each estimate is based on a local linear regression with a 60-day bandwidth. Vertical lines show 95% confidence intervals.

Source: Britto, D. G., Pinotti, P., & Sampaio, B. (2022). The effect of job loss and unemployment insurance on crime in Brazil. *Econometrica*, 90(4), 1393-1423.

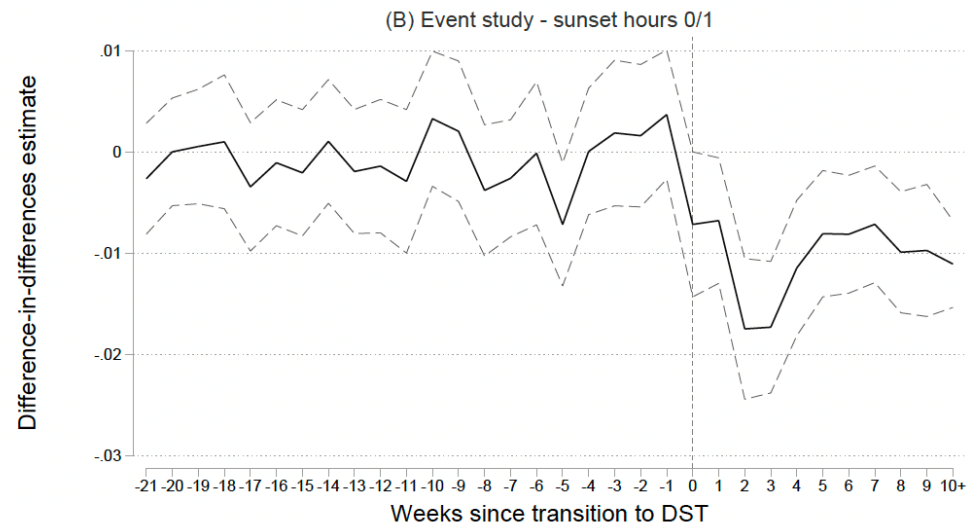
PLACE-BASED APPROACHES ARE MOSTLY IGNORED IN THE POLICY DISCUSSION BUT DO HAVE AN EFFECT

- **Hot spot policing** is the police tactic with the strongest collective evidence of police effectiveness (Council, 2004). Four systematic reviews indicate it promotes large reductions in crime and disorder and also benefit places in the surroundings of targeted locations (Braga, 2005; Braga, Papachristos and Hureau, 2012; Braga, Papachristos and Hureau, 2014; Braga et al. 2019).
- **Latin America Evidence:**
 - **Bogotá, Colombia.** RCT that doubled police patrols and intensified city services on high-crime streets. It did not generate substantively meaningful or statistically significant reductions in crime. Blattman et al (2021)
 - **Medellín, Colombia.** Large scale RCT show an improvement in short-term security perceptions and a reduction in car thefts, but no direct effects on other crimes or satisfaction with policing services. Collazos et al (2021)
 - **Curitiba, Brazil.** RCT increased patrol levels by 167 % and reduced robberies by 22 %, No evidence of geographical displacement to nearby segments but there is an increase in thefts, which indicates a substitution from violent to non-violent property crime. Monteiro et al (2024)

PUBLIC ILLUMINATION

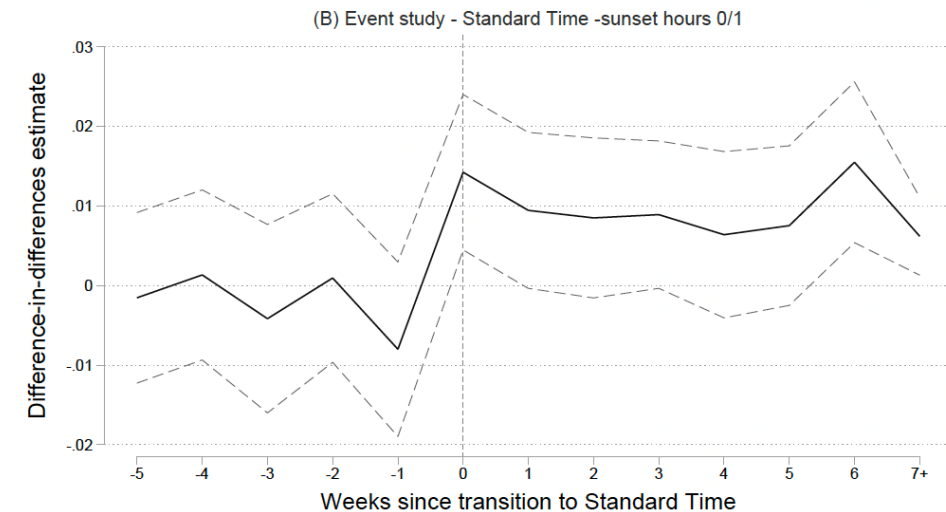
Homicides decreased during Daylight Saving Time (DST) months by about 10%. The effect is mostly concentrated in the hours around sunset, which observe a 29% decrease during DST period.

Figure 4: Full sample: Difference-in-differences estimates by week since transition to DST



Note: This figure presents difference-in-differences estimates in the fashion of leads and lags for weeks since transition to DST. The specifications contain municipality fixed effects, day-of-week fixed effects, day-of-month fixed effects, and year fixed effects. Standard errors are clustered at the municipal level.

Figure 10: Transition from DST to ST: Difference-in-differences estimates by week since transition back to ST



Note: This figure presents difference-in-differences estimates in the fashion of leads and lags for weeks since transition to ST (i.e. leaving DST). The specifications contain municipality fixed effects, day-of-week fixed effects, day-of-month fixed effects, and year fixed effects. Standard errors are clustered at the municipal level.

Source: Toro, W., Tigre, R., & Sampaio, B. (2019). Daylight Saving Lives: the effect of daylight saving time on homicides. Available at SSRN 2786452.

RESHIFTING THE OBJECTIVE AWAY FROM THE WAR ON DRUGS

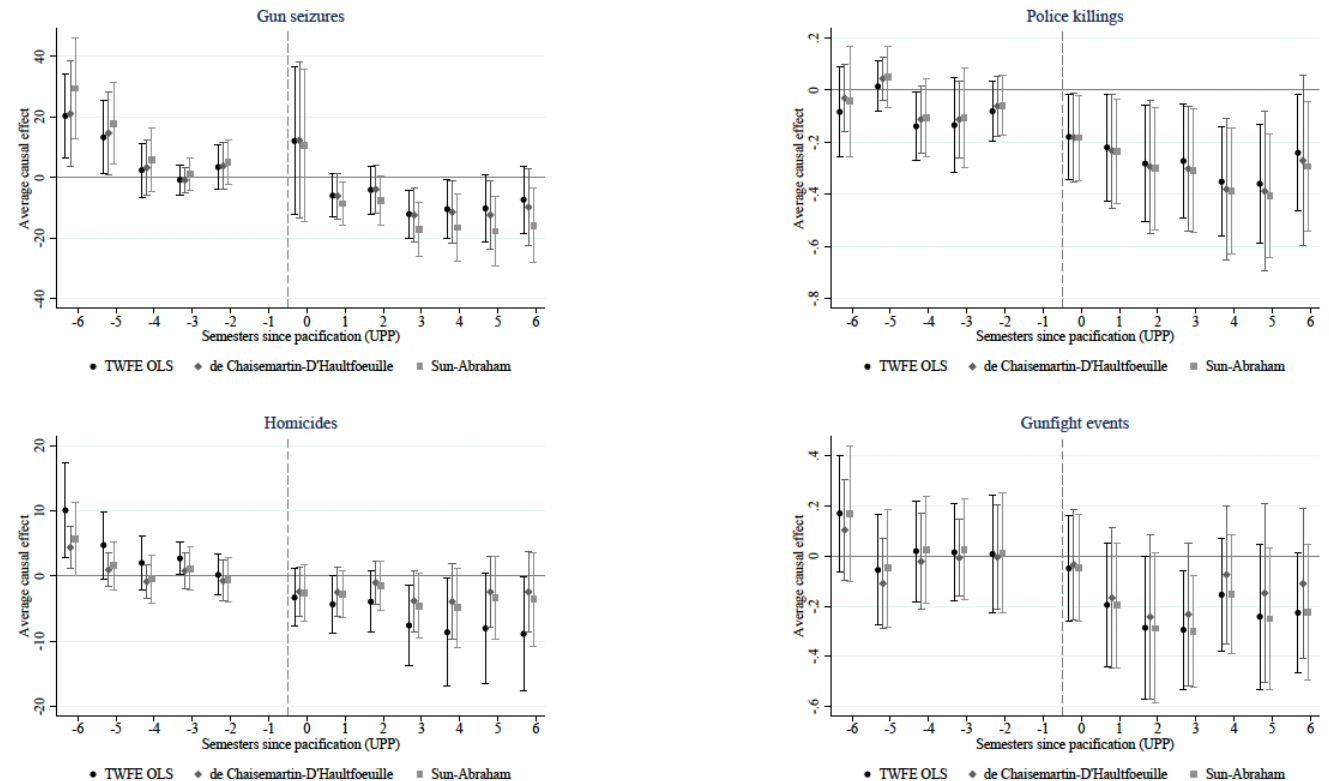
The Pacifying Police Units in Rio de Janeiro, Brazil, was a major public policy, that at its peak affected 198 favelas where 603,000 inhabitants live.

Rare case that crackdown was associated with a reduction in violence.

Important spillover effects: non-pacified precincts with a large area of favela experienced an increase in gang presence exerting overt armed control, gun seizures, arrests and robberies.

We interpret these rising levels of criminal activities as result of the relocation of gangs and their fight for new territories.

Figure 3: Event Study Estimators: Pacification Policy in all Precincts of the State of Rio de Janeiro



Notes: This figure presents coefficients and confidence intervals (at the 95% level) with standard errors clustered at the precinct-level. Both coefficients and confidence intervals are estimated per semester in order to reduce noise. The models differ only with respect to the dependent variable. All regressions control for population and precinct-specific time trends. Every graph was constructed using the precinct data which comprises 144 months, from January 2006 to December 2017, and the 130 precincts.

Source: Ferraz, C., Monteiro, J., & Ottoni, B. (2021). Regaining the Monopoly of Violence: Evidence from the Pacification of Rio de Janeiro's Favelas. *Working Paper*.

BODY-WORN CAMERAS REDUCE POLICE USE OF FORCE

Violent police behavior affects human capital formation and undermines the confidence in the police and state institutions in general (Ang, 2021; Ang et al., 2021).

Body-worn cameras have been pointed out as a crucial tool to improve police oversight and transparency.

US studies show that BWC reduces civilian complaints against the police, but results on the use of force are mixed (Lum et al., 2019; Williams Jr et al., 2021)

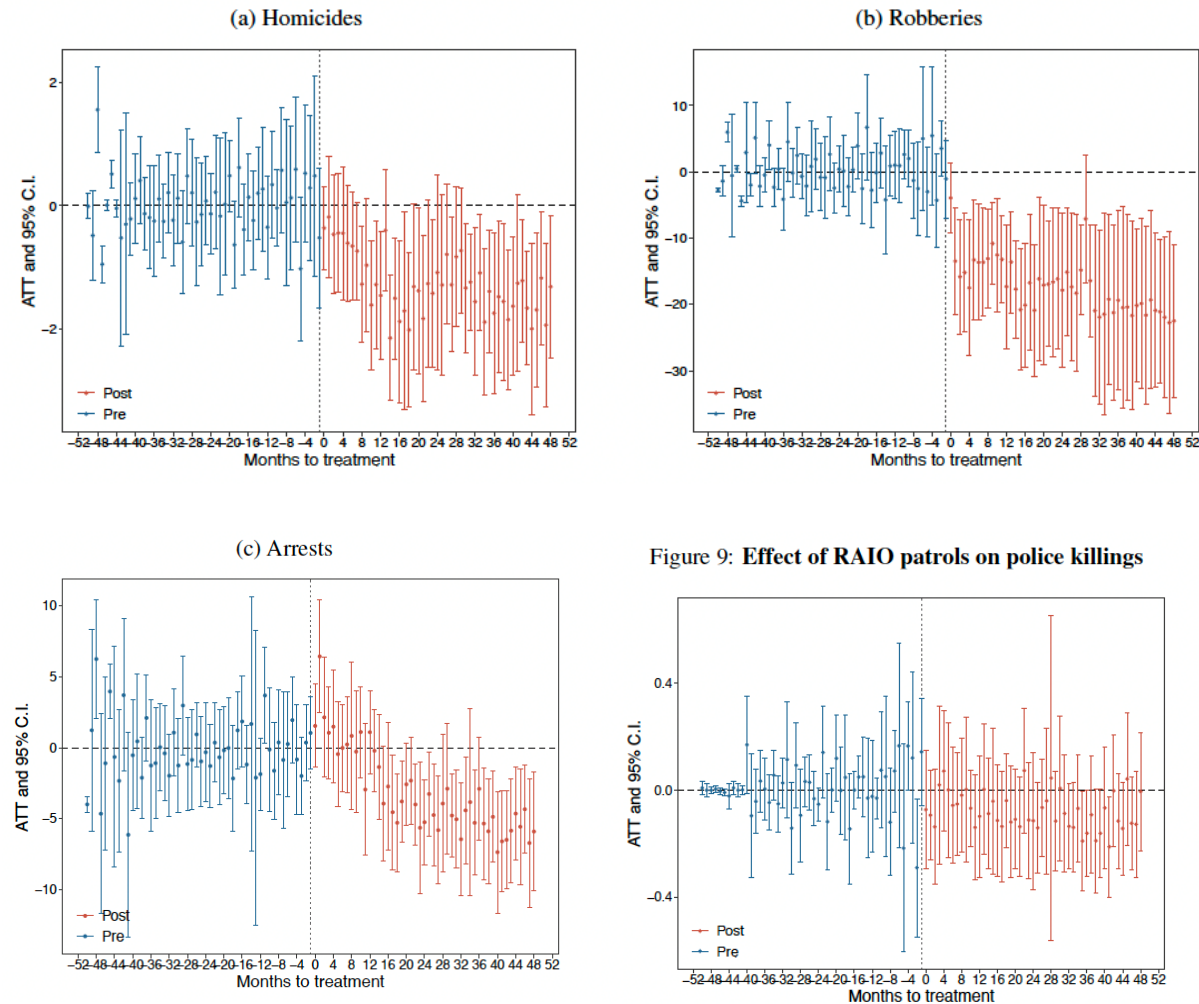
Barbosa et al. (2021) carry out a RCT with the military police in Santa Catarina, Brazil. They point to a reduction of 61% in police officer use of force that is explained mainly by dispatches ex-ante classified as low-risk, which they interpret as evidence of de-escalation and improvements in cooperation between officers and citizen

Fagundes et al (2024) explore a roll-out of a police program of body-worn cameras associated with a strong element of supervision and enforcement of the mandate of use of cameras. Police killings were reduced by 57% and the effect is entirely driven by a reduction in deaths of black victims.



Source: Fagundes, E.; Monteiro, J., Souza, P., Working Paper, 2024.

TESTING POLICE STRATEGIES THAT SHOW FORCE BUT HARDLY USE IT



Source: Mancha, Monteiro and Weintraub. *Working Paper*, 2024,

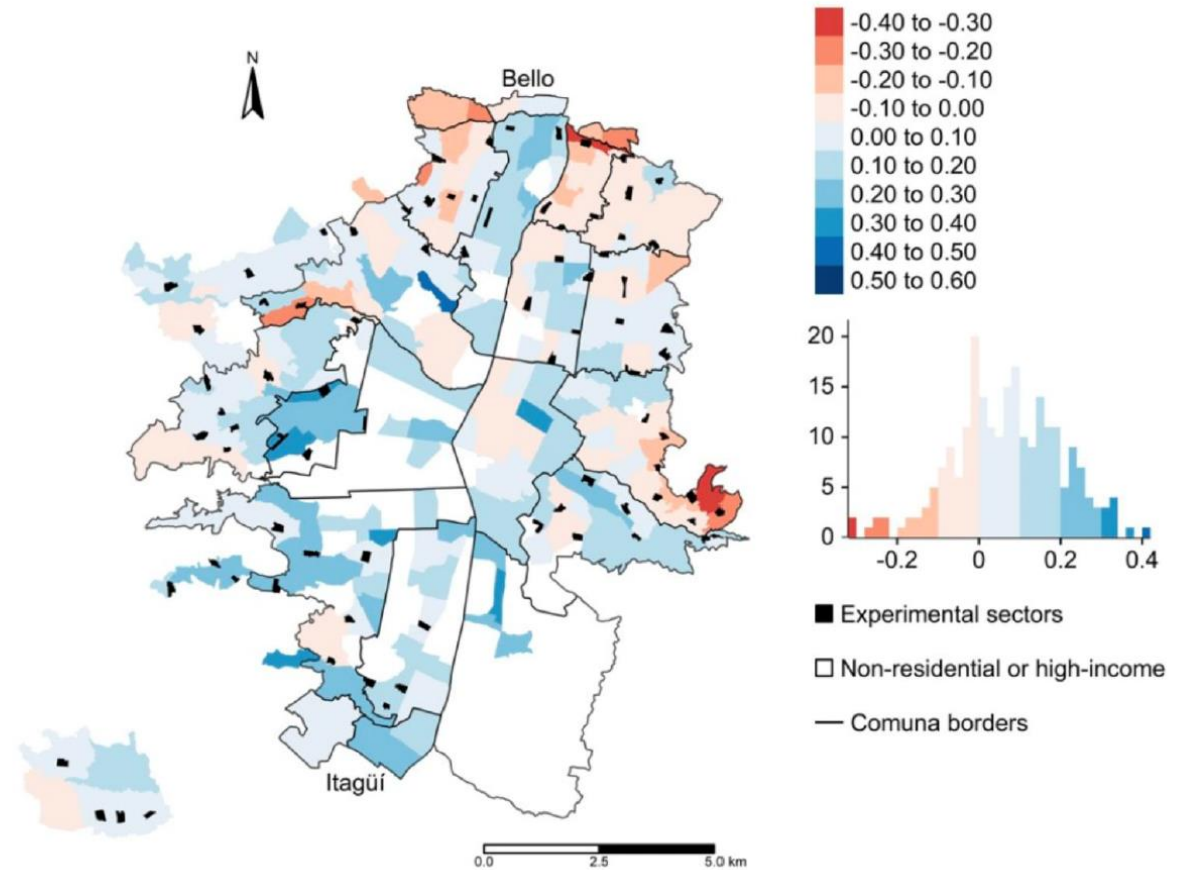
IN MOST NEIGHBORHOODS OF MEDELLÍN THERE IS A DUOPOLY IN THE PROVISION OF PROTECTION SERVICES

Similar results for Rio de Janeiro and Fortaleza, Brazil...

	Frequency/Rate (0-1 Scale)				Relative State-Combo Governance Difference
	State (Sum)		Combo		
	Estimate (1)	SD (2)	Estimate (3)	SD (4)	
Governance Index	0.43	0.05	0.34	0.10	0.08
How often they intervene when:					
Maintenance of public lighting system	0.51	0.07	0.19	0.11	0.31
There is garbage accumulated	0.49	0.08	0.23	0.12	0.26
Maintenance of the nearest park or playing field	0.46	0.09	0.28	0.12	0.18
Someone is making noise	0.39	0.07	0.21	0.10	0.18
Home improvements affect neighbors	0.45	0.08	0.30	0.12	0.15
There is domestic violence	0.49	0.07	0.39	0.12	0.10
People smoking marijuana near children	0.34	0.07	0.26	0.12	0.08
Kids fight on the street	0.37	0.08	0.31	0.12	0.06
Two drunks fight on the street	0.46	0.07	0.42	0.13	0.04
Someone is threatening someone else	0.43	0.07	0.40	0.13	0.03
Someone disturbs a business	0.42	0.07	0.40	0.13	0.02
Businesses in this sector are robbed	0.41	0.06	0.40	0.13	0.01
A car or motorbike is stolen	0.42	0.07	0.42	0.14	0.00
It is necessary to prevent a theft	0.42	0.07	0.43	0.14	-0.01
Someone is mugged on the street	0.40	0.07	0.42	0.13	-0.02
Keeping the streets safe at night	0.42	0.06	0.44	0.15	-0.03
You have to react to a robbery	0.48	0.08	0.52	0.14	-0.04
Someone refuses to pay a big debt	0.30	0.06	0.40	0.13	-0.10

Source: Blattman, C., Duncan, G., Lessing, B., & Tobón, S. (2024). Gang rule: Understanding and countering criminal governance. *Review of Economic Studies*, rdae079.

IT IS POSSIBLE TO REDUCE CRIMINAL GOVERNANCE WITH HIGHER STATE PRESENCE AND STATE CAPACITY AT LOCAL LEVEL



Source: Blattman, C., Duncan, G., Lessing, B., & Tobón, S. (2024). Gang rule: Understanding and countering criminal governance. *Review of Economic Studies*, rdae079.

TRADE-OFF BETWEEN VIOLENCE REDUCTION AND INCREASING ECONOMIC POWER

Figure 7
Gang Homicides by Competition

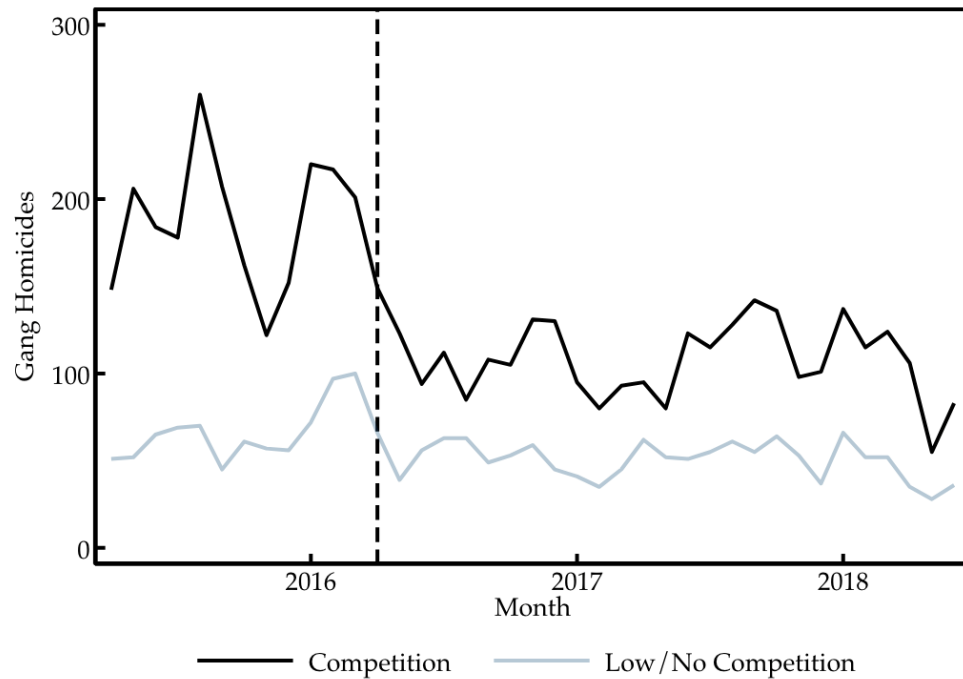
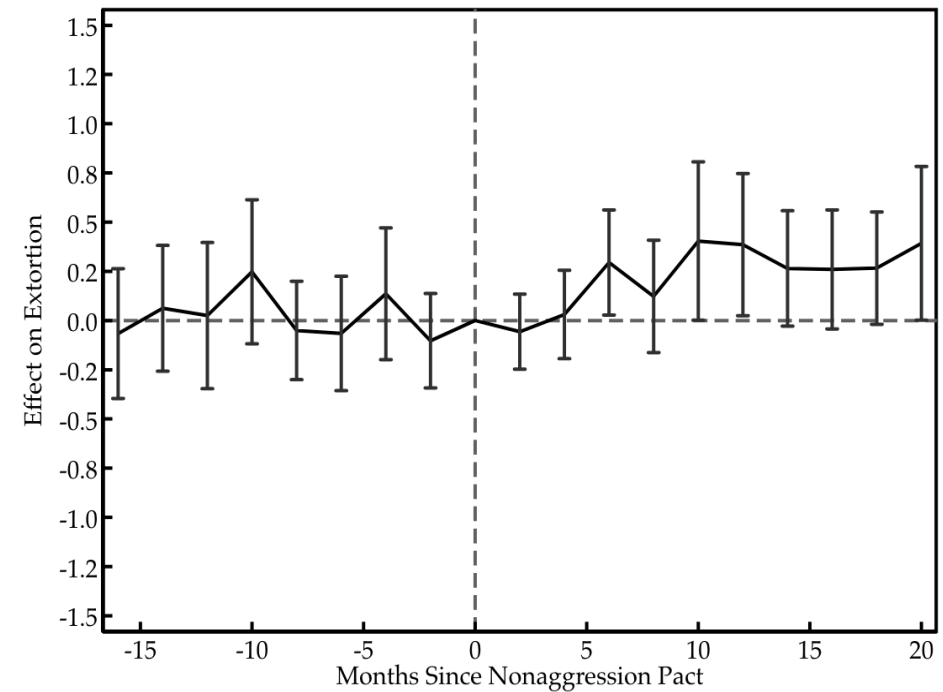


Figure 8
Impact of Non-Aggression Pact on Extortion



Source: Brown, Z. Y., Montero, E., Schmidt-Padilla, C., & Sviatschi, M. M. (2024). Market structure and extortion: Evidence from 50,000 extortion payments. *Review of Economic Studies*.

PRISONS CANNOT BE IGNORED

Prisons foster criminal skill development and network building among inmates.

Many gangs in Latin America have consolidated their power within prisons (Lessing, 2017)

Di Tella and Schargrotsky (2013) study allocation of electronic monitoring in Buenos Aires, Argentina to detainees that are randomly assigned to judges. They find a large, negative, and significant correlation between electronic monitoring and rearrest rates.

Tobón (2022) leverage the quasi-random assignment of inmates to newer, less crowded, and higher service prisons and find that the probability of returning to prison within one year is 36% lower when you are assigned to a better prison.



CONCLUSION

Latin America faces a huge problem with both ordinary crime in big cities and heavily armed criminal groups.

Criminal organizations are a major threat to social and economic development because they affect development through many different channels beyond violence, such as restriction to mobility, deterioration of human capital, and extortion.

The war on drugs has destroyed public security in Latin America by increasing violence, increasing human right abuses, hindering police reform and crowding out a discussion on preventive polices.

Security issues are gaining substantial political attention which creates demand for visible and easy solutions.

Effectiveness of law enforcement institutions is very low: high corruption and collusion, low coordination among many institutions, high impunity and weak judicial systems

Not clear the avenue to pursue since governments may face a trade-off between lower violence by reducing gang competition versus larger entrenchment of gangs in their country by increasing their business profits.

GRUTA
da MOTA 965



THANK YOU!

Joana Monteiro

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