Comments on:

The Economic Costs of Pretrial Detention

by Will Dobbie and Crystal Yang

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Brookings Panel on Economic Activity, Held online, March 25 2021
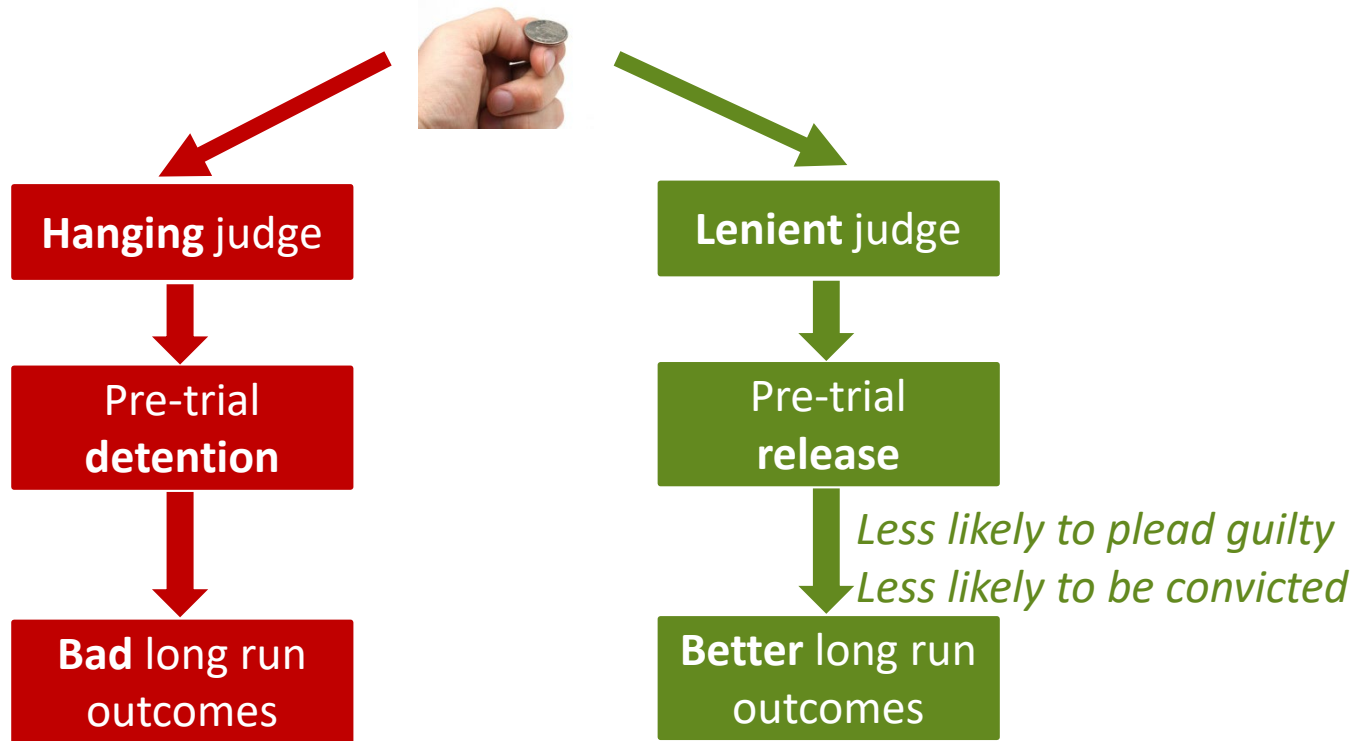
Pre-trial detention

"Since this is only your first offence, and you've not been found guilty, I'll be lenient in my sentencing."

▸ High-quality **causal** evidence on the effect of pre-trial detention on individual outcomes

▸ Exploit **random assignment** of defendants to judges

Hanging judge

Pre-trial **detention**

Bad long run outcomes

Lenient judge

Pre-trial **release**

Less likely to plead guilty
Less likely to be convicted

Better long run outcomes

▸ Clean identification of **direct effects** (on the defendant)

▸▸ Today's paper: What about **spillover effects**? (on others)

A case study of the difficulty in getting well-identified micro studies to speak to macro issues.

Roadmap

▶ Are the macro estimates plausible?

  ▸ Estimated spillover effects are implausibly large

  ▸ Similar effects on black and white doesn't add up

▶ What is a reasonable prior?

  ▸ Spillover effects are likely an order of magnitude smaller (and may be negative)

▶ Some econometric complaints

  ▸ Perhaps we shouldn't believe the estimated spillover effects

Direct effects:
Estimated from judge IV on microdata

Table: Pretrial Detention and Individual Outcomes from Dobbie, Goldin, and Yang (2018)

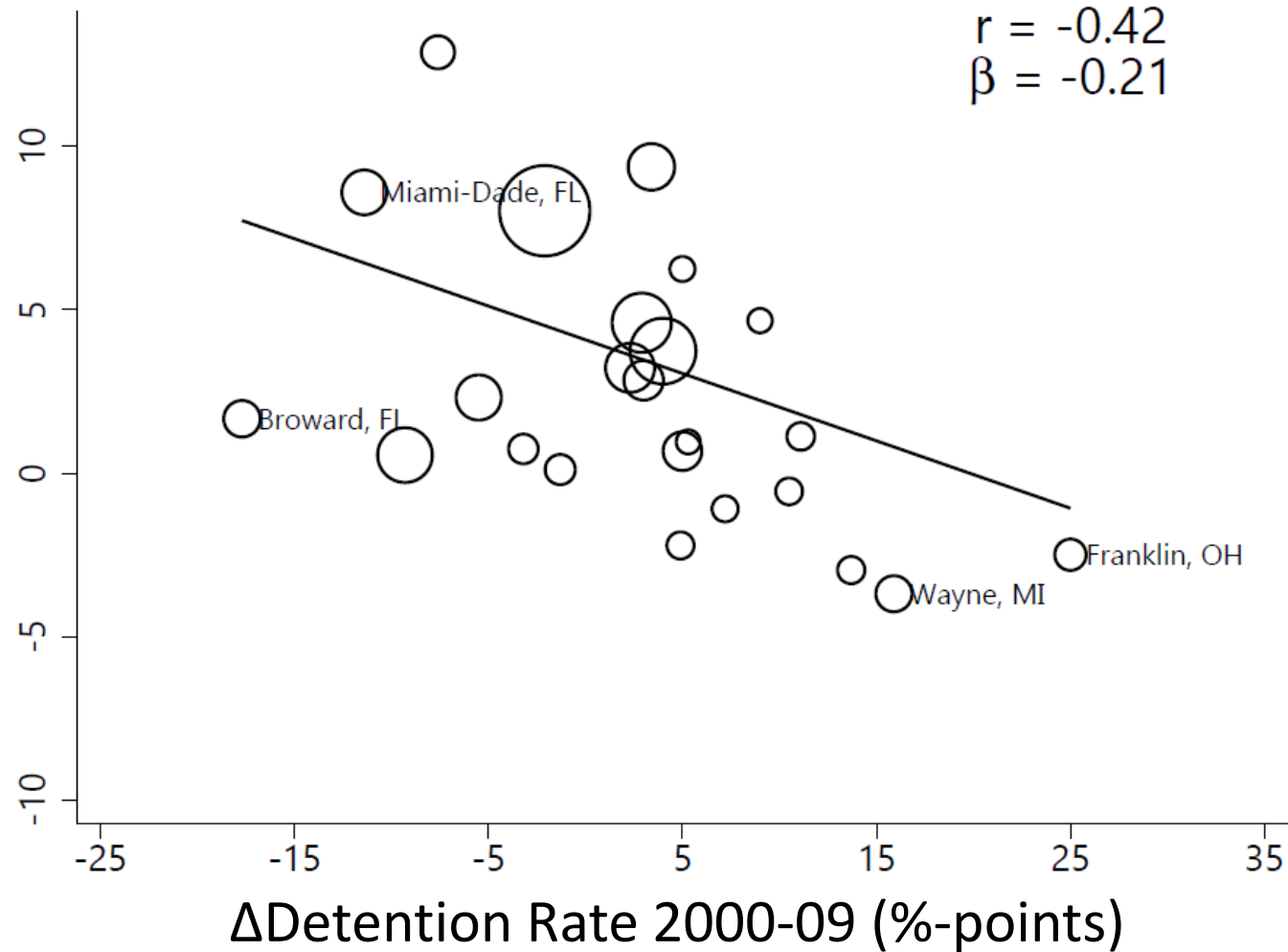|	Detained Mean	2SLS Estimates	NPV Estimates
Panel A: Binary Outcomes	(1)	(2)	(3)
Any Formal Sector Earnings	0.378	-0.094	–
	(0.485)	(0.057)	

▸ There were ≈10 million arrests last year
  ▸ 37.8% were detained = 3.78 million people detained
  ▸ Detention reduced employment by -9.4%-points
  ▸ **Eliminating pre-trial detention** would raise employment by 3.78m × 9.4% ≈ **355,000**

▸ Some relevant adjustments:
  ▸ $\dfrac{\textit{People arrested}}{\textit{Number of arrests}}$ ≈ 50%
  ▸ Only 57% of detainees are aged 25-44
  ▸ Detention effect may only be 60% as large (precision-weighted average)

Employment effect ≈ **60,000** aged 25-44

Long differences across counties
(Yields direct effects + within-county spillover effects)

ΔEmployment rate 2000-10
Age 25-44 (%-points)

r = -0.42
β = -0.21

Miami-Dade, FL

Broward, FL

Franklin, OH

Wayne, MI

ΔDetention Rate 2000-09 (%-points)

Indirect effects:
Estimated from long diffs on county data

▶ Back-of-the-envelope calculations suggest that the elimination of money bail would have led to counterfactual:

  ▶ Poverty rate decrease from 2000–2010 by 0.45–1.58pp for all working-age, and by 6.67–9.66pp for Black working-age

  ▶ Employment rates increase from 2000–2010 by 7.55–10.40pp for all working-age, and by 7.52–13.80pp for Black working-age

▸ I think this is a miscalculation:

ΔEmployment = (-0.115 to -0.206) × ΔDetention rate

Range of coefficient estimates

Eliminating money bail causes detention rate to fall from 41.3% to 10%

Therefore ΔEmployment rate = **+3.6%-pts to +6.4%-pts**

▸ Employment of 25-44 year olds ≈ 63 million in 2000

  ▸ +3.6% to 6.4% × 63 million = 2.2 to 4.1 million extra jobs

▸ Implies: Indirect effects **35-70x larger** than direct effects

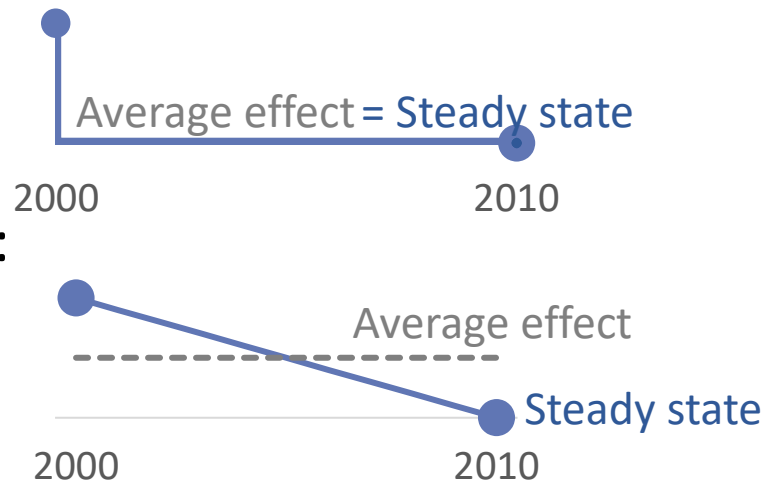# A partial reconciliation
Guesstimate **steady-state** effects

Direct effect from micro data

- If it is purely transitory:
  - 60,000 jobs
- If it the effect is permanent, lasting for 30 years
  - 1.8 million jobs
- If scarring effect depreciates at 10% per year:
  - **600,000 jobs**

Direct + spillover effects from macro data

- If the change in detention was immediate:
  - 2.2 to 4.1 million

Average effect = Steady state

2000   2010

- If this was a phased-in change:
  - Steady state effect is twice the average effect
  - **4.4 to 8.2 million jobs**

Average effect

Steady state

2000   2010

Taking the magnitudes seriously

Employment Rate of 25-54 year olds

82%

80

78

76

74

72

70

+6.4%

+3.6% to

Effect of eliminating cash bail

Financial crisis:↓5%

Covid shutdown: ↓10%

Employment to population ratio
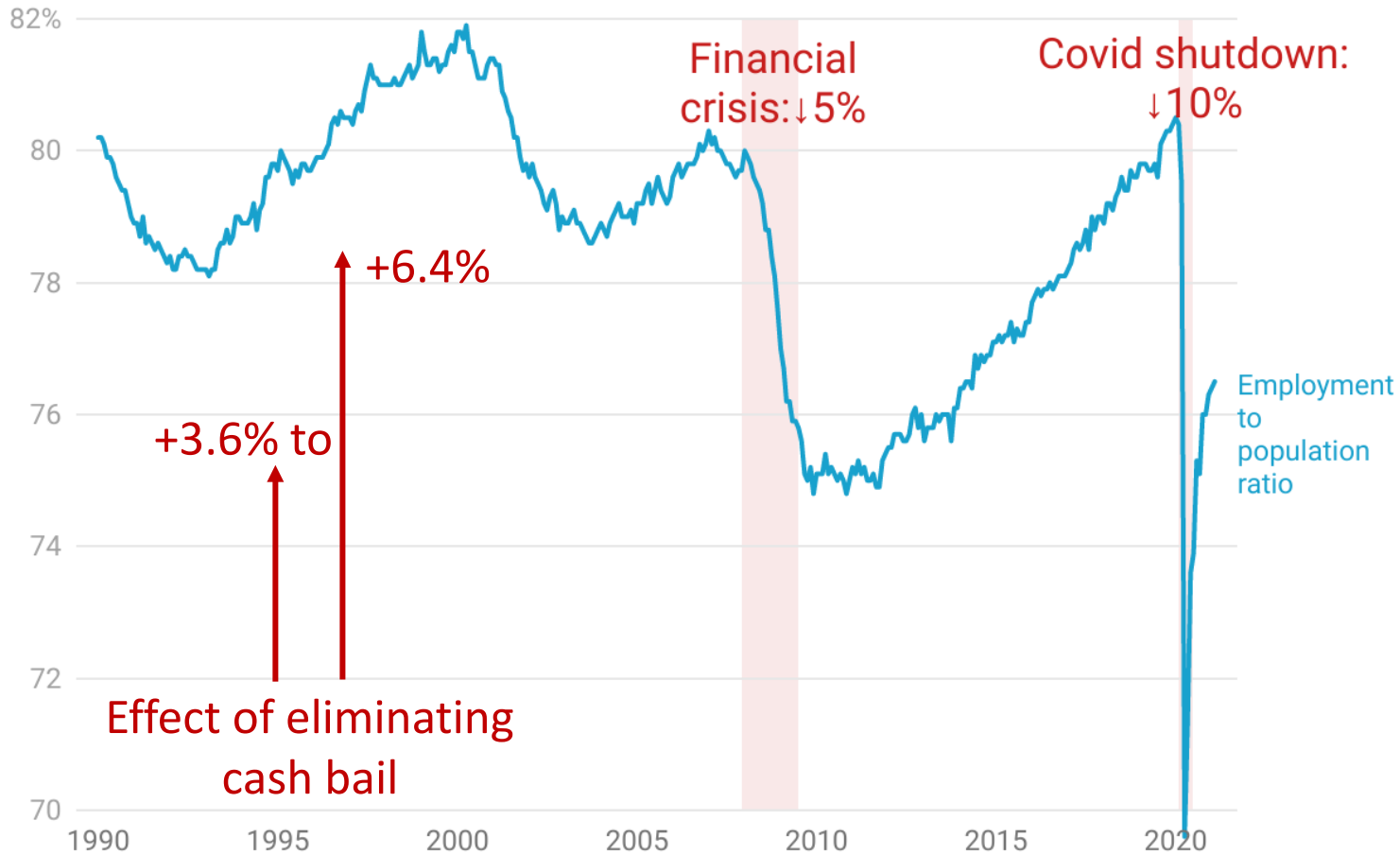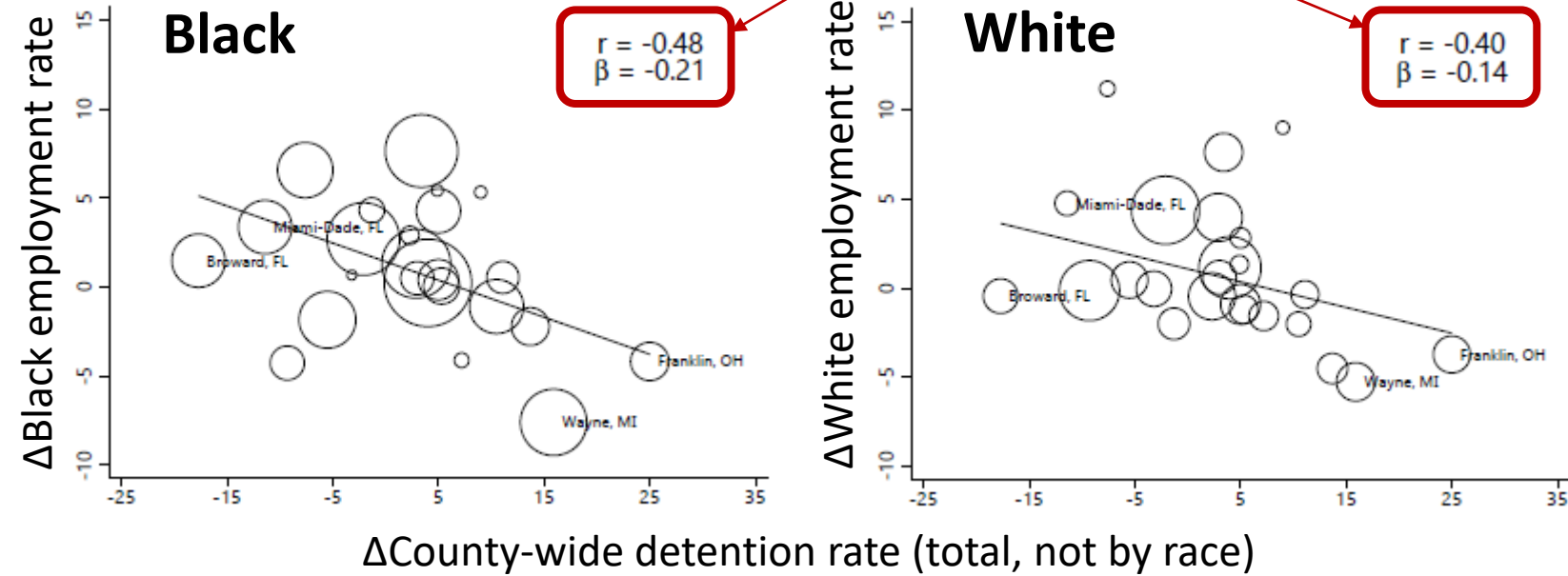
1990   1995   2000   2005   2010   2015   2020

Chart: Justin Wolfers • Source: BLS • Created with Datawrapper

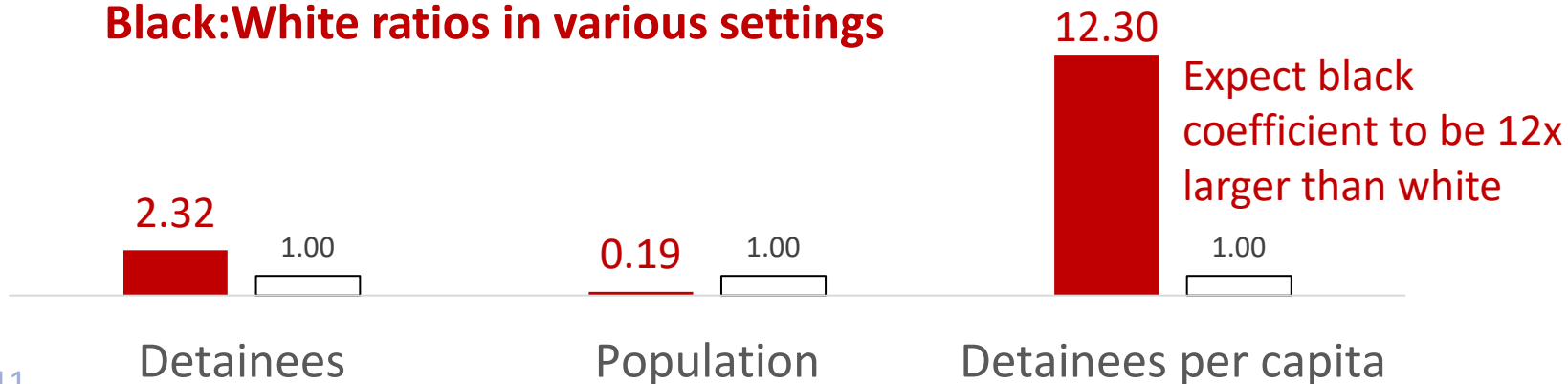# Differences by race in estimated effects aren't big enough

Changes in County Detention and Employment Rates

Remarkably similar responses

Black
r = -0.48
β = -0.21

White
r = -0.40
β = -0.14

ΔBlack employment rate

ΔWhite employment rate

ΔCounty-wide detention rate (total, not by race)

Black:White ratios in various settings

2.32   1.00   0.19   1.00   12.30   1.00

Expect black coefficient to be 12x larger than white

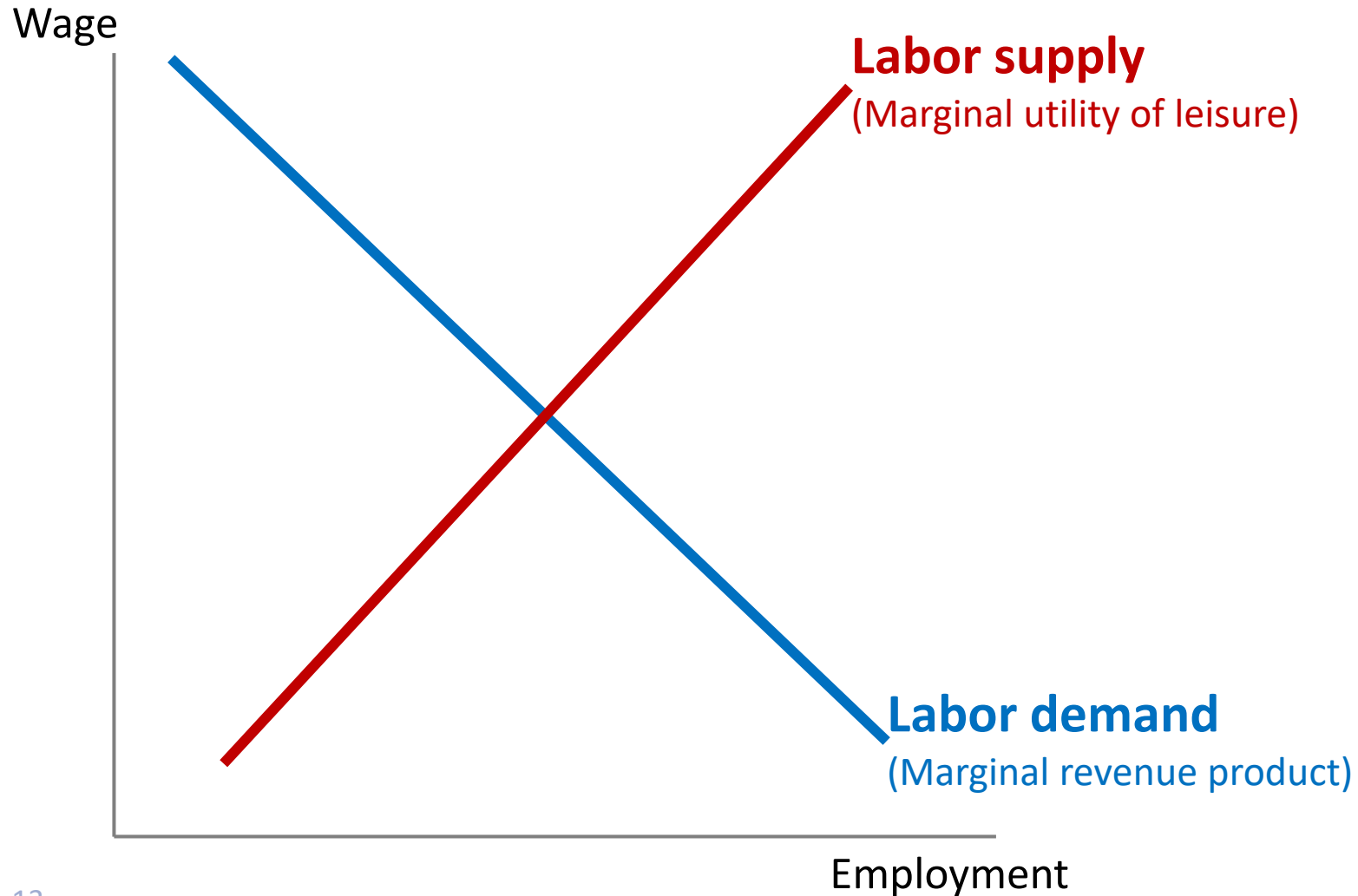Detainees   Population   Detainees per capita

Roadmap

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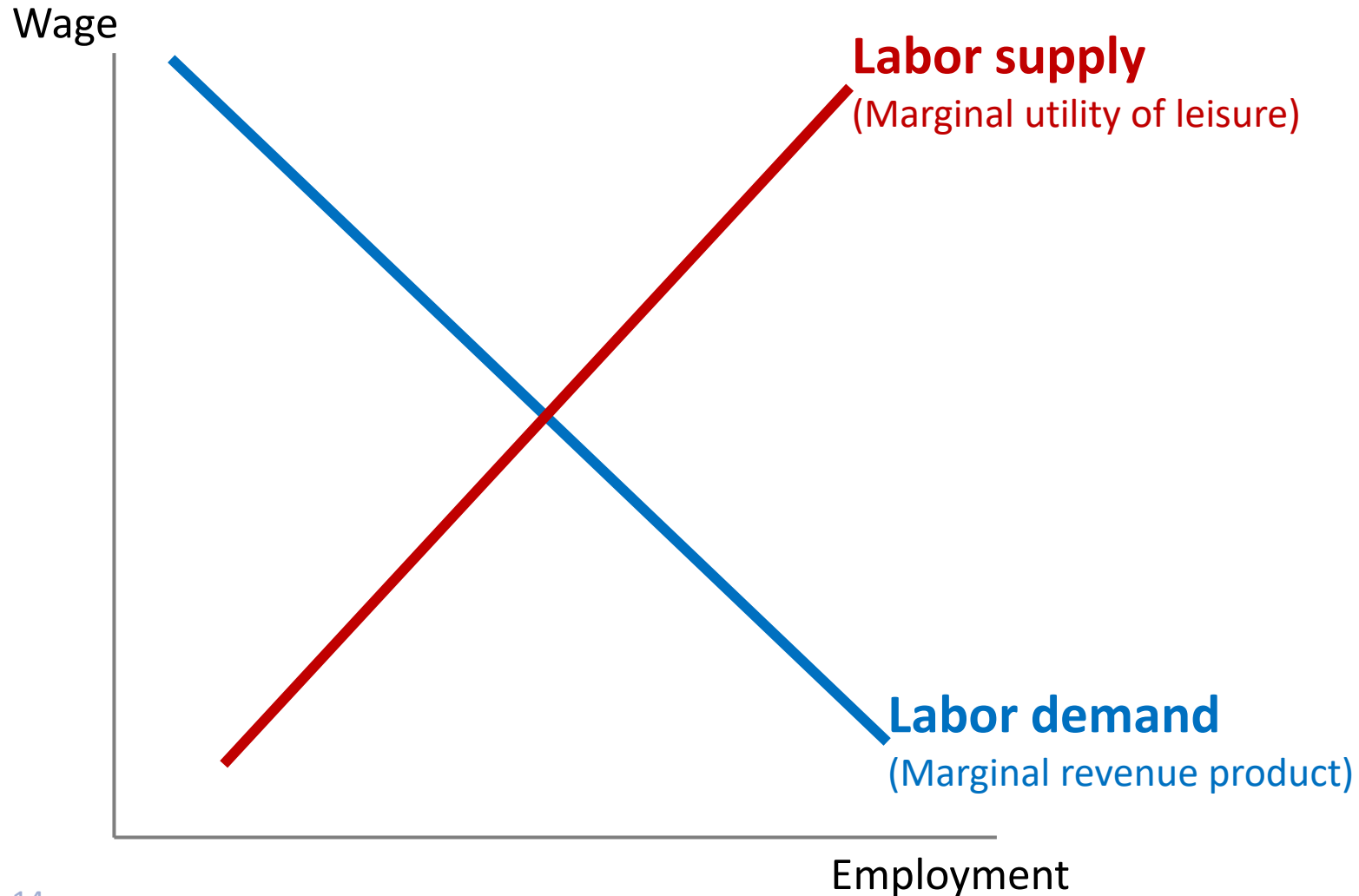
Looking for the equilibrium effects…

Equilibrium **without** pre-trial detention

Wage

Labor supply
(Marginal utility of leisure)

Labor demand
(Marginal revenue product)

Employment

Looking for the equilibrium effects...

Equilibrium **without** pre-trial detention

Adding frictions

Equilibrium **without** pre-trial detention

Wage

Employment

Labor supply
(Marginal utility of leisure)

Unemployment

Friction
(Any factor keeping wage
above market-clearing)

Labor demand
(Marginal revenue product)

Equilibrium ~~without~~ pre-trial detention
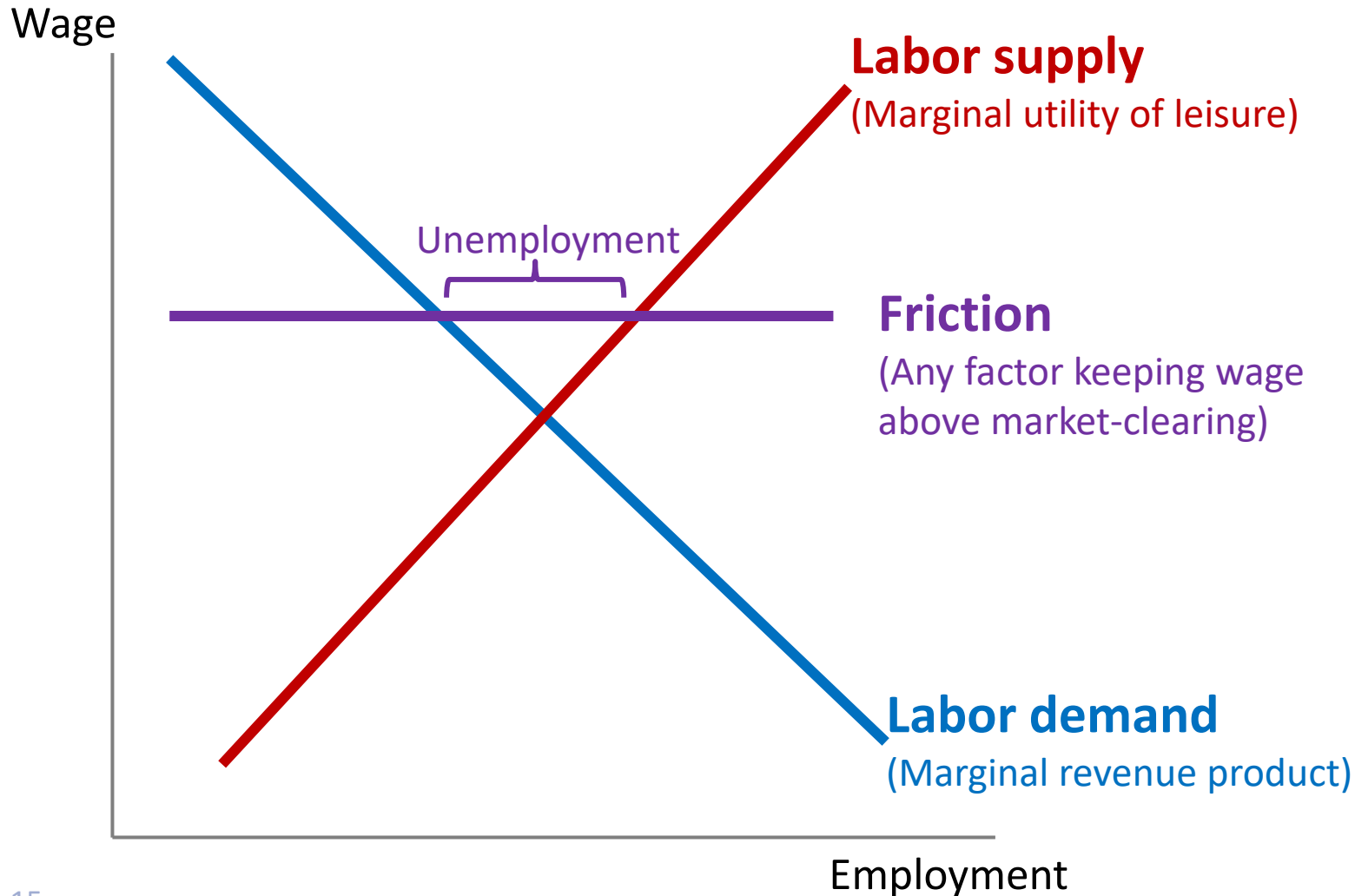
Discrimination against folks who have been detained

Wage

Labor supply
(Marginal utility of leisure)

Folks who are
detained are fired

Friction
(Any factor keeping wage
above market-clearing)

Other folks are
hired in their place

Labor demand
(Marginal revenue product)

Employment
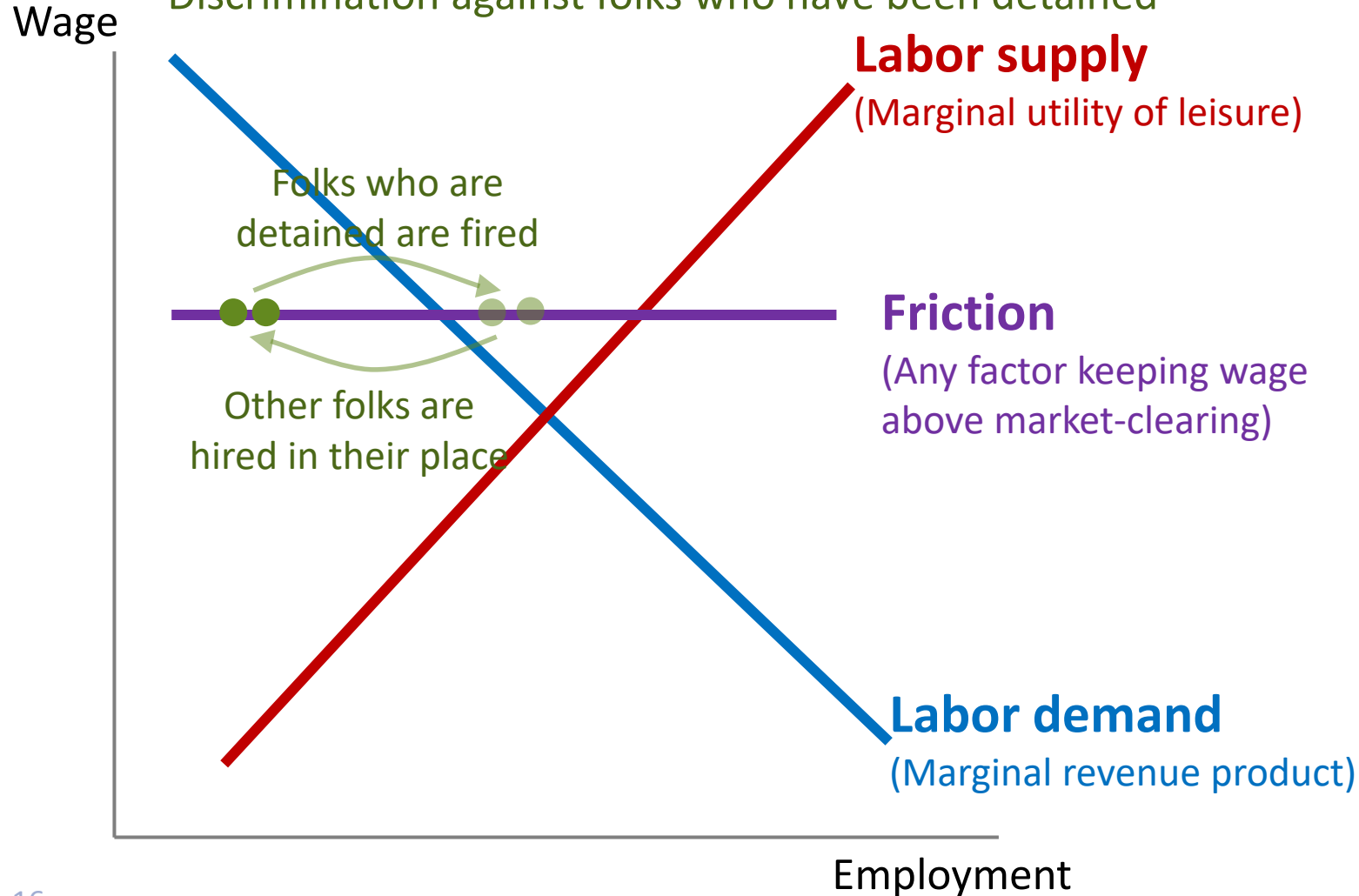
What does pre-trial detention do?

TABLE 4—PRETRIAL RELEASE AND CRIMINAL OUTCOMES

	Detained mean	2SLS results	
	(1)	(5)	(6)
Panel A. Case outcomes			
Any guilty offense	0.578	−0.123	−0.140
	(0.494)	(0.047)	(0.042)
Guilty plea	0.441	−0.095	−0.108
	(0.497)	(0.056)	(0.052)
Any incarceration	0.300	0.006	−0.012
	(0.458)	(0.029)	(0.030)

Source: Dobbie, Goldin and Yang (2018)

Pre-trial detention causes:

▸ More likely to plead guilty, and be found guilty

▸ No effect on post-trial incarceration

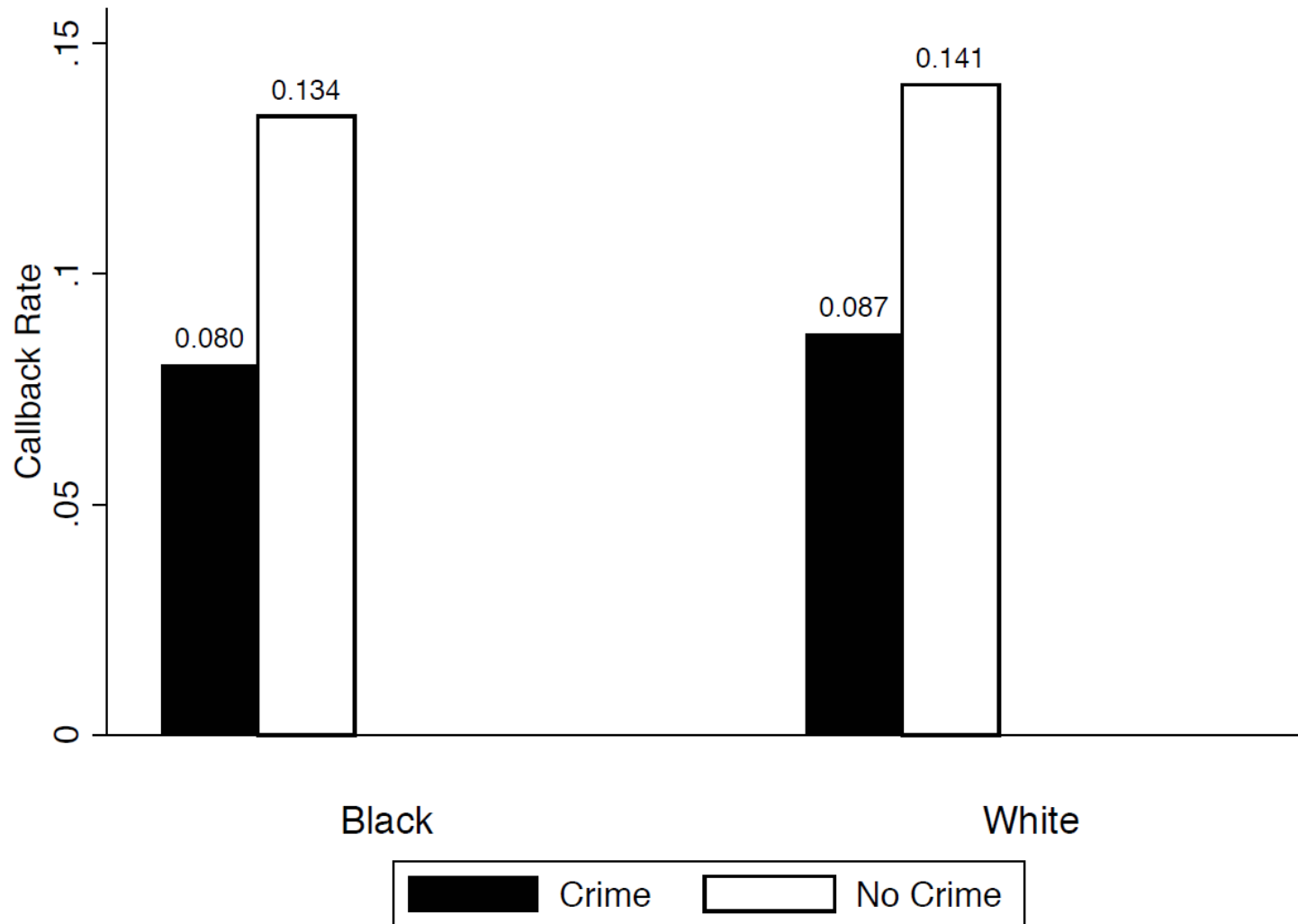▸ Two extra weeks of pre-trial detention (not shown)

Main effect is on criminal record: A **signal** (or scar)

Eliminating pre-trial
detention may
suppress a signal
(of criminality)

Are the spillover effects
really going to be positive?
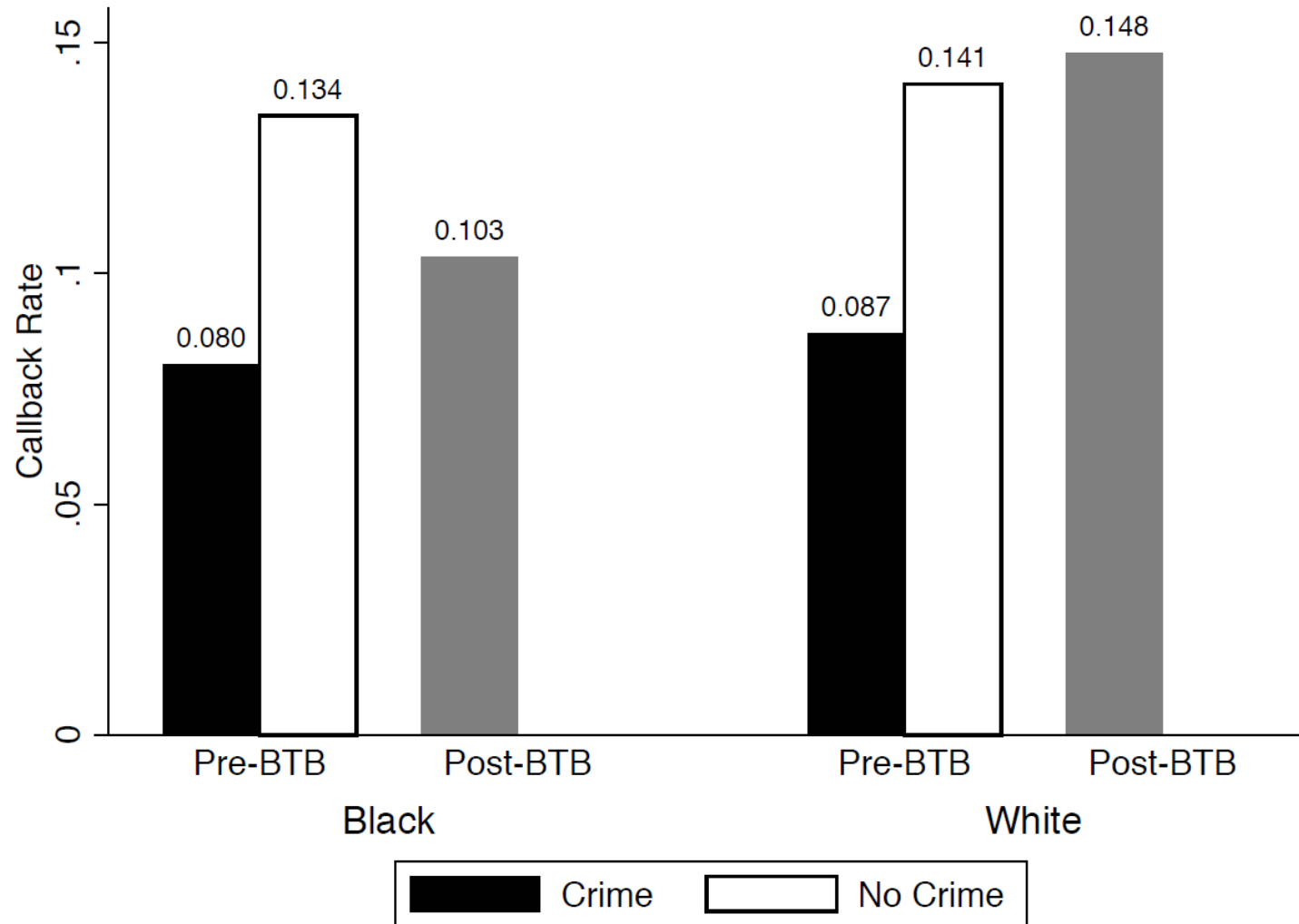
Scarring effect of a criminal record

Callback rate on fictitious job applications

Source: Agan and Starr (QJE, 2018)

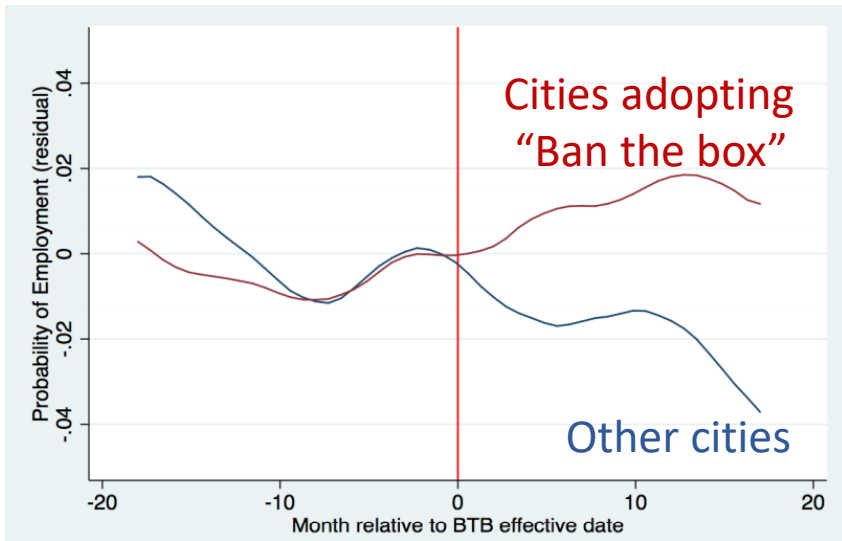# Effect of suppressing this signal
"Ban the Box"
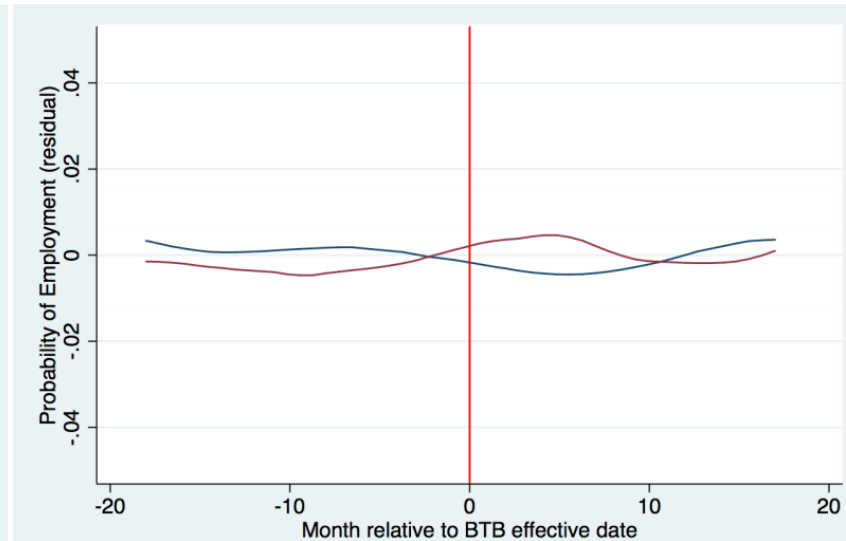
Callback rate on fictitious job applications

Source: Agan and Starr (*QJE*, 2018)

Suppressing this signal had **negative** spillover effects

▸ Effect of adopting "Ban the Box" laws

(on 25-34 year old non-college grads)

Black men   **White men**

Source: Doleac and Hansen (*JOLE*, 2018)
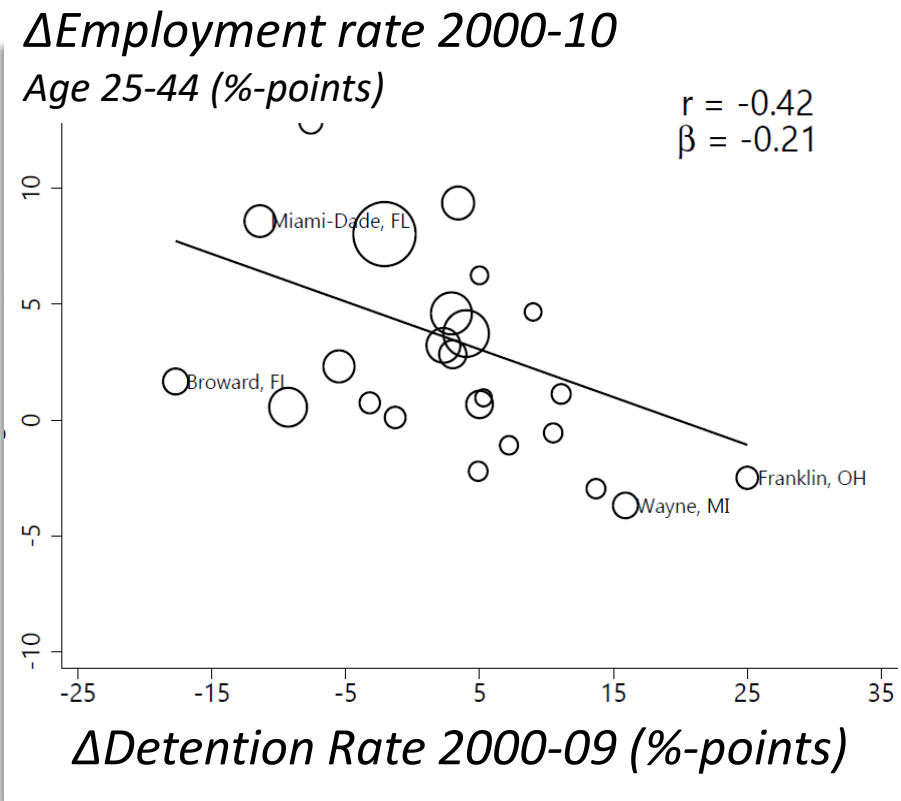
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Econometric complaints:
Are cross-county differences credible?

ΔEmployment rate 2000-10
Age 25-44 (%-points)

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β = -0.21

ΔDetention Rate 2000-09 (%-points)

▸ Endogeneity (duh)

▸ *n*=24 counties

▸ Why not analyze:
  Δ*Number of detainees?*

▸ Dependent variable
  may reflect mix of
  crimes

▸ Main regression has no
  controls

▸ Controls for baseline
  characteristics halves
  the coefficient and
  renders it insignificant
  (β=0.115; se=0.072)

  ▸ 11 control variables!

  ▸ None are first
    differences

▸ Statistical imprecision

Conclusions

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