

# Equal Justice Under Law?

## Local Justice Quality and Crimes

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### Abstract

Being strongly related to certainty of punishment, efficient justice is expected to matter more than the severity of punishment in deterring crimes. However, the evidence supporting this perspective is scarce. This paper estimates the effect of a reform of the criminal justice system that took place in Italy in 2012, evaluating its impact on justice efficiency and crime deterrence. Event study and difference-in-difference estimates reveal that the reform significantly improved the efficiency of criminal courts and deterred property crimes and organised crimes, while violent crimes were not affected. These results support the idea that the deterrence effect of justice efficiency applies particularly to “rational” crimes, while criminals acting under impulsive and less-rational circumstances do not internalise information about justice in their decision-making.

**Keywords:** crime, justice, justice efficiency, deterrence, Italy.

**JEL Codes:** K14, K42, P43, Z18

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# 1 Introduction

Recent developments in the theory of crime deterrence speculate that criminals value the likelihood of being sentenced more than the severity of the sentence (Chalfin & McCrary, 2017). These theories are indirectly reinforced by a large body of evidence showing the lack of any clear deterrence effect of severe sanctions (Bell et al., 2014; Mueller-Smith & Schnepel, 2021; Mungan, 2021), but the direct empirical support for the deterrent effect of certain punishment remains limited (Nagin et al., 2018). This paper contributes to fill this gap, by examining how the judicial reform which changed the Italian geography of courts to improve justice efficiency has impacted the propensity to commit crimes in the country.

The likelihood of being sentenced crucially depends on the efficiency of the justice system. If criminals internalise costs related to the probability of punishment when deciding whether to commit a crime (Beccaria, 1764; Becker, 1968; Bentham, 1789), the guarantee of effective determination of guilt resulting from efficient justice is expected to reduce the propensity to commit crimes (Chalfin & McCrary, 2017).

Empirical evidence on this matter is scarce, mixed, and primarily engaged with the procedural reform implemented in Latin America to transition to the long-standing criminal procedures of the Global North (Cattaneo et al., 2022; Hernández, 2019; Zorro Medina et al., 2016). Justice efficiency in the Global North has different needs, which are addressed by dedicated policy (European Commission for the Efficiency of Justice, 2013), whose effects on crime deterrence are still largely unknown. This lack of evidence matters globally, given that the justice systems of the Global North often inspire the reforms worldwide.

Many Global North countries have pursued justice efficiency by merging courts, because agglomeration is assumed to create economies of scale, specialisation, and cost reduction

(European Commission for the Efficiency of Justice, 2013). In the past twenty years, countries like Denmark, France, Italy, the Netherlands, Sweden, and the UK merged courts that served small areas and populations into larger court (Agrell et al., 2020; European Commission for the Efficiency of Justice, 2013; Simson Caird, 2016).

Despite the scale of this reform, which reshaped the geography of justice in many countries and deprived many places of their local court, its effects on justice efficiency and crime deterrence are still largely unknown. This study addresses this evidence gap by examining the Italian case.

The so-called ‘Severino reform’ (from the name of the then-Minister of Justice), implemented in 2012, had the explicit aim of addressing the historical weaknesses of the Italian judicial system (European Commission, 2018). It significantly reshaped the geography of Italian Lower Courts<sup>1</sup>, whose spatial distribution had mostly remained unchanged since the 1860s. The reform ‘rationalised’ the number of Lower Courts, by incorporating 26 courts and their territory of competence within 23 preexisting courts and their territory, reducing their number by 19%. The reform was not part of any political agenda, campaign, or discussion, and its design and implementation were particularly swift. This occurred because the reform was pushed forward by the technical government that was appointed in 2011 to handle the sovereign debt crisis.

The spatial reorganisation of the Lower Court selected the ones to be incorporated on the basis of size and population. The smallest courts were absorbed into the nearest larger court, thus expanding the area of competence of incorporating courts. Our identification strategy draws on the quasi-experimental nature of this territorial reorganisation, to measure whether the reform contributed to deter crime activity by increasing efficiency in re-

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<sup>1</sup>Also referred to as First-Instance Courts or Ordinary Courts

organised courts.

Rationalising lower courts to make them serve larger areas, as done by the 2012 Italian reform, may have two opposite effects on justice efficiency and crime deterrence. On the one hand, it may signal policy commitment towards good-quality justice, and improve the efficiency of the justice system, thanks to synergies, knowledge spillovers, and economies of scale that result from having more judges in the same court (Voigt, 2016). On the other hand, larger courts may reduce efficiency due to high coordination costs among larger personnel, and the vanishing of courts in certain areas could be perceived as reduced institutional commitment to safety and justice (Peyrache & Zago, 2016). Which effect prevails is a matter of empirical investigation.

This paper exploits the Italian justice reform to test whether the court mergers have impacted the incidence of crime, and whether any efficiency channels were triggered by the reform. First, we evaluate whether the reform had any effects in terms of crime deterrence. We estimate Event Study and Difference-in-Differences models assessing crime incidence in court districts reshaped by the reform. Drawing on the literature on crime deterrence, we consider three broad categories of crime: property, organised, and violent crimes. By doing so, we account for acknowledged differences in the opportunity-cost evaluation by violent and nonviolent offenders (Raskolnikov, 2020).

Second, we estimate the effect of the reform on criminal justice efficiency, comparing the productivity of reshaped and unchanged courts, before and after the reform. Justice efficiency is computed using the 'Clearance Rate'<sup>2</sup>, the established metric used by international and national institutions (European Commission for the Efficiency of Justice, 2020). Third, we verify if the changes in justice efficiency determined by the reform explain the

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<sup>2</sup>The Clearance Rate is given by the ratio of terminated cases to incoming cases.

variations in criminal activity.

We find that the court reorganisation imposed by the reform significantly decreased the incidence of property and organised crime in treated courts, while violent crimes were not affected. In addition, we find that the reform significantly increased the Clearance Rate of treated courts. We demonstrate that such results are not determined by the self-selection of treated courts on the basis of pre-determined crime and justice, and that the increased court efficiency of treated courts does not correlate to low-quality sentencing. Finally, we show that the efficiency boost generated by the reform is at the root of the decrease in property and organised crimes. These results suggest that the reform, by improving justice efficiency, exerted a persistent deterrence effect on nonviolent crimes. This supports the rational choice theory of crime (Loughran et al., 2016) and corroborates the centrality of certainty of punishment for crime deterrence (Chalfin & McCrary, 2017).

We also show that the results are not driven by alternative mechanisms, such as the local strength of criminal organisations, judge turnover, the local spending on safety and justice, and changes in the propensity to report crimes.

Our measure of crime is obtained from reported crimes, and we account for underreporting bias by separately estimating deterrence effects for different types of crimes and including crimes with negligible rate of underreporting.

To the best of our knowledge, this is the first study on the deterrence effect of efficient justice which is performed on a whole country and accounts for the local heterogeneity in crime patterns by means of a counterfactual analysis. The paper goes beyond existing work on the topic adopting countries or regions as units of observation (Bun et al., 2020; Mocan et al., 2020), by performing the analysis *within* regions and directly attempting to