Highway to Hell? Interstate Highway System and Crime (with Francesca Calamunci)

Abstract: The United States witnessed an unprecedented crime wave in the 1960s and 1970s, with the total index crime rate more than tripling between 1960-1980. However, little is known about the causes of this sudden surge in criminal activity across the country. This paper investigates the role played by the construction of the Interstate Highway System (IHS), an ambitious project that led to the construction of over 40,000 miles of highways between 1956-1992. Using a staggered difference-in-differences approach and a county-by-year panel dataset spanning all US counties between 1960-1993, we find that the opening of an interstate highway in a county led to a modest but statistically significant increase in local crime (+5%). This effect is driven by property crime (namely theft/larceny and motor vehicle theft), while violent crime remained unaffected. Exploring potential mechanisms, we first show that the effect on crime does not appear to be driven by local economic development. On the other hand, we do find a small but statistically significant increase in local law enforcement productivity, which likely offset some of the mobility and productivity gains among the criminals.