

1st set of open questions

Law and Economics

Submit before Monday, Sept 20.

Choose and answer at least two of the following questions. These are open questions: there is no right or wrong answers. However, there are better and worse arguments you can make. Feel free to use any source of information that you want, but I recommend that you first spend some time thinking about the question on your own. Try to convey your answer in a concise and clear way.

Submission format: send me a .txt file via email. Each question number should be clearly marked in your answer.

1. Think of the externality model about the ranch and the farm that we covered in class. When we discussed potential solutions, one was prohibition. This solution involves a cap on the herd size and a penalty to enforce the cap. We argued that for the penalty to be effective it had to be large enough. However, there was no ceiling on the penalty. What are the advantages or disadvantages of using a larger than required penalty?

2. In class, we mentioned the existence of victimless crimes. Is software piracy a victimless crime? Expand on this.

3. We saw that while tort law's main goal is to compensate victims from damages, criminal law is centered around punishment. Punishment can take the form of fines, but also non-monetary punishment such as jail time, capital and corporal punishment, etc. What are the pros and cons of using these different types of punishments in criminal law?

4. In tort law, when the injurer is found liable and has to pay damages the payment usually goes to the victim. However, whether money goes to the victim, is burnt, or used for other things (maybe could go to people in less favorable situations than the victim), it does not affect the incentives of the injurer to take precautions. A reason to compensate victims is that this is in some sense “fair”. Is there another reason that you can think of?