

Law and Economics Exam Spring 2009

Klick

Rules: You have 24 hours from the time you pick up this exam to turn it in, but it must be turned in by 5 p.m. on April 30 at the latest. This exam consists of two questions and a third element where you choose to either count one of your answers double or to have each of the first two questions count for the same amount toward your final exam grade. You may consult any class notes, as well as any law and economics or economics textbook/treatise, but you may not use internet resources (except Friedman's webbed textbook) or published journal articles in completion of the exam. There are no length guidelines for the answers. Irrelevant but correct material in your answers will neither count in or against your favor. Irrelevant and incorrect material will count against your grade. It is very unlikely that the longest answers will score the highest (if only because an overly wrong answer is more likely to contain incorrect material). I am interested in your law and economics analysis, not your ability to regurgitate classic sources (e.g., Posner). Good luck and have a good summer.

1. The Environmental Protection Agency (EPA) is considering two different measures of damages to use in assessing fines against polluters. The first is to calculate the gain to the polluter (e.g., the profit the polluter made in the process of creating the prohibited pollution) and levy a fine equal to that gain. The second is to assess the harm done to others by the prohibited pollution and levy a fine equal to those total losses. Present a law and economics analysis of these two options.
2. Putting aside any normative issues about human rights or any issues relating to international law (e.g., requirements of the Geneva Convention), from a law and economics perspective, why might a country try to credibly commit itself to not allowing its agents (e.g., military personnel, CIA personnel, etc.) to torture enemy combatants/military personnel in times of war? For example, why might the US government announce to its enemies that any agent of the United States convicted of engaging in torture (even broadly defined) will be punished severely?
3. Choose to count either question 1 or question 2 double (i.e., your final point total will be equal to the points you earned on the question you did not choose to double plus 2 times the points you earned on the question you choose to double) or choose to diversify such that each of those questions is weighted equally in determining your final grade (i.e., your final point total will be equal to 1.5 times the sum of the points you earned on question 1 and question 2). Make your choice clear, or you will lose 1/3 of the total points available on the exam.