

**Questions for final exam readings from Friedman's *Law's Order*****Chapter 7: Coin Flips and Car Crashes: *Ex post* vs *Ex ante***

1. Distinguish between the *ex ante* and *ex post* punishment/liability for reckless driving. What are the advantages and disadvantages of each? How do they differ with respect to the information required to implement them?
2. Apply the *ex ante-ex post* distinction to the choice between effluent fees and direct regulation in the case of pollution.
3. Friedman says: "*Ex ante* punishment provides incentives based on the beliefs of the people making the laws; *ex post* provides incentives based on the beliefs of the people the law applies to." Explain what he means in the context of a driving example.

**Chapter 9: As Much as Your Life is Worth**

4. Why is looking at the wage premium for risky professions a better way of measuring the value of a life than, say, looking at lifetime earnings?
5. Friedman says: "There is no reason to expect the optimal damage payment for purposes of deterrence to be equal to the optimal damage payment for purposes of insurance." What example does he use to illustrate why?
6. According to Friedman, a person who is seriously injured--e.g., blinded or crippled--is made worse off in three ways. What are these ways? Which are the basis for determining traditional tort damages and why?

**Chapter 14: Tort Law**

7. As Friedman notes, competition, which harms competitors and in some sense makes them "victims," is not a tort. Why does this make economic sense? Illustrate with an example.
8. "You stop your friend on the street to chat. He continues on down the street. As he passes by an office building, a safe falls out the window and crushes him. Have you caused his death? Should you be liable?" With these words Friedman introduces a discussion of "coincidental causation." He concludes that, although you have in some sense caused your friend's death, economically you should *not* be liable. Why? What legal rule (which we have applied at various points in this course) should absolve you of liability? Briefly explain.
9. One section of Friedman's chapter on torts is titled "Liability: How to Get Only Efficient Accidents." Explain what he means by an efficient accident.
10. According to Friedman: "A tortfeasor takes his victim as he finds him. Even if the victim happens to be unusually vulnerable, even if he turns out to have an 'eggshell skull' that can be broken by a light blow, the tortfeasor is still liable for the actual costs due to his tort." Friedman argues that this is as it should be, i.e., even though the victim's "eggshell skull" is unforeseeable, the injurer/tortfeasor should still be fully liable. What is his argument?