

Introduction to Law and Economics

Homework#2

Due, November 21, 2022

1. Consider an example similar to that of p.17 in the new tort law slide, with new numbers as in the following table.

(i) Fill in the blanks of the table. (20%)

(ii) What is the socially optimal care level? (10%)

(iii) What among the three liability rules implement the driver to exercise the socially optimal care level? Please make your own tables like those in p.22-23 of the slide.(20%)

care level	cost	Probability of accident	expected loss	total social cost
0 (none)	0	0.25		
1 (moderate)	8	0.10		
2 (high)	12	0.05		

The loss of the accident is 200.

2. 重新考慮上課 tort law 講義裡 p.17 的例子。現假設車禍發的機率，完全被行人的小心程度決定。換句話說，表裡的 $e = 0, 1, 2$ 代表的都是行人，而非駕駛的小心程度。請分別考慮 3 種過失責任制度 (liability rules) 的結果，以及哪些可以達到最適的努力程度。你的結果和講義裡的結果有什麼不同？為什麼？注意：過失責任的判斷都是以駕駛為主體。(50%)