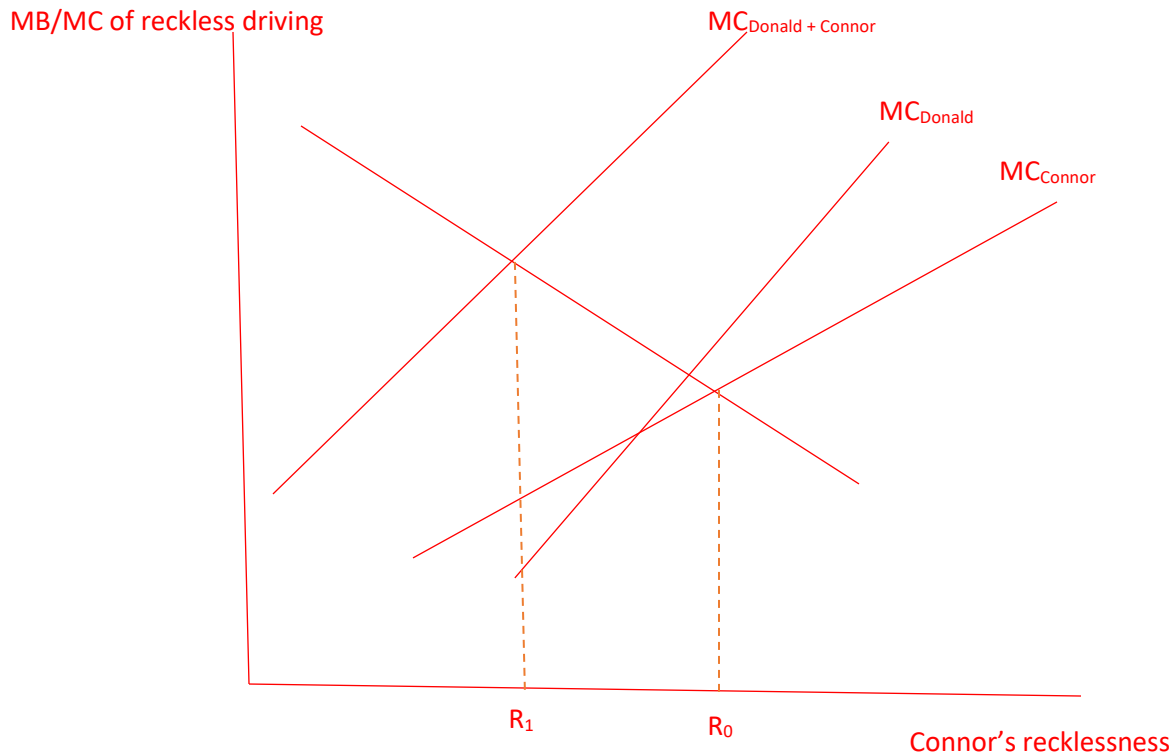


Quiz #1 (Answer Key)  
ECNS 316  
Spring 2020

Name \_\_\_\_\_

1.) Consider the example from class where Connor is driving very recklessly and crashes into Donald.

a.) (5 points) If left to his own devices, what is the level of reckless driving Connor will choose? Illustrate this graphically in the space below. Make sure to label or graph! No labels, no points.



Connor will choose  $R_0$ , where he only takes his own MC into account.

b.) (5 points) Now, suppose civil, but not criminal, law is in place. In your graph, show the level of reckless driving that Connor will choose. Is this the efficient level of reckless driving? Why or why not?

Connor will choose  $R_1$ . However, this is socially inefficient as he is not taking into account the external costs he imposes on other drivers. The efficient level of reckless driving lies somewhere to the left of  $R_1$ .

**2.) (5 points)** In Ehrlich's (1996) paper on "Crime, Punishment, and the Market for Offenses", he lists difficulties that researchers face when trying to empirically estimate the causal effects of various potential determinants on crime (e.g., the effect of law enforcement on crime). Below, briefly describe one of the challenges he discusses that researchers face. Be brief in your answer....no more than 3 sentences.

Possible answers include a brief description of one of the following issues:

- Model specification
- Measurement error in the available data
- Selecting empirical counterparts of theoretical constructs
- Causal identification
- Separating deterrence from incapacitation