

**EZRA FRIEDMAN**

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**UNDERGRADUATE STUDIES:**

B.A. in Economics, Haverford College, May 1992

**GRADUATE STUDIES:**

Ph.D. in Economics, Massachusetts Institute of Technology, May 1998

J.D., Yale Law School, May 2008

**PROFESSIONAL POSITIONS HELD:**

July 2008-	Assistant Professor of Law, Northwestern University School of Law
Jan 2006—June 2006	Visiting Lecturer in Law, Yale Law School
Sept 2002—June 2006	Visiting Lecturer, Yale University
Oct. 1999—July 2002	Staff Economist, Federal Trade Commission
Sept. 1998—Aug. 1999	Post-Doctoral Scholar, Northwestern University Center for Mathematical Studies of Economics and Management Science

**PUBLICATIONS:**

**Adverse Selection as a Barrier to Entry in the Banking Industry** (with Giovanni Dell’Ariccia and Robert Marquez), *Rand Journal of Economics*, Autumn 1999, Vol. 30 (3) pp. 515-534.

*In this paper we show that the superior information an incumbent bank possesses regarding the existing borrowers in a market can prevent competing banks from entering the market.*

**Bayesian Juries and the Limits to Deterrence** (with Abraham Wickelgren), *Journal of Law, Economics and Organization*, April 2006, Vol. 22 (1) pp. 70-86.

*We show that when Bayesian juries use a fixed standard of reasonable doubt and there is some uncertainty as to whether or not a crime has been committed there is a bound on the amount of crime that can be deterred by increasing penalties. We find that increasing the quality of the criminal investigation is more likely to be able to reduce crime.*

**Chilling, Settlement, and the Accuracy of the Legal System** (with Abraham Wickelgren) Forthcoming, *Journal of Law, Economics and Organization*, Spring 2010, Vol 26 (1)

*In this paper we develop a formal model showing that allowing settlement prior to trial is not always socially beneficial, and will generally lead to a less accurate legal system. We show that under some conditions allowing settlement results in an increase in tortious activity but does not reduce total legal costs.*

**No Free Lunch: How Settlement Can Reduce the Legal System's Ability to Induce Efficient Behavior** (with Abraham Wickelgren) *Southern Methodist University Law Review*, Fall 2008 Vol 61 (4) pp. 1355-1376.

*We argue that policies that uncritically encourage early settlement of lawsuits are sometimes misguided. Although early settlement usually reduces legal costs it tends to decrease the ability of the legal system to punish harmful behavior without also punishing beneficial behavior. We argue that this loss of ability to induce efficient behavior sometimes outweighs the savings in legal costs.*

### WORKING PAPERS:

**Swiss Cheese and Accidents: A Proposal for a Robust, Efficient Comparative Negligence Rule** (Earlier version presented at ALEA Annual Meetings May 2006)

*This paper shows that in cases where agents have private information about their costs of care or cannot choose their level of care perfectly conventional simple liability rules fail to provide for efficient incentives. However, I show how to construct a form of comparative negligence rule that provides for first best efficient incentives in those cases.*

**Competition Policy and Financial Distress** (Joint with Marco Ottaviani, Presented at 2<sup>nd</sup> Annual Research Symposium on Antitrust Economics and Competition Policy at Northwestern, September 2009)

*We posit that the presence of financial distress might diminish price competition by reducing firms' willingness to undertake long-term investments in their customer base. Mergers that reduce the probability of financial distress can induce the merging firms to compete more fiercely for customers, thus offsetting the traditional effects of an increase in market power.*

**Not Just Being There: An Economic Analysis of Fact Witness Payment** (Joint with Eugene Kontorovich)

*We highlight the distinction between the perceptual act of witnessing and the act of testifying, and argue that although there might be good reasons to regulate payments to fact witnesses the customary prohibition on compensating fact witnesses is not justified by reference to economic theory. We propose considering a court mediated system for compensating fact witnesses so as to encourage witnessing of legally important events.*

**Do Small Governments Make Bad Neighbors? The Relationship between Government Centralization, Redistributive Policy and Residential Segregation**

*In this paper I develop a measure of government centralization. I find that counties with more centralized governments and larger counties spend more on redistribution than smaller and less centralized counties. This suggests that local governments are sensitive to a perception that redistributive policy may attract less desirable citizens.*

**Looking for Externalities in *Watters v. Wachovia Bank*** (with Jonathan Macey)

*We examine the policy arguments relating to the question of federal preemption of state financial regulation recently considered by the Supreme Court in *Watters v. Wachovia*. We conclude that although there are good justifications for the federal government to preempt state regulations relating to the safety and soundness of banks and financial institutions, there is no compelling justification for federal preemption of state consumer protection regulations.*

**A Model of Obfuscation** (Presented at Game Theory Society Annual Meetings July 2004)

*I construct a model of information transmission from a sender to a receiver where the sender can report truthfully or falsely, but the receiver must pay a cost if she wishes to verify the report. I find that receivers will place less credence on reports that are expensive to verify and that false senders will have an incentive to obfuscate by increasing the cost of verifying their report.*

**Risk Sharing and the Dynamics of Inequality** (Northwestern University Center for Mathematical Studies of Economics and Management Science Working Paper 1234)

*In this paper I characterize the optimal risk sharing contract between several agents under moral hazard and show that under this contract inequality will be increasing over time.*

**Public Speech by Experts** (Northwestern University Center for Mathematical Studies of Economics and Management Science Working Paper 1235)

*This paper is a model of public debate in which experts attempt to influence public policy by making recommendations about controversial issues. It is shown there might be several equilibria, one in which only extremists speak and the speech is uninformative, and another in which both extremists and moderates speak and the speech is more informative.*

**PRESENTATIONS:** University of Chicago Law and Economics Colloquium (2009), American Law and Economics Association Summer Meetings (2009,2008,2006), University of Virginia Law and Economics Colloquium (2009), Midwestern Law and Economics Association (2008), International Game Theory Society (2004), National Bureau of Economic Research Law and Economics Summer Institute (2003), Econometric Society Summer Meetings (2003,1998), Penn State University (1999)

**TEACHING:**

Courses Taught: Torts, Law and Economics, Insurance Law, Topics in Economic Policy, Financial Markets, Financial Theory

**OTHER ACTIVITIES:**

Board of Directors: Agora Partnerships (Provides funding and technical assistance to start-up enterprises in Nicaragua)

Expert Witness: Ethiopia-Eritrea War Crimes Commission, Permanent Court of Arbitration, The Hague

Referee: Journal of Economic Theory, American Economic Review, American Law and Economics Review, Rand Journal of Economics, Economic Theory, Economics of Governance, Yale Law Journal (Consult)