

trade-off toward taking too much risk. Here we study the problem in the context of regulation of a natural monopoly and see how high powered incentives may conflict with safety care. We address the issue of moral hazard in environmental risk with adverse selection, limited liability, risk aversion and multiprincipals. *Journal of Public Economics*, November 1995, 58(3): 319-336. (Reprinted with permission of the *Journal of Public Economics*.)



LIABILITY RULES

Injury, Liability, and the Decision to File a Medical Malpractice Claim, by Frank A. Sloan and Chee Ruey Hsieh (Duke University)

The authors used two data sets based on interviews with families who suffered an adverse birth outcome in Florida—either a stillbirth, an infant death, or a permanent birth-related injury—to assess the decision to file a medical malpractice claim. These data were supplemented by medical evaluations of liability. The authors found that cases in which the physician evaluators thought the physician had been negligent were much more likely to have become claims, as were more serious injuries. Overall, the view of critics of the current medical malpractice system that innocent physicians are just as likely, or more likely, to be sued than the guilty ones and that patients sue when they do not obtain a “perfect result” is not confirmed. Claims were less likely to result when the family had health insurance, either private or public, and when families had been told by the physician that there might be a problem with the child. The mother’s educational attainment and family income had no effect on the probability of claiming. Mothers who admitted to consuming alcohol during pregnancy were more likely to claim. *Law & Society Review*, 1995, 29(3): 413-436. (Reprinted with permission of the *Law & Society Review*.)

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