

# CASE STUDIES ON THE PURPOSE OF LAWS

Sometimes we think of laws as restricting our freedoms. For example, we are not free to speed through a school zone. Society believes that there should be a limit on how fast we drive in a school zone. Therefore, we created laws to limit vehicle speeds around schools. This is an example of how laws spell out a society's belief.

However, laws do more than just spell out our beliefs. Laws also are meant to have a positive effect. In the case of school zones, speed limits reduce the chances of children being run over.

Nevertheless, some people will view certain laws as too prohibitive, even if the intention of that law is good. They will say things like "Government should stay out of our lives."

It is true that we need to limit how far the law intrudes into our lives. Yet the absence of laws is often dangerous. Finding the right balance between laws and freedom is a difficult task.

Consider the following scenarios that illustrate what can happen without laws.

## JAPAN AND HAITI:

### Two Earthquakes, Two Outcomes

On March 11<sup>th</sup>, 2011, a 9.0 magnitude earthquake struck Japan. It was the seventh-most-powerful earthquake ever recorded. The quake and resulting tsunami caused widespread devastation, killing over 20,000 people.

On January 12<sup>th</sup>, 2010, a much less powerful 7.0 magnitude earthquake struck Haiti. Even though the earthquake did not trigger a tsunami like the Japanese earthquake, the damage was far more catastrophic. Haitian authorities said the earthquake killed 230,000 people, injured 300,000 and left a million homeless. Almost all deaths and injuries were the result of collapsing buildings.

Engineering professor Karl Stephan noted that the widespread death in Haiti was an example of "what happens when government absents itself completely from the supervision of private and even public construction. Things can go well for a while, but when an earthquake hits, the devastation is nearly total."<sup>1</sup>

Japan's strict building codes and routine earthquake and tsunami drills ultimately saved lives. On the other hand, Haiti's looser building codes and lack of emergency drills contributed to their high death toll.

1. "Building Codes, Earthquakes, and Haiti," *Engineering Ethics*, 25 January 2010. <http://engineeringethicsblog.blogspot.com/2010/01/building-codes-earthquakes-and-haiti.html>

## CANADA AND THE UNITED STATES:

### Two Banking Systems, Two Outcomes

In 2008, the "Great Recession" devastated the global economy. Banking systems in the United States and across Europe collapsed. 465 banks collapsed in the United States alone. However, in Canada not one bank collapsed. One reason was our government regulations.

Economist Paul Krugman compared American and Canadian bank regulations. He noted that "the United States used to have a boring banking system, but Reagan-era deregulation made things dangerously interesting. Canada, by contrast, has maintained a happy tedium."

Canada's "boring" regulations force our banks to be extremely careful when lending money. There are tight limits on how much money they can lend and their ability to offload risky loans to other banks is restricted.

Krugman concluded that "[Canadian] restrictions meant fewer opportunities for bankers to come up with clever ideas than would have been available if Canada had emulated America's deregulatory zeal. But that, it turns out, was all to the good."<sup>2</sup> Our bank regulations helped Canada withstand the global recession without a banking collapse.

2. "Good and Boring," *New York Times*, 31 January 2010. [www.nytimes.com/2010/02/01/opinion/01krugman.html](http://www.nytimes.com/2010/02/01/opinion/01krugman.html)

