

Mason's Criticisms of Prof. Sunding

“Optimal” Deterrence: Dr. Sunding's Inaccurate Assumptions

- **\$4 billion is unsupported as Anadarko's share of damages**
 - Total amount of harm from oil spill remains unknown
- **Optimal deterrence theory requires violator to pay a risk premium on top of damages caused because damaged individuals are risk averse.**
 - Dr. Sunding incorrectly assumes that risk preferences do not matter.
- **Number of participants**
 - Optimal deterrence theory typically considers one violator and society
 - Here more than one violator, Dr. Sunding should have accounted for interactions between the parties