Standard Theory of Deterrence

Basic proposition:

Liability should be equal to the harm caused

Polinsky & Shavell,
Harvard Law Review,
TREX-280034

In other words, costs should be internalized

Coase,
Journal of Law & Economics,
TREX-280024

VOLUME 111   FEBRUARY 1998   NUMBER 4
HARVARD LAW REVIEW

"If damages equal harm, potential injurers will have the socially correct incentives to engage in risky activities."

TREX-280034.0001

The Journal of
LAW & ECONOMICS
VOLUME III   OCTOBER 1960

THE PROBLEM OF SOCIAL COST

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I. THE PROBLEM TO BE EXAMINED

TREX-280024.0001