

**Comments on the Paper :**  
***The Scope of Punishment: An  
Economic Theory***

**Nuno GAROUPA & Marie OBIDZINSKI (2007)**

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# A paper

- Clear question :
  - « *We propose an economic theory of the choice between harm-based and act-based sanctions in public enforcement* »
- A list of interesting results

# Results of the paper : *choice between harm-based and act-based sanctions in public enforcement / criteria*

Criteria	Harm Based ex post	Act based ex ante
Judgment-Proof	---	+++
Avoidance activities	+++	---
Information acquisition investment	+++	---
Deterrence	+++	---
Punishment is costly	---	+++
Level of fines	Defined by agent / gvt expectations / optimal	Definition by gvt expectations
Stable Framework	+++	---

# SOME REMARKS & QUESTIONS

# Remarks and questions

## Remarks

- Need to better explain what is brand new in the paper / literature

## Questions

**Remark 1 :**  
**Need to better explain what is brand new in  
the paper / literature**  
**=> *what is new or different in the paper according to  
« standard beliefs » in the field?***

Criteria	Harm Based	Act based
Judgment-Proof	---	+++
Avoidance activities	+++	---
Information acquisition investment	+++	---
Deterrence	+++	---
Punishment is costly	---	+++
Level of fines	Defined by agent / gvt expectations / optimal	Definition by gvt expectations
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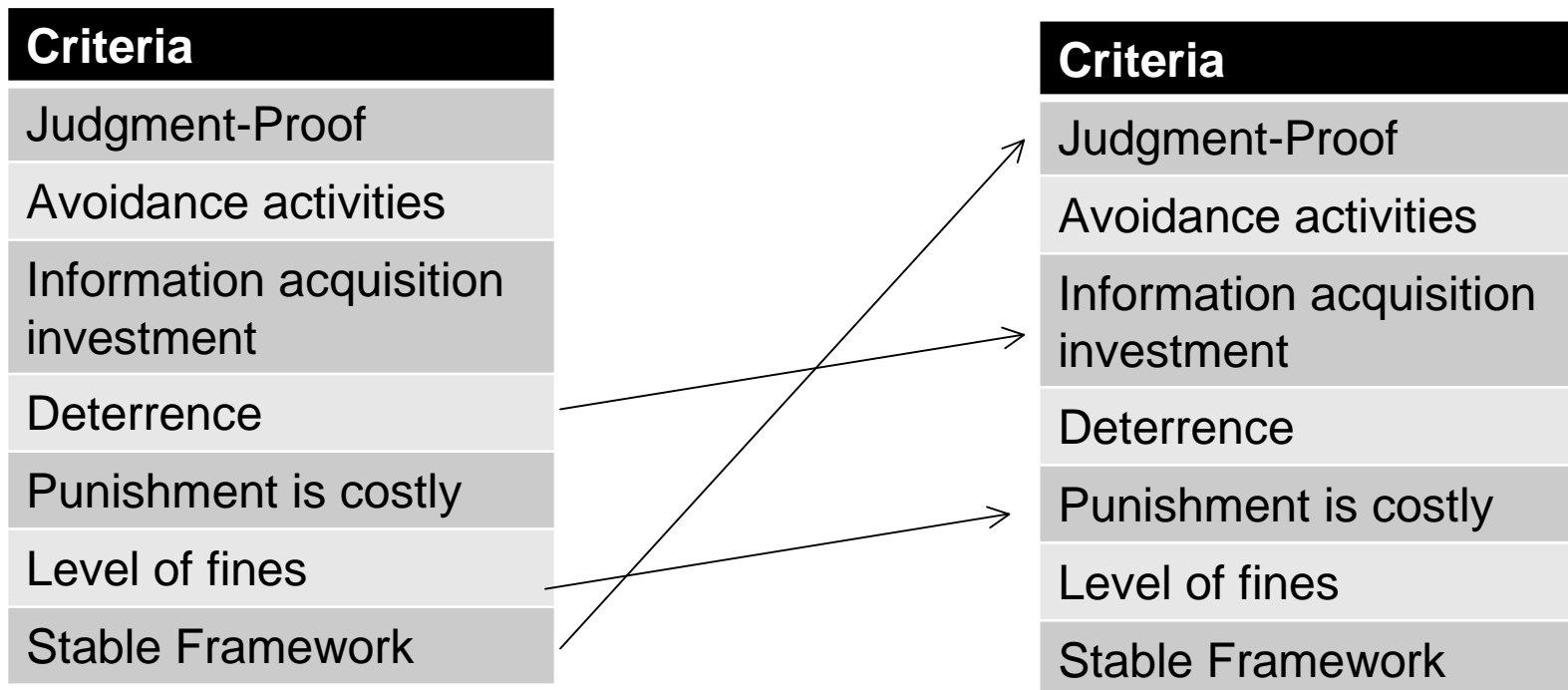
# Remarks and questions

## Remarks

- Need to better explain what is brand new in the paper / literature
- Do all the criteria are independent?

## Questions

**Remark 2 :**  
**It seems that criteria are treated in the base independence... but may be all the links are to be assessed...**





# Remarks and questions

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- Do all the criteria are independent?
- What are the rationale to give a positive value to stability if law is incomplete or imperfect?

## Questions

### Remark 3 : TCT's argument

- If the contract or Law is incomplete *ex ante*, then fix contract or fix Law leads to maladaptation
- ... so changing the law is not seen per se as a problem in all cases.

# Questions

## Remarks

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## Questions

- What about risk lover case?

# What are the results of the paper and risk lover attitude?

Criteria	Harm Based	Act based
Judgment-Proof	???	???
Avoidance activities	???	???
Information acquisition investment	???	???
Deterrence	???	???
Punishment is costly	???	???
Level of fines	???	???
Stable Framework	???	???

# Questions

## Remarks

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## Questions

- What about risk lover case?
- From perfect to Imperfect competitive frame
  - What is the impact of oligopolistic structures?
- => competition law...

## Possible extension to competition Law

- I have the feeling that your paper can help to tackle a big issue in Comp Law
  - Companies are risk (adverse / neutral/ lover) ?
  - Companies are in oligopolistic games
  - Governments & regulators are badly informed / sanction is costly...
  - Regulations & laws are incomplete
    - Position on mergers & acquisition issues?
    - Position on State Aid?
    - Position on foreclosure ?

**A real nice paper!**

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