

Characterization of Efficient Simple Liability Rules with Multiple Tortfeasors*

Satish K. Jain^{§ †}
Rajendra P. Kundu[‡]

Abstract

The paper considers the efficiency of simple liability rules when there are multiple injurers. It is shown that a necessary and sufficient condition for any simple liability rule to be efficient is that it satisfy the condition of collective negligence liability. The condition of collective negligence liability, introduced in this paper, requires that whenever some individuals are negligent, no nonnegligent individual bears any loss in case of occurrence of accident.

Keywords: Simple Liability Rules, Efficient Simple Liability Rules, Multiple Tortfeasors, Rule of Negligence, Strict Liability with the Defense of Contributory Negligence, Condition of Collective Negligence Liability, Nash Equilibria.

JEL Classification: K13

§ Corresponding Author

† Centre for Economic Studies and Planning, School of Social Sciences, Jawaharlal Nehru University, New Delhi 110 067
Email: skjain@mail.jnu.ac.in

‡ Department of Economics, Jadavpur University, Kolkata 700 032
Email: rajendra.kundu@gmail.com

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