

The Robustness of Incomplete Codes of Law.

Olivier Gossner (LSE)

Abstract:

In order to be credible, a code of law must provide the right incentives to the players in every situation, hence define an equilibrium of the game defined by players' preferences. A difficulty in designing such codes of law is that player's preferences can only be imperfectly known to the law maker. We examine the robustness of complete and incomplete codes of law to idiosyncratic individual preferences and incomplete information. We show that suitable incomplete codes of law are robust even when robust codes of law fail to exist.