



TRANSACTION COSTS AND THE COMPENSATION OF POLLUTION DAMAGES : RESULTS OF A PILOT STUDY FOLLOWING THE ERIKA ACCIDENT

Mr. Julien Hay

*Centre de Droit et d'Economie de la Mer, IUEM – UBO - 12, rue Kergoat – BP 816 29285
Brest CEDEX - F*

Tel – Fax : 02 98 01 70 87 - Julien.Hay@univ-brest.fr

Secondary authors : Mr Olivier Thébaud and Ms Isabelle Perrier

ABSTRACT

Oil spills constitute a singular category of pollution, in terms of potential impacts of a single accident, and of the number and diversity of potential victims. Their occurrence led to the design of a specific compensation system in the late 1960ies, through international conventions.

At least from a theoretical perspective, compensation of damages can be considered both as a system allowing to make good the losses suffered by pollution victims, and as a means to internalise the external costs of polluting activities in private production and consumption decisions. Within the existing system, full achievement of these two objectives would however imply that all victims claim compensation for the entirety of damages suffered. This would in turn imply that victims can make such claims without a cost, which does not seem a realistic assumption. Indeed, each agent must support various costs related to the assessment and compensation procedure, such costs acting as potential disincentives to claim for compensation.

Based on a pilot survey carried out in June 2001 in Belle-Ile, France, this paper aims to look at the role of such transaction costs in the behaviour of individual and collective agents as regards the existing compensation system, and in particular to identify the factors affecting the decision by agents to claim for compensation.

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