

Informačný list predmetu

Vysoká škola: Bratislava International School of Liberal Arts (BISLA)	
Fakulta: Bratislava International School of Liberal Arts (BISLA)	
Kód predmetu: IR/E-500	Názov predmetu: Law and Economics
Druh, rozsah a metóda vzdelávacích činností: Two weekly meetings of 90 minutes each, amounting 42 hours total. Meetings takes the form of a seminar.	
Počet kreditov: 5 ECT	
Odporúčaný semester/trimester štúdia: 1. semester	
Stupeň štúdia: 1	
Podmieňujúce predmety: n/a	
Podmienky na absolvovanie predmetu: <p>Students read 1-2 compulsory texts, articles or cases for each lecture and combine them with optional supplementary materials (videos, podcasts, documents, articles) of their choice from variety of given options, to write short essay (response paper of 250 words) a week. (45%)</p> <p>By the end of the course, students prepare a mootcourt – simulated court trial, in which a group of students is representing defendant and another group of students is representing the plaintiff. They are expected to use economic arguments. Each student presents shortly. (10%)</p> <p>The exam is written, with questions asking students to explain and apply the basic concepts of Law&Economics. The exam tests understanding, not memorized knowledge. (18%)</p> <p>Student will gain the credits if he or she will earn at least half of the points from the essays, at least half of the points from the exam and at least 85% of total points.</p>	
Výsledky vzdelávania: What change in the law is an improvement? What price should a person pay for unlawful behavior? What length of a prison sentence is the most efficient? Is there a cap, beyond which all longer sentences bring no utility, only costs?	
Does a human life has a price tag? How do we calculate a damage for a lost life? Which legal regime prevents damages the best?	
Can you breach a contract in a way that is beneficial for both parties, or at least brings more utility to one party while not harming the other? Should courts approve the „efficient breach of contract“ based on economic arguments, or should they always enforce the contract?	
Is common law really more efficient than continental civil law? What legal system of liability should be used to achieve which goal of legislation? What kind of incentives work to make people comply with the rules? Can we use the law to „nudge“ people to make rational choices?	
Course „Introduction to Law&Economics“ will bring answers to these and many more questions from Nobel-prize winning economists and leading Law&Economics scholars. It will teach students to think about law in a new way - differently and critically - to use economic arguments in legal debate, to analyze the law, legal regimes and proposals. L&E brings facts and numbers as an argument.	

The goal of this course is to introduce students to a new interdisciplinary field that is applying economic methods to legal knowledge. It is useful in both public and private law, in legislation and negotiation. The knowledge from this course will help students to strengthen their argumentation and foster creative solutions of legal problems.

Employment possibilities:

Consulting, legislation, law enforcement, legal departments of private firms, business, regulation of industry and banks, commercial law, academic jobs, compliance and litigation, marketing.

Stručná osnova predmetu:

1.The Basics of Law&Economics 1

What is efficiency and how can we use the economic concepts in law? Should courts only enforce the written law, or can they consider also economic arguments to search for an efficient solution? Efficiency vs. Justice. R.Coase and Transaction Costs. Rational Choice Theory versus Behavioral Law&Economics. Expected utility = damages, fines and jail sentences as an expected price for certain behavior.

2.The Basics of Law&Economics 2

Market failures = need for regulation (Free riding: intellectual property rights. Assymmetric information: regulating banks and insurance). Problem of Commons. Social Costs. Negative Externalities. How do we construct an efficient regulation? Regulating the market for emissions: The auction. Compensation and indifference curve. Posner: Should legal rights be assigned to the person with the highest willingness to pay? Methods of L&E, Cost-Benefit Analysis.

3.Criminal Law&Economics

Deterrence theory: Cost of crime = Expected Punishment x Probability of Enforcement. Does harsher sanction, more policemen or more prison sentences reduce the crime rate? Efficient crime. Efficient punishment: First year in prison deters much more than eleventh. Elasticity of crime deterrence. Economics of sex crime.

4.Contract Law&Economics

Efficient breach of contract. Should courts always enforce the contract, or can they approve a breach? Default rules. Risk allocation. Does everything have to be written in the contract? Who pays for unforeseeable events? Compensation. Expectation damages. Punitive damage and court decisions.

5.Tort Law&Economics

Liability rules. When is strict liability the most efficient? How to avoid liability in case of negligence? Which kind of liability rules can help to achieve which goals? How do we calculate damages – for example the value of a lost life? How does law help to prevent damages? Case of a farmer and livestock owner. Judge Learned Hand Rule.

6.Competition L&E

Market failure: need for regulation. Economic arguments behind Monopoly and Antitrust. Market power: Deadweight loss, reduction in output. How much concentration on the market is enough? HHI – index to calculate the market power. Antimonopoly authorities and markets.

7.Corporate and Property Law&Economics

Corporate governance. Is corporation just a nexus of contracts? Which set of rules is the most efficient to regulate relations and liability of managers and shareholders? American

shareholder model versus German stakeholder model. Limited liability of a firm. Economic theory of property law. When is it efficient to limit property rights? Case of regulating aesthetics of houses.

8. Behavioral Law&Economics 1

Human errors, biases and behavioral theory. Do criminals calculate expected utility, the cost of crime and probability of punishment? Bounded rationality.

9. Behavioral Law&Economics 2

Thaler and Libertarian Paternalism: Nudging people by the right default rules. Opting out. Nudge Units. Examples. How to create a rule.

10. Media Law&Economics

Two-sided media markets and competition law. Media ownership regulation. Punitive damages as a threat for the press freedom. The chilling effect. Regulating the Internet? Regulating Advertising as signalling.

11. Moot Court

A case in which students have to use economic arguments to represent a party at simulated court.

12. Application of Law&Economics. Repetition and discussion before the exam

Nudging units. Discussion with chief of analytics at Ministry of Finance SR or Value for Money Unit. Discussion on the exam content. Questions.

Odporúčaná literatúra:

Cooter, R. D. Ulen, T. 2000. *Law and Economics*. 3rd Edition. Berkeley Law Books. Book 2.

Thaler. R., Sunstein, C. R. 2008. *Nudge. Improving Decisions About Health, Wealth and Happiness*. New Haven, CT, US: Yale University Press.

Winter, Harold. 2017. *Issues in Law and Economics*. Chicago University Press. Chicago.

Lecture 1:

Cooter, R. D. Ulen, T. 2016. *Law and Economics*. Pages: 1 – 8 (Chapter 1)

Polinsky, A. M. Shavell S. 2005. *Economic Analysis of Law*. Working paper/Discussion paper.

Harvard Law School. Stanford Law School. Page 2 + pages 32 – 34. Available online:

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Lecture 2:

Winter, Harold. 2017. *Issues in Law and Economics*. Chicago University Press. Chicago.

Pages 1-10

Lecture 3:

Cooter, R. D. Ulen, T. 2016. *Law and Economics*. Chapters 11 and 12.

Lecture 4:

Cooter, R. D. Ulen, T. 2016. *Law and Economics*. Chapters 6 and 7.

Lecture 5:

Cooter, R. D. Ulen, T. 2016. *Law and Economics*. Chapters 8 and 9.

Lecture 6:

Edelman, Benjamin G. and Geradin, Damien. *An Introduction to the Competition Law and Economics of 'Free'* (August 23, 2018). Forthcoming, Antitrust Chronicle, Competition Policy International . Available at SSRN: <https://ssrn.com/abstract=3238719>

Lecture 7:

Cooter, R. D. Ulen, T. 2016. *Law and Economics*. Chapters 4 and 5.

Lecture 8:

Dan Ariely. Beer and Free Lunches. What is Behavioral Economics, and Where Are the Free Lunches. Chapter 13 in: *Predictably Irrational*. 2008. Harper Collins. Page 231 – 245.

Lecture 9:

Richard Thaler, Cass Sunstein: Libertarian Paternalism. *The American Economic Review*, Vol.

93, No. 2. Pages 175 – 179.

Lecture 10:

No compulsory reading.

Lecture 11:

Moot Court case will be delivered 2 weeks before the lecture.

Lecture 12:

No compulsory reading.

Jazyk, ktorého znalosť je potrebná na absolvovanie predmetu: English

Poznámky: Elective course

Hodnotenie predmetov

Celkový počet hodnotených študentov: 20

A	B	C	D	E	FX

Vyučujúci: Mgr. Peter Hanák

Dátum poslednej zmeny: 19.08. 2024

Schválil: doc. Samuel Abrahám, PhD.