

# Law and Economics I

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# Aims 1

- To give you an appreciation of economic theory and methodology in the analysis of law
- In particular:
  - ◆ The market as the basic link between law and economics
  - ◆ Economic efficiency and the law
  - ◆ Economic incentives and the law
  - ◆ Information economics
  - ◆ Game theory

# Aims 2

- To provide a thorough grounding in principles of Law & Economics
- Economic principles underlying the analysis of
  - ◆ Property law
  - ◆ Contract law
  - ◆ Tort law
  - ◆ Competition policy
  - ◆ Issues in European integration

# Aims 3

- To enable you to understand the practical problems of Law & Economics
- Focus on problems:
  - ◆ in applying analytical methods
  - ◆ in implementing economic principles
  - ◆ in assessing the impact of law

# Intended learning outcomes 1

By the end of the course you should be able to:

- Discuss critically the major papers in the literature on law and economics
- Present a coherent argument orally and in writing on topics in law and economics
- Use methods of independent research to prepare a short dissertation

# Intended learning outcomes 2

- To apply economic analysis to law questions in general and to those connected to the EU integration process in particular
- To appreciate key debates in thinking about contemporary law & economics problems

# Components of the course 1

## ■ General topics and methods

### ◆ Introduction

- ◆ Efficiency
- ◆ Market failure
- ◆ Property
- ◆ Contract Law

### ◆ Game theory, information economics and the law

- ◆ Basic concepts and definitions
- ◆ Dominant strategies and iterated dominance
- ◆ Nash equilibrium
- ◆ Mixed and continuous strategies
- ◆ Information
- ◆ Dynamic games with symmetric information
- ◆ Dynamic games with asymmetric information
- ◆ Pricing and product differentiation

# Components of the course 2

- Issues in European integration
  - ◆ Fiscal policy and the Stability and Growth Pact
  - ◆ Tax harmonisation



# Reading list 1

## ■ 1 General part

- ◆ D. G. Baird, R.H. Gertner, R.C. Picker, *Game Theory and the Law*, Harvard University Press, Chs. 1 (Simultaneous decisionmaking and the normal form game) – 2 (Dynamic interaction and the extensive form game) – 3 (Information revelation, disclosure laws, and renegotiation: §§ 1,2,3) - 5 (Reputation and repeated games).
- ◆ Ali M. El-Agraa, *The European Union: Economics and Policies*, 9th edition 2011, Cambridge University Press, Ch. 13 (Competition policy).

# Reading list 2

## ■ 2 EU fiscal integration topics

- ◆ Ali M. El-Agraa, *The European Union: Economics and Policies*, 9th edition 2011, Cambridge University Press, Chs. 12 (The operation of EMU) - 15 (Tax harmonization).
- ◆ Institute for Fiscal Studies (2010), The Mirrlees Review: Dimensions of Tax Design, Chs. (3)-4-(9)-10.
- ◆ V. De Bonis, “Regional integration and factor income taxation”, World Bank Policy Research Papers, Nr. 1849, and “Regional integration and commodity tax harmonization”, World Bank Policy Research Papers, Nr. 1848.

# Other features

- Websites for this course: Sapienza E-learning ([elearning2.uniroma1.it](http://elearning2.uniroma1.it)) and Iecofin ([iecofin.uniroma1.it](http://iecofin.uniroma1.it))
- Reading materials are available at [www.iecofin.uniroma1.it](http://www.iecofin.uniroma1.it) (Materiale didattico)
- Office hours: Mon, 9.30-11.00, Room 9, Istituto di Economia e Finanza
- Intermediate evaluations