



## Course Outline

### EE403 Law and Economics

**Semester 1/2023 (August 15 - December 4, 2023)**

**Lecture Time:** Friday, 13.00-16.00 hours

**Lecture Venue:** Room 302

#### Teaching Materials Platform:

MS Team <https://teams.microsoft.com/l/team/19%3awgHsLhe-GQIQkw5exjbp2BmnzljcZJE4n23TP4EkWyQ1%40thread.tacv2/conversations?groupId=d0af1430-aaa5-4f34-b99a-26b32bb2a0d2&tenantId=0a43deb9-efb0-4f46-8594-71899230fda6>

#### Instructor:

**Name:** Dr. Supruet Thavornyutikarn

**Office Hours:** By appointment

**Email:** supruet@econ.tu.ac.th

**Number of Credit:** 3 Credits (3-0-6)

**Prerequisite:** a) EE210 or b) EE211 and EE212 or c) EE213 and EE214

#### Course Description:

Thailand's Legal System. The relationship between law, economy, and politics. Applying economic theory to analyze reasons for the existence of property rights, civil, and commercial law. The effects of law on economic behavior and on economic outcomes.

#### Course Objectives:

1. To systematically analyze how law or legal rules can influence economic behavior by employing basic economic tools and being able to explain existence of law;
2. To explain the impact of legal enactment and amendment on behavior of economic entities;
3. To examine the efficiency and effectiveness of legal enforcement and being able to make recommendations on legal amendment that improve economic efficiency;
4. To appreciate the interrelationship between economics and law as an interdisciplinary study and its significance in the understanding of our society.

## Recommended Texts & Suggested Reading Materials

### Compulsory Reading

Coase, R., 1960, "The Problem of Social Cost," *Journal of Law & Economics*, Vol. 3, pp.1-44

### Main Textbooks

Cooter, Robert and Thomas Ulen. 2011. **Law and Economics** (6th Edition). Pearson Addison Wesley: Boston, MA. (all other previous editions are applicable)

Friedman, David D. 2001. **Law's Order: What Economics Has to Do with Law and Why It Matters**. Princeton University Press: Princeton, NJ.  
Internet-based Version Available at:  
[http://www.daviddfriedman.com/laws\\_order/index.shtml](http://www.daviddfriedman.com/laws_order/index.shtml)

### Supplementary Reading

Devlin, Alan. 2015. **Principles of Law and Economics**. Abingdon, OX: Routledge

Harrison, Jeffrey L. 2003. **Law and Economics in a Nutshell**. Thomson West: St Paul, MN.

Kaplow, Louis, and Steven Shavell, 2002, "Chapter 25: Economic Analysis of Law," in Auerbach, A.J. and M. Feldstein. **Handbook of Public Economics**. Amsterdam: Elsevier Science B.V.

Posner, Richard A. 2011. **Economic Analysis of Law** (8<sup>th</sup> edition). Frederick, MD: Aspen Publisher

Schäfer, Hans-Bernd and Claus Ott. 2004. **The Economic Analysis of Civil Law** (translated by Matthew Braham). Edward Elgar: Cheltenham, UK

Shavell, Steven, 2008, 'Law and Economics,' in Darity, William A., (ed). **International Encyclopedia of the Social Sciences** (2<sup>nd</sup> edition). Detroit: MacMillan, pp. 367-369

Werin, Lars. 2003. **Economic Behavior and Legal Institutions: An Introductory Survey**. World Scientific: New Jersey.

Wittman, Donald. 2006. **Economic Foundations of Law and Organization**. Cambridge University Press: Cambridge, UK.

### **Grading Criteria:**

Class Participation – this is <u>NOT</u> class attendance	10	percent
Courseworks (Essays/Presentations/Debates)	30	percent
Midterm Examination [] [Friday 6 October 2023 12.00-14.00 hrs]	30	percent
Final Examination [Friday 22 December 2023 13.30-16.30 hrs]	30	percent

## **Tentative Class Schedule:**

### Part I: Fundamentals

1. Introduction [18 Aug]
  - What is Law and Economics?
  - Why does Law matter? What Economics has to do with Law?
  - Law and Economics as an interdisciplinary study
  - Law and Economics in practice
2. Basic Economic Concepts/Tools [25 Aug]
  - Rationality and Economic Efficiency
  - Coase Theorem
  - Cost-Benefit Analysis
  - Game Theory and Bargaining Theory
  - Behavioral Economics

### Part II: Legal Framework for Perfect Competitive Market

3. Property Rights [1, 8 Sep]
  - What is Property Right?
  - Importance of property rights
  - What can be possessed? What cannot? Is property right absolute?
4. Contract [15, 22 Sep]
  - What is Contract?
  - Elements and Formation of Contract
  - Enforceability of Contract and Breach of Contract
  - Compensation or Remedies
  - Incomplete Contract and Implicit Contract
5. Disputes, Settlements, and Legal Processes: Active and Passive Roles of Law [29 Sep]
  - Active: pre-trial litigation (plea bargaining), court procedure, and enforcement
  - Passive: private bargaining using law and enforcement as a threat
  - Costs of Legal Process

**\*\*\*Midterm Examination Friday 6 October 2023 12.00-14.00 hrs\*\*\***

### Part III: Legal Frameworks for Externalities

6. Tort or Civil Liability [13, 20 Oct]
  - Tort and its Elements
  - Negligence
  - Liability and Liability Rules: Hand's Rule
  - Compensation
7. Rational Criminal Behavior [27 Oct, 3 Nov]
  - Rationality of being a criminal
  - Cost of criminality: apprehension versus conviction
8. Punishment/Sentencing and Avoidance [10 Nov]
  - Ex post and Ex Ante: Deterrence and Punishment
  - Trade-off between *Ex Post* and *Ex Ante*
  - Optimal Punishment

### Part IV: Selected Topics

\*\* to be discussed in class \*\* [17, 24 Nov; 1 Dec]

**\*\*\*Final Examination Friday 22 December 2023 13.30-16.30 hrs\*\*\***

## ACADEMIC CALENDAR & HOLIDAY SEMESTER 1/2023

Semester 1/2023 (August 15 – December 4, 2023)	
<b><i>the TU Office of the Registrar (TU REG) will process the registration (semester 1/2023) for all BE students who have completed the pre-registration via BE Portal.</i></b>	July 17 – 20, 2023
Tuition Fee Payment Period (Via TU Greats App)	July 21 – August 11, 2023
Create Plan from Quota via TU Greats App (*ID.66)	August 1 - 9, 2023
Registration via TU Greats App (*ID.66)	August 10, 2023
Classes Begin	August 15, 2023
Add-drop period	August 15 – 28, 2023 <i>(from 9.00 AM of August 15 to 10.30 PM of August 28)</i>
Tuition Fee Payment Period (Via TU Greats App)	August 15 – 29, 2023 <i>(9 AM - 10.30 PM)</i>
Mid-term Examination Period	October 1 – 7, 2023
<i>H.M. King Bhumibol Adulyadej The Great Memorial Day*</i>	<i>October 13, 2023</i>
<i>King Chulalongkorn's Day*</i>	<i>October 23, 2023</i>
Withdrawal period with "W" on record	September 4 – October 22, 2023 <i>(from 9.00 AM of September 4 to 10.30 PM of October 22)</i>
Special Withdrawal with "w" on record	October 24 – November 20, 2023
Last day of class for Semester 1/2023	December 4, 2023
Final exam period	December 12 – 23, 2023
<i>H.M. King Bhumibol Adulyadej The Great's Birthday*</i>	<i>December 5, 2023</i>
<i>Constitution Day*</i>	<i>December 10, 2023</i>
<i>Substitution for Constitution Day*</i>	<i>December 11, 2023</i>
Submitting Forms for Degree Conferral	August 15 – 28, 2023

Remark \* Holiday, No classes during this period  
Updated: July 24, 2023