



B.E. International Program

Faculty of Economics, Thammasat University



Course Outline

EE 403 Law and Economics

Semester 1/2012 (August 14 – December 1, 2012)

Number of credits: 3 credits

Lecture Time: Wednesdays and Fridays, 12.30 – 14.00 hrs

Lecture Venue: Room 203, Faculty of Economics

Instructor: Supruet Thavornyutikarn, PhD

Office: Room 5, 60th Anniversary Bldg

Email: supruet@econ.tu.ac.th Tel: 0-2613-2465 [Tha Prachan]

Office hours: Wednesdays and Fridays, 10.00 – 12.00 and
15.00 – 16.30 hrs or by appointment

Course Description:

This course investigates interrelation and interaction of two disciplines: law and economics. It also covers a broad Thai legal system with an emphasis on economic-related laws. Explore economic concepts and theories necessary to analyse laws including property rights and civil and commercial code. Study economic regulation using law and an impact of law on economic behaviour.

Prerequisites: -

Course Objectives:

- To realise the interrelationship between economics and law as an interdisciplinary study and its significance in the understanding of our society
- To systematically analyse how law or legal rules can influence economic behaviour by employing basic economic tools and being able to explain existence of law
- To explain the impact of legal enactment and amendment on behaviour of economic entities

- To examine the efficiency and effectiveness of legal enforcement and being able to make recommendations on legal amendment that improve economic efficiency

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/

Supplementary Reading

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

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

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.

Teaching Plan:

Topics

Part I: Fundamentals

1. Introduction [🕒15 and 17 Aug]

What is Law and Economics?

Why does Law matter? What Economics has to do with Law?

Law and Economics as an interdisciplinary study

Legal Systems: Common Law versus Civil Law

2. Basic Economic Concepts [🕒22 Aug]

Economic Efficiency

Coase Theorem

Cost-Benefit Analysis

Rationality

Game Theory and Bargaining Theory

Part II: Legal Framework for Perfect Competitive Market

3. Property Rights [⌚24, 27* and 29 Aug]

What is Property Right?
Importance of property rights
What can be possessed?

4. Contract [⌚3*, 5 and 7 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 [⌚12 Sep]

Active: pre-trial litigation, court procedure, and enforcement
Passive: private bargaining using law and enforcement as a threat
Costs of Legal Process

Part III: Legal Frameworks for Externalities

6. Tort or Civil Liability [⌚26, 28 Sep and 10 Oct]

Tort and its Elements
Negligence
Liability and Liability Rules
Compensation

7. Rational Criminal Behaviour [⌚12 and 17 Oct]

Rationality of being a criminal
Cost of criminality

8. Punishment/Sentencing and Avoidance [⌚19, 24 and 26 Oct]

Ex post and Ex Ante: Deterrence and Punishment
Trade-off between *Ex Post* and *Ex Ante*
Optimal Punishment

Part IV: Selected Topics [⌚31 Oct, 2, 7, 9, 14, 16, 21, 23, 28 and 30 Nov]

** to be discussed in class **

Note: * Make up class at 16.30 – 18.00

Assessments

Class Attendance: Students are required to attend at least 70 per cent of the total lecture hours.

Midterm Examination: 30 per cent (**Friday, October 5, 2012, 12.30 – 14.00 hrs**)

Coursework and Presentation: 30 per cent – list of academic papers are shown below; each individual should select one paper to summarise, review, and present in class.

Summary/Review:- should not exceed 4 A4 pages [10 per cent]

Presentation:- should not exceed 10 minutes (+10 minutes discussion) [10 percent]

Commentary:- every student should comment on another by writing a commentary of 1 A4 page and brief comment (10 minutes) [10 per cent]

Final Examination: 40 per cent (**Wednesday, December 12, 2012, 9.00 – 12.00 hrs**)

Plagiarism Policy

- No student will copy another person's work, partially, substantially, or fully, without giving proper reference and citation.
- Any writing found to be plagiarized is subject to severe penalties (at least failure of the course) without further notice.
- It is important for the writing to reflect students' ability to analyse than for it to be grammatically flawless. A clear and well-organised writing will better communicate student's idea.

Failure to comply with this policy will result in no assessment of any kind.

Important Dates:

Classes Begins	August 14, 2012
Adding and Dropping Courses	August 14 – 28, 2012
Midterm Exam Period	October 1 – 6, 2012 (No Lectures)
Course Withdrawal with "W"	October 17 – 22, 2012
Class Ends	December 1, 2012
