

Law and Economics

Master

1st semester 2018/ 2019

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Objectives and teaching methodologies

- The course aims to provide students with the essential concepts and methodologies of Law and Economics, in a dynamic and critical perspective
- Classes combine traditional lectures with students participation based on mandatory reading materials
- Individual evaluation: class participation, final written paper

PROGRAMME

1. INTRODUCTION. A BRIEF OVERVIEW OF LAW AND ECONOMICS

Pioneering works

Law and Economics as a separate field of inquiry

2. BASIC ECONOMIC NOTIONS

Rationality, incentives and institutions

Externalities, public goods and common resources

Efficiency

3. COASE AND TRANSACTION COSTS ECONOMICS

“Coase Theorem”

Transaction costs

Market, contract and firm

The “Coase Theorem” and environmental problems

4. AREAS OF RESEARCH

4.1. Property

“Property rights”

Intellectual property

The “Tragedy of the Commons”

4.2. Contract

Welfare analysis of bargaining

Default rules

Incompleteness; Default rules; Relational Contracts

Bilateral risks and insurance

Efficient breach

Holdup

Precontractual liability

4.3. Liability

Negligence

The “economics of prevention”; The “Hand Rule“

Externalities as social costs

Adverse selection

Moral hazard

5. THEORY OF THE FIRM

The nature of the firm

Firm boundaries

Vertical integration

Agency Theory

Corporate control

Governance

6. REGULATION

Command-and-Control v. Cap-and-Trade

Market failures

Antitrust: relevant markets and market concentration

Vertical and horizontal restrictions

Natural monopolies

Essential utilities

7. CONSTITUTION AND PUBLIC CHOICE

Political governance and accountability

Cost-Benefit Analysis. The “costs of rights”

“Rent-seeking”, corruption, lobbying

“Regulatory capture”

BIBLIOGRAPHY

Basic bibliography

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Law & Economics

(Free online access <https://scholarship.law.berkeley.edu/books/2/>)

Advanced bibliography

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Economic Analysis of Law, Aspen Publishers, 2011