

## UE4 Topics in Law and Economics

Course title - Intitulé du cours	UE4 Topics in Law and Economics
Level / Semester - Niveau /semestre	M2 / S1
School - Composante	Ecole d'Economie de Toulouse
Teacher - Enseignant responsable	Lefouili Yassine
Other teacher(s) - Autre(s) enseignant(s)	Romain Espinosa
Other teacher(s) - Autre(s) enseignant(s)	Max Huffman
Other teacher(s) - Autre(s) enseignant(s)	
Other teacher(s) - Autre(s) enseignant(s)	
Other teacher(s) - Autre(s) enseignant(s)	
Lecture Hours - Volume Horaire CM	30
TA Hours - Volume horaire TD	0
TP Hours - Volume horaire TP	0
Course Language - Langue du cours	English
TA and/or TP Language - Langue des TD et/ou TP	

### Teaching staff contacts - Coordonnées de l'équipe pédagogique :

Yassine Lefouili: [yassine.lefouili@tse-fr.eu](mailto:yassine.lefouili@tse-fr.eu) Max Huffman: [huffmmax@iupui.edu](mailto:huffmmax@iupui.edu) Romain Espinosa: [romain.espinosa@univ-rennes1.fr](mailto:romain.espinosa@univ-rennes1.fr)

### Course Objectives - Objectifs du cours :

This course will comprise three independent parts. The first part (taught by Yassine Lefouili) will deal with the economics of litigation. This part will begin by introducing the basic economic framework for studying litigation and out-of-court settlement. One set of issues addressed is positive: Under what condition will someone decide to file suit? What determines how much is spent on a lawsuit. When do cases settle out-of-court? Important normative issues will also be addressed. In particular, the potential misalignment between private and social incentives to litigate will be studied. The second part (taught by Max Huffman) will be devoted to US antitrust law. More details on this part will be provided later. The third part (taught by Romain Espinosa) will cover the main topics in the literature on experimental law and economics. This part will begin with a brief discussion of how the validity issues in experimental economics apply to law and economics. Then the standard model of contribution to public goods and the models of centralized and decentralized punishment will be introduced. Finally, the following topics will be discussed: negotiation, property rights (Coase theorem, loss aversion), lying, deterrence, and dispute resolution.

### Prerequisites - Pré requis :

M1-level microeconomics.

### Grading system - Modalités d'évaluation :

Grading will be based on assignments and/or a final exam. More details will be provided about that in class.

## **Bibliography/references - Bibliographie/références :**

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- Spier, K.E. (1992). "The dynamics of pretrial negotiation". *Review of Economic Studies* 59, 93–108.
- Spier, K.E. (1994a). "A note on joint and several liability: Insolvency, settlement, and incentives". *Journal of Legal Studies* 23, 559–568.
- Spier, K.E. (1994b). "Pretrial bargaining and the design of fee-shifting rules". *RAND Journal of Economics* 25, 197–214.
- Spier, K.E. (1994c). "Settlement bargaining and the design of damage awards". *Journal of Law, Economics, & Organization* 10, 84–95.
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- Experimental Law and Economics Trial & Negotiation Loewenstein, G., Issacharoff, S., Camerer, C., & Babcock, L. (1993).
- Self-serving assessments of fairness and pretrial bargaining. *The Journal of Legal Studies*, 22(1), 135–159. Birkeland, S. (2013).
- Negotiation under possible third-party resolution. *The Journal of Law and Economics*, 56(2), 281–299.
- Property Rights Kahneman, D., Knetsch, J. L., & Thaler, R. H. (1990).
- Experimental tests of the endowment effect and the Coase theorem. *Journal of political Economy*, 98(6), 1325–1348. Croson, R., & Johnston, J. S. (2000).

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When punishment doesn't pay: Cold glow and decisions to punish. *The Journal of Law and Economics*, 58(3), 625-655. Rizzolli, M., & Stanca, L. (2012).

Judicial errors and crime deterrence: theory and experimental evidence. *The Journal of Law and Economics*, 55(2), 311-338. Schildberg-Hörisch, H., & Strassmair, C. (2010).

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Trust, leniency, and deterrence. *The Journal of Law, Economics, and Organization*, 31(4), 663-689. Control Kessler, J. B., & Leider, S. (2016).

Procedural fairness and the cost of control. *The Journal of Law, Economics, and Organization*, 32(4), 685-718. Serra, D. (2011).

Combining top-down and bottom-up accountability: evidence from a bribery experiment. *The Journal of Law, Economics, & Organization*, 28(3), 569-587. Judicial Decision-Making Sonnemans, J., & van Dijk, F. (2011).

Errors in judicial decisions: experimental results. *The Journal of Law, Economics, & Organization*, 28(4), 687-716.

### **Session planning – Planification des séances :**

Part 1: Economics of Litigation (Yassine Lefouili - 12h)

Part 2: US Antitrust Law (Max Huffman - 9h)

Part 3: Experimental Law and Economics (Romain Espinosa - 9h)