Tentative Syllabus

Behavioral Law and Economics

(L06.3045.001; 3 credits)

Professor Oren Bar-Gill

NYU Law School
Spring 2004
Tuesday and Friday from 9:40 to 10:55
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Course Description

The law aims to control, guide, or facilitate many aspects of human behavior. To achieve these goals legal policymakers should benefit from an accurate account of how people make decisions. Research in psychology and behavioral economics has demonstrated that in many circumstances the standard rational choice model of neoclassical economics, which has also dominated the economic analysis of law, fails to provide a satisfactory account of human decision-making. As a result, a new model is emerging—a model informed by a more nuanced understanding of the interrelations between the law, economics and psychology of decision-making. This course will explore the implications of this new model for legal policy. Topics will include law enforcement, decision-making by judges and juries, pre-trial settlement negotiations, contract law and contracting, market manipulation and securities regulation, tort law and products liability, and antidiscrimination and affirmative action.

Readings

The readings for the course will be taken from the sources listed below. Many of the sources, however, are not required reading; rather they are meant to provide a reference list for those interested in pursuing the study of behavioral law and economics beyond the material covered in the course.

Assignment for First and Second Class: Item B.1.
A. Introduction


B. The Adjudication Process


Hindsight Bias and Liability Determination


Punitive Damages


Pain and Suffering Awards

Legal Decision-making - General


C. Law Enforcement


D. The Coase Theorem, The Endowment Effect, and Property Law


E. Contracts and Bargaining


F. Tort Law and Products Liability


G. Antidiscrimination and Affirmative Action


H. Corporate Law and Securities Regulation


I. Redistribution


J. Endogenous Preferences and Biases

K. The Promise and Perils of Behavioral Law and Economics


