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Law and Economics Special Report — Proceeding Fair and Justice from Efficiency

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Abstract

Economic analysis of law (or law and economics) has been deemed as one of the most important methodologies for legal study since 1960. However, law and economics are different subjects which focus on specific areas individually. It would be an interesting and complicated issue to explore the relationship between law and economics. In order to keep the main points of law and economics, a lawyer should understand the history and basic theories of this subject. In this special report, I would like to bring the brief history of law and economics and the most important assumptions of economics that are rationality, self-interest and the Coase theorem. In addition, I will introduce some critics, so called behavioral economics, which may back up law and economics, but are not satisfied with the “unreal” assumptions of economics. Those critics borrow some behavior theories from psychology and sociology to amend the model of human behavior been set up by economics. After unfold the broad outline of economic analysis of law and some critics, we may reconsider the future of law and economics by pursuing not only a new model for legal study but also an efficient justice system.

Keywords: economic analysis of law, law and economics, Coase theorem, self-interest, rationality, behavioral economics