Course Description

Behavioral economics attempts to increase the explanatory power of economics by using insights from the field of psychology. These findings are brought to the legal arena to explain both the effects and content of laws. In addition, behavioral analysis contributes in determining how the law might be used to achieve particular goals and in assessing whether the law is achieving its stated ends. This course will begin with a broad overview of the problem of irrationality in economic behavior in order to introduce its applications and consequences to legal substances. Topics will include attitudes towards risk, loss aversion, endowment effect, framing effect, mental accounting, anchoring and adjustment, hindsight bias and their legal aspects.

Course Goals
Upon successful completion of the course, the students should be able to:

- Describe different theoretical approaches to the behavioral analysis of law.
- Identify the implications of specific heuristics and biases on the law.
- Apply insights from behavioral economics to different legal situations.

**Grading**

1. Final Assignment – 80%
2. 5 Class Assignments – 20% (4% each)

**Reading List**

1. Introduction to Behavioral Law and Economics

2. Legal Applications of Attitudes Towards Risk

3. Contracts and Mortgages

4. Personal Loans and Savings
5. Behavioral Finance and Securities Regulation

6. Judicial Decision Making