

Economic Analysis of Law: An Inquiry of its Underlying Logic

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Abstract

Law and economics is a success story of interdisciplinary scholarship, and the success has been attributed to the strength of economics in providing a sound behavioral theory. It is argued in this paper, however, that this is only a partial explanation, for many issues in law are not directly related to human behavior per se. As such, in analyzing these issues, the legal economists rely mainly on the analytical logic of economic analysis. This often neglected aspect of economic analysis can be concisely illustrated by an A-A' setup. The implications of the A-A' setup are derived.

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