

European Master in Law and Economics
University of Hamburg, Faculty of Law

Course: **European Law and Economics**
Professor Georg Ringe
Third Term (2017)

Teaching: **Wednesdays, 9.15-10.45 am, Room 1083 a, VMP 5**

Introductory and General Reading

Thomas Eger and Hans-Bernd Schäfer (eds), *Research Handbook on the Economics of European Union Law* (Edward Elgar 2012), in particular chapters 1, 5, 7, 16

Michael Artis and Frederick Nixon, *The Economics of the European Union* (OUP 2007), in particular 3.1-3.3

Richard Baldwin and Charles Wyplosz, *The Economics of European Integration* (5th edn, McGraw Hill 2015), in particular 7.4 and 7.5

Ali M. El-Agraa (ed), *The European Union: Economics and Policies* (9th edn, Cambridge University Press 2011)

Paul Craig and Gráinne de Búrca, *EU Law – Text, Cases, and Materials* (6th edn, OUP 2015) (standard law text; background reading)

Individual Reading

may be assigned for particular topics

European Treaties

[Treaty on European Union](#)

[Treaty on the Functioning of the European Union](#)

(see also this [Table of Equivalences](#) with earlier versions)

Case-law

As mentioned in the slides / discussed in class.

All decisions by the CJEU are accessible via

<http://curia.europa.eu/juris/recherche.jsf?language=en>

Course outline and topics covered

- (1) Introduction / EU law basics
- (2) EU lawmaking and its limits
- (3) The Single Market and free movement of goods
- (4) Free movement of persons
- (5) Freedom of establishment
- (6) Free movement of services
- (7) Free movement of capital & EU monetary union
- (8) Europe's Financial Crisis

Prof. Dr. Stefan Voigt

Syllabus for EMLE class „International Law & Economics“

There is a small number of books providing a general overview over the newly emerging field of “International Law & Economics”. They include

Guzman, A. T. (2008). *How international law works: a rational choice theory*. Oxford University Press.

Kontorovich, E. and F. Parisi (eds., 2016). *Economic Analysis of International Law*. Cheltenham et al.: Elgar.

Posner, E. A., & Sykes, A. O. (2013). *Economic foundations of international law*. Harvard University Press.

Scott, R. E., & Stephan, P. B. (2006). *The Limits of Leviathan: Contract Theory and the Enforcement of International Law*. Cambridge University Press.

Trachtman, J. P. (2009). *The economic structure of international law*. Harvard University Press.

A very critical analysis of international law in general is

Goldsmith, J. L., & Posner, E. A. (2005). *The limits of international law*. Oxford University Press.

A word on references and required readings: I am offering lots of references. However, mandatory readings are less extensive. With regard to most chapters, it is essential to read the respective chapter in Posner & Sykes.

Chapter 1: Economic Analysis of International Law – The Essentials

In this chapter, the main issues that international law deals with are formulated in economic terms.

References

Alesina, A., & Spolaore, E. (2005). *The size of nations*. Mit Press.

Brewster, R. (2009). Unpacking the State's Reputation. *Harv. Int'l LJ*, 50, 231.

Downs, G. W., & Jones, M. A. (2002). Reputation, compliance, and international law. *The Journal of Legal Studies*, 31(S1), S95-S114.

*Posner, E. and A. Sykes (2013). *Economic Foundations of International Law*. Belknap Harvard.

Voigt, S. (2017). The Independence of International Courts – Making Reputation work? *Maastricht Journal of European and Comparative Law*.

Chapter 2: The Sources of International Law

The sources of the following types of international law will be discussed:

1 Customary International Law

2 Treaty Law

3 Soft Law

References:

Fisman, R., & Miguel, E. (2007). Corruption, norms, and legal enforcement: Evidence from diplomatic parking tickets. *Journal of Political economy*, 115(6), 1020-1048.

Guzman, A. T., & Meyer, T. L. (2010). International soft law. *Journal of Legal Analysis*, 2(1), 171-225.

Helfer, L. R. (2005). Exiting treaties. *Virginia Law Review*, 1579-1648.

Posner, E. and A. Sykes (2013). *Economic Foundations of International Law*. Belknap Harvard: Chapter 17: The Law of the Sea, pp. 233 – 259

Rawls, J. (2001). *The law of peoples: with, the idea of public reason revisited*. Harvard University Press.

Simmons, B. A. (2009). *Mobilizing for human rights: international law in domestic politics*. Cambridge University Press.

Voigt, S. (2012). The economics of informal international law-an empirical assessment.

Chapter 3: International Organizations

This chapter describes the goals as well as the functioning of a small number of international organizations, including the UNSC, the UNGA, and international courts such as the ICJ.

References

Dreher, A., Sturm, J. E., & Vreeland, J. R. (2009a). Development aid and international politics: Does membership on the UN Security Council influence World Bank decisions?. *Journal of Development Economics*, 88(1), 1-18.

Dreher, A., Sturm, J. E., & Vreeland, J. R. (2009b). Global horse trading: IMF loans for votes in the United Nations Security Council. *European Economic Review*, 53(7), 742-757.

Dreher, A., Gould, M., Rablen, M. D., & Vreeland, J. R. (2014). The determinants of election to the United Nations Security Council. *Public Choice*, 158(1-2), 51-83.

Kuziemko, I., & Werker, E. (2006). How much is a seat on the Security Council worth? Foreign aid and bribery at the United Nations. *Journal of political economy*, 114(5), 905-930.

Satzer, J. (2007). Explaining the Decreased Use of International Courts-The Case of the ICJ. *Review of Law and Economics*, 3(1), 11-36.

Sutter, D. (2006). The deterrent effects of the international criminal court. In *Conferences on New Political Economy* (Vol. 23, No. 1, pp. 9-24). Mohr Siebeck.

Chapter 4: Domestic and International Law – How do they interact?

This chapter looks into the various possible relationships between domestic and international law. Particular emphasis is put on the (domestic) economic consequences of international law, both direct and indirect.

References

Dreher, A., & Voigt, S. (2011). Does membership in international organizations increase governments' credibility? Testing the effects of delegating powers. *Journal of Comparative Economics*, 39(3), 326-348.

Dreher, A., Mikosch, H., & Voigt, S. (2015). Membership has its Privileges—The Effect of Membership in International Organizations on FDI. *World Development*, 66, 346-358.

Kiesow Cortez, F. and J. Gutmann (2017). Domestic Institutions and the Ratification of International Agreements in a Panel of Democracies. Forthcoming in *Constitutional Political Economy*.

Voigt, S. (2006). The Interplay between National and International Law-Its Economic Effects Drawing on Four New Indicators. Available at ssrn.com

Voigt, S. and E. Salzberger (2002). Choosing Not to Choose. When Politicians Choose to Delegate Powers. *Kyklos* 55(2):289-310.

Chapter 5: International Trade

This chapter first asks why free trade is so unlikely ever to occur and then deals with the functioning of the WTO

References

World Trade Organization (2015). *Understanding the WTO*, Fifth edition

Chapter 6: International Investment Law

After briefly summarizing the history of international investment law, this chapter deals extensively with Investor-State Dispute Settlement systems.

References

Aisbett, E., Busse, M., & Nunnenkamp, P. (2016). Bilateral investment treaties do work: Until they don't (No. 2021). Kiel Working Paper.

ISCID (2017); 2016 Annual Report.

Sauvant, K. P., & Sachs, L. E. (2009). *The Effect of Treaties on Foreign Direct Investment*. Oxford et al.: Oxford University Press.

UNCTAD (2017); *Investor-State Dispute Settlement: Review of Developments in 2016*. IIA Issues Note, Issue 1, May 2017.

UNCTAD (2017); *World Investment Report 2016*.

Chapter 7: International Human Rights Law

In this chapter, we discuss the economic rationale that can be given to human rights (law), discuss international human rights law as an economic problem, give an overview over international human rights law, ask why states ratify human rights law and analyze whether it has any effects.

References

Gutmann, J., Neuenkirch, M., & Neumeier, F. (2016). Precision-Guided or Blunt? The Effects of US Economic Sanctions on Human Rights.

Hafner-Burton, E. M., & Tsutsui, K. (2005). Human Rights in a Globalizing World: The Paradox of Empty Promises 1. *American journal of sociology*, 110(5), 1373-1411.

Hafner-Burton, E. M., & Tsutsui, K. (2007). Justice lost! The failure of international human rights law to matter where needed most. *Journal of Peace Research*, 44(4), 407-425.

Hathaway, O. A. (2002). Do human rights treaties make a difference?. *The Yale Law Journal*, 111(8), 1935-2042.

Hathaway, O. A. (2007). Why do countries commit to human rights treaties?. *Journal of Conflict Resolution*, 51(4), 588-621.

Hayek, F. A. (1976). *Law, Legislation, and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy. Vol. 2. The Mirage of Social Justice*. London and Henley: Routledge and Kegan Paul.

Hollyer, J. & P. Rosendorff (2011). Why Do Authoritarian Regimes Sign the Convention Against Torture? Signaling, Domestic Politics and Non-Compliance, *Quarterly Journal of Political Science* 6:275-327.

Mueller, D. (1991); Constitutional Rights, *Journal of Law, Economics, and Organisation*, 7(2):313-33.

Neuenkirch, M., & Neumeier, F. (2015). The impact of UN and US economic sanctions on GDP growth. *European Journal of Political Economy*, 40, 110-125.

Neuenkirch, M., & Neumeier, F. (2016). The impact of US sanctions on poverty. *Journal of Development Economics*, 121, 110-119.

Neumayer, E. (2005). Do international human rights treaties improve respect for human rights?. *Journal of conflict resolution*, 49(6), 925-953.

Schelling, T. C. (1960). *The strategy of conflict*. Cambridge, Mass.

Chapter 8: Refugee Law

After having offered a brief description of international refugee law, this chapter discusses various ways to give international refugee law an economic rationale.

References

Bubb, R., Kremer, M., & Levine, D. I. (2011). The economics of international refugee law. *The Journal of Legal Studies*, 40(2), 367-404.

Fernández-Huertas Moraga, J., & Rapoport, H. (2015). Tradable refugee-admission quotas and EU asylum policy. *CESifo Economic Studies*, 61(3-4), 638-672.

Gutmann (2015). The Economic Analysis of Refugee Law. *Hamburg Law Review* 2, 41-48.

Neumayer, E. (2005). Bogus refugees? The determinants of asylum migration to Western Europe. *International studies quarterly*, 49(3), 389-410.

UNHCR (2015). *Global Trends – Forced Displacement in 2015*.

Chapter 9: The Law of the Sea*

This chapter describes the various issues that the law of the sea deals with, offers an economic rationale for them and looks into the functional of the ITLOS.

References

Posner, E. and A. Sykes (2013). *Economic Foundations of International Law*. Belknap Harvard: *Chapter 17: The Law of the Sea*, pp. 233 - 259

* During the course of this class, we usually visit the ITLOS which is located in Hamburg. This chapter will be discussed shortly before this visit and can, hence, move anywhere in this syllabus.