

## Module 1 “Economics and Law”

Supervisor	Prof. Dr. Stefan Voigt
Inputs	Prof. Jerg Gutmann Dr. Stephan Michel Konstantinos Pilpilidis
Learning path	Workload: 6 ECTS / 180 hours Attendance: 30 hours (4 dates) in 15 weeks
Recommended semester	3rd semester
Exam / grading	Written examination graded

### Contents

#### Part I: Economic principles

Students are familiarized with the basics of economic thinking and sensitized to the fact that markets can only function if there are adequate institutions. Part I consists of six chapters: (1) The basics, (2) Necessary conditions for functioning markets, (3) Market failures and government failures, (4) Public goods and their financing, (5) International trade and (6) Political economics (e.g. rent-seeking).

#### Part II: Investment climate

The (general) insights from Part I are transferred to individual entrepreneurs and thus linked to “my project.” Certain elements of repetition are explicitly intended for sustainable learning success. Six sub-chapters are included: (1) Relevance of security / Stability of property rights for the behavior of firms, (2) Relevance of regulation for firm behavior, (3) Relevance of taxation for firm behavior, (4) Relevance of availability of financial markets for firm behavior, (5) Relevance of infrastructure quality for firm behavior and (6) Relevance of labor markets for firm behavior. Since corruption plays an important role in many parts of the world, a seventh chapter is conceivable that deals with the relevance of corruption for corporate behavior.

### Learning objectives

- Familiarity with basic economic concepts (such as supply and demand; market equilibrium, etc.)
- Understanding that markets are only welfare-enhancing if they are based on adequate institutions (such as property law, contract law, courts, law enforcement agencies).
- Knowledge of the main forms of market failure
- Understanding how economists legitimize both the existence of the state and the actions of its representatives
- Being familiar with the implications of positive tax rates
- Understanding that the paradigm of barter used by economists also applies to bartering beyond national borders.
- Understanding the role of market players (in particular companies) and their representatives (associations) in the pursuit of political interests (“rent-seeking”) and what consequences this can have for economic development.
- To be able to independently transfer the general insights of this course to the individual level (especially from entrepreneurs)