

LL4308V/LL5308V/LL6308V Behavioural Economics, Law & Regulation

Course Objectives:

Law is a behavioural system. Most law seeks to regulate, incentivize and nudge people to behave in some ways and not in others – it seeks to shape human behaviour. Traditional economic analysis of law is committed to the assumption that people are fully rational, but empirical evidence suggests that people very often exhibit bounded rationality, bounded self-interest, and bounded willpower. This course about behavioural law and economics, with an emphasis on regulation, looks at the implications of actual, not hypothesized, human behaviour for the law. It considers, in particular, how using the mildest forms of interventions, law can steer people's choices in welfare-promoting directions.

Students are expected to acquire:

- Knowledge of the central literature on behavioural economics, law & regulation.
- A critical understanding of the workings of behavioural law & economics and how they relate to central assumptions in law and regulation.
- A capacity to evaluate the relationship between law, regulation and understanding of human behaviour.
- An ability to apply the insights of behavioural law & economics to specific legal situations.
- Developments of skills in legal and social science research.

This module complements existing courses on law & economics by focusing on more accurate assumptions about human behaviour. Courses on behavioural law & economics are taught at a number of US Law Schools. It also complements existing courses on regulation by encouraging students to focus on law as a behavioural system. Finally, it encourages students to think about concepts that lie at the heart of the legal system such as autonomy, risk and well-being. This would be particularly valuable for students interested in tort, financial services and environmental law.

Teaching Style:

Seminar-style class. Teaching involves a mixture of lecturing and discussion, with a high level of participation from the students.

Students are expected to have done the assigned readings before coming to class. The class will begin with an overview of the topic covered, followed by a discussion of the particular issues raised by the readings.

Assessment:

- (a) Class Participation 20%
- (b) Research Paper – 6,000 words (excluding footnotes) 80%

Reading Guide:

Seminar 1 - The Rationality Assumption in Law

Rationality; *Homo Economicus* & Real People; The Architecture of Cognition: Two Systems; Bounded Rationality; Bounded Willpower; Bounded Self-Interest.

Compulsory Reading:

Kahneman, D (2003), 'Maps of Bounded Rationality: Psychology for Behavioral Economics', *The American Economic Review*, Vol. 93, No 5. pp. 1449-1475. **(Read Only Sections I & II pp. 1449-1454).**

Sunstein, C R (2013) 'The Storrs Lectures: Behavioral Economics and Paternalism,' *Yale Law Journal*, Vol. 122, No 7, pp. 1826-2082 **(Read Only Section I. A pp. 1837-1842).**

Sunstein, C R, Jolls, C and Thaler, R (1998) 'A Behavioral Approach to Law and Economics', *Stanford Law Review*. Vol. 50, pp. 1471-1548. **(Read Only Section I.A, pp. 1476-80).**

Shafir, E and LeBoeuf, R A (2002), 'Rationality', *Annual Review of Psychology*, Vol. 53, pp. 491-517. **(Read Only pp. 492-99).**

Supplementary Reading

Shafir, E and LeBoeuf, R A (2002), 'Rationality', *Annual Review of Psychology*, Vol. 53, pp. 491-517.

Thaler, R (2000), 'From Homo Economicus to Homo Sapiens', *Journal of Economic Perspectives*, Vol. 14, No 1, pp. 133-41.

Chase, V M, Hertwig, R and Gigerenzer, G (1998), 'Visions of Rationality', *Trends in Cognitive Sciences*, Vol. 2, No 6, pp. 206-14.

Finkelstein, C (2003), 'Legal Theory and the Rational Actor' in *The Oxford Handbook of Rationality*, Mele, A (ed.) (Oxford University Press), pp. 399-415.

Seminar 2 - Behavioural Law & Economics - Foundations

Heuristics & Biases; Behavioural Analysis of Law; Loss Aversion; Endowment & Framing Effects; Extremeness Aversion; Self-Serving Bias; Optimism Bias; Overconfidence; Hindsight Bias; Status Quo Bias; Availability, Anchoring & Adjustment, Representativeness, Case-Based Decisions; Prospect Theory.

Compulsory Reading:

Ulen, T S (2014) 'The Importance of Behavioral Law', *The Oxford Handbook of Behavioral Economics and the Law*, Zamir, E and Teichman, D (eds). **(Read Only Section 2 pp. 2-5).**

Sunstein, C R (1997), 'Behavioral Analysis of Law', *University of Chicago Law Review*, Vol 64. No 4, 1175-1195.

Sunstein, C R (2013) 'The Storrs Lectures: Behavioral Economics and Paternalism,' *Yale Law Journal*, Vol. 122, No 7, pp. 1826–2082 **(Read Only Section I.B, pp. 1842–51)**.

Kahneman, D (2003), 'Maps of Bounded Rationality: Psychology for Behavioral Economics', *The American Economic Review*, Vol. 93(5), pp. 1449–75. **(Read Only Sections III, IV, V, VII & VIII pp. 1454–63 and pp. 1467–1470)**.

Samuels, R and Stich, S (2003), 'Rationality and Psychology' in *The Oxford Handbook of Rationality*, Mele, A (ed.) (Oxford University Press), pp. 279–300. **(Read Only Sections 1, 2, 4 & 5)**.

Baron, J (2014), 'Heuristics and Biases' in *The Oxford Handbook of Behavioral Economics and the Law*, Zamir, E and Doron Teichman, D (eds.). **(Read Only Sections 2, 3, 4 & 7)**.

Supplementary Reading

Tversky, A and Kahneman, D (1974) 'Judgment Under Uncertainty: Heuristics and Biases', *Science*, Vol. 185, No 4157, pp. 1124–31.

Tversky, A and Kahneman, D (1981) 'The Framing of Decisions and the Psychology of Choice', *Science*, Vol. 211, No 4481, 453–8.

Sunstein, C R, Jolls, C and Thaler, R (1998) 'A Behavioral Approach to Law and Economics', *Stanford Law Review*, Vol. 50, pp. 1471–1548 .

Kahneman, D, Knetsch, J L and Thaler, R (1991), 'The Endowment Effect, Loss Aversion, and Status Quo Bias', *Journal of Economic Perspectives*, Vol. 5, No 1, pp. 193–206

Korobkin, R B and Thomas S. Ulen, T, (2000), 'Law and Behavioral Science: Removing the Rationality Assumption from Law and Economics', *California Law Review*, Vol. 88, No 4, 1051–1143.

Posner, R A (1997), 'Rational Choice, Behavioral Economics, and the Law', *Stanford Law Review*, Vol. 50, pp. 1551–75.

Mitchell, G (2014), 'Alternative Behavioral Law and Economics' in *The Oxford Handbook of Behavioral Economics and the Law*, Zamir, E and Doron Teichman, D (eds.).

Kahneman, D, Tversky, A, (1979), Prospect Theory: An Analysis of Decisions Under Risk, *Econometrica*, Vol. 47, pp. 263–291

Kelman, M, Rottenstreich, Y; and Tversky, A (1996) 'Context-Dependence in Legal Decision Making', *Journal of Legal Studies*: Vol. 25, No. 2, pp. 287–318.

Tversky, A and Thaler, R (1990), 'Anomalies: Preference Reversals', *Journal of Economic Perspectives*, Vol. 4, pp. 201–11.

Thaler, R (1999), 'Mental Accounting Matters', *Journal of Behavioral Decision Making*, Vol. 12, pp. 183–206.

Slovic, P, (1995), 'The Construction of Preference', *American Psychologist*, Vol.50, No 5, pp. 364–71.

Kahneman, D and Tversky, A (1984), 'Choices, Values and Frames', *American Psychologist*, Vol. 39, No 4, pp. 341–50.

Seminar 3 - Well-Being & Public Policy

Accounts of Well-Being: Mental-State or Subjective Well-Being (SWB), Objective-List, Desire-Fulfilment; SWB as a Policy Tool; Measuring Well-Being: Preference-Based Measures (Income) vs Experience-Based Measures (Subjective Evaluations of life); Happiness as Evaluation; Happiness as Feeling; The Pleasure-Purpose Principle; Experienced Utility vs Decision Utility.

Compulsory Reading:

Dolan, P and White, M P (2007), 'How Can Measures of Subjective Well-Being Be Used to Inform Public Policy?', *Perspectives on Psychological Science*, Vol. 2, No. 1, pp. 71–85.

Dolan, P and Peasgood, T (2008), 'Measuring Well-Being for Public Policy: Preferences or Experiences?', *The Journal of Legal Studies*, Vol. 37, No. S2, pp. S5–S31.

Kahneman, D and Thaler, R (2006), 'Anomalies: Utility Maximization and Experienced Utility', *Journal of Economic Perspectives*, Vol. 20, No 1, pp. 221–34.

Kahneman, D (1997), 'New Challenges to the Rationality Assumption', *Legal Theory*, Vol. 3, No. 2, pp. 105–124.

Supplementary Reading

Adler, M and Posner, E A (2008), 'Happiness Research and Cost-Benefit Analysis', *The Journal of Legal Studies*, Vol. 37, No. S2, pp. S253–S92.

Bronsteen, J, Buccafusco, C and Masur, J S (2013), 'Well-Being Analysis vs Cost-Benefit Analysis', *Duke Law Journal*, Vol. 62, pp. 1603–89.

Lisa A. Robinson, L A and Hammitt, J K (2011), 'Behavioral Economics and the Conduct of Benefit-Cost Analysis: Towards Principles and Standards', *Journal of Benefit-Cost Analysis*, Vol. 2, No 2, pp. 1–41.

Nussbaum, M C (2008), 'Who Is the Happy Warrior? Philosophy Poses Questions to Psychology', *The Journal of Legal Studies*, Vol. 37, No. S2, pp. S81–S113.

Kahneman, D. and Sugden, R. (2005), 'Experienced Utility as a Standard of Policy Evaluation', *Environmental & Resource Economics*, Vol. 32, pp. 161–181.

Kahneman, D (1999), 'Objective Happiness', pp. 4–25 in Kahneman, D, Diener, E, and Schwarz, N (1999) (eds), *Well-Being: The Foundations of Hedonic Psychology* (Russell Sage Foundation New York).

Dolan, P (2014), 'What is Happiness?' in *Happiness by Design: Finding Pleasure and Purpose in Everyday Life*, Penguin, Random House, UK.

Seminar 4 - Behaviourally Informed Regulation

Choice Architecture; Behaviour Change; Inertia and Procrastination; Framing and Presentation; Probability Assessment and Attitude to Risk; Markets, Government and Paternalism; *Nudges*—low-cost, choice-preserving behaviourally informed regulatory tools; Disclosure as a Nudge; Default Rules as Nudges; Salience as Nudge; Social Norms as Nudges.

Compulsory Reading:

Sunstein, C R (2014), 'Nudges.gov: Behaviorally Informed Regulation', *The Oxford Handbook of Behavioral Economics and the Law*, Edited by Eyal Zamir and Doron Teichman.

Baldwin, R (2014) 'From Regulation to Behaviour Change: giving nudge the third degree' *Modern Law Review*, 77(6): 831–57.

Thaler, Richard H. and Sunstein, Cass R. and Balz, John P. (2012) 'Choice Architecture', *The Behavioral Foundations of Public Policy*, Ch. 25, Eldar Shafir, ed. pp. 428–39.

Cass R. Sunstein (2015 preliminary draft), 'Nudging and Choice Architecture': Ethical Considerations, *Yale Journal on Regulation*, forthcoming

Supplementary Reading

Barr, Michael S, Mullainathan, S and Shafir, E, 'The Case for Behaviorally Informed Regulation', *New Perspectives on Regulation*, edited by D. Moss and J. Cisternino, 25-61. Cambridge, MA: The Tobin Project (2009).

Amir, O and Lobel, O, (2008) 'Stumble, Predict, Nudge: How Behavioural Economics Informs Law and Policy', *Columbia Law Review*, Book Reviews, Issue 8, Volume 108, pp. 2098–2138.

Bovens, L, 'The Ethics of Nudge' in T. Grune-Yanoff and S. Hansson (eds), *Preference Change* (Berlin: Springer, 2008).

Sunstein, C R (2011), 'Empirically Informed Regulation', *University of Chicago Law Review*, Vol. 78, pp. 1349–429

Jolls, C and Sunstein, C R (2006), 'Debiasing Through Law', *Journal of Legal Studies*, Vol. 35, pp. 199–241.

Seminar 5 - Libertarian and Asymmetric Paternalism

Paternalism; Choices & Welfare; Means Paternalism; Ends Paternalism; Hard Paternalism; Soft Paternalism; Asymmetric Paternalism; How to Choose: The Toolbox of the Libertarian Paternalist.

Compulsory Reading:

Thaler, R, H, Sunstein, C R (2003), 'Libertarian Paternalism', *American Economic Review*, Vol. 93, No 2, pp. 175–9.

Sunstein, C R, Thaler, R (2003), 'Libertarian Paternalism Is Not an Oxymoron', *The University of Chicago Law Review*, Vol. 70, No 4, pp. 1159–1202

Sunstein, C R (2013) 'The Storrs Lectures: Behavioral Economics and Paternalism,' *Yale Law Journal*, Vol. 122, No 7, pp. 1826–2082. **(Read Only Sections II. A&B, pp. 1852–66).**

Camerer, C, Issacharoff, S, Loewenstein, G, O'Donoghue, T and Rabin, M (2003), 'Regulation for Conservatives: Behavioral Economics and the Case for 'Asymmetric Paternalism'', *University of Pennsylvania Law Review* Vol. 151, pp. 1211–54. **(Read Only the Introduction pp. 1211–14 and Section II pp. 1219–21).**

Supplementary Reading

Camerer, C, Issacharoff, S, Loewenstein, G, O'Donoghue, T and Rabin, M (2003), 'Regulation for Conservatives: Behavioral Economics and the Case for 'Asymmetric Paternalism'', *University of Pennsylvania Law Review* Vol. 151, pp. 1211–54.

Hausman, D and Welch, B (2010), 'Debate: To Nudge or Not to Nudge', *The Journal of Political Philosophy*, Vol. 18, Number 1, pp. 123–136.

Seminar 6 - A Critical Assessment of Soft Paternalism

The Evitability of Choice-Framing Paternalism; Using Paternalism to Maximize Liberty, Not Welfare; The Redistributive Consequences of Libertarian Paternalism; Welfarist Objections; Rule-Consequential Antipaternalism; The Slippery Slope Objection; The Value of Autonomy; Problems with Soft Paternalism.

Compulsory Reading:

Sunstein, C R (2013) 'The Storrs Lectures: Behavioral Economics and Paternalism,' *Yale Law Journal*, Vol. 122, No 7, pp. 1826–2082. **(Read Only Section III pp. 1867–81 and Section V pp. 1890–99).**

Mitchell, G (2005), 'Libertarian Paternalism Is an Oxymoron', *Northwestern University Law Review*, Vol. 99, No. 3, pp. 1248–1276.

Rebonato, R (2014), 'A Critical Assessment of Libertarian Paternalism' *Journal of Consumer Policy*, Vol. 37, No 3, pp.357–96.

Glaeser, E L, (2006), Paternalism and Psychology, *University of Chicago Law Review*, January, Vol. 73, pp. 133–56. **(Read Only the Introduction & Sections I & III, pp. 133–42 & 149–56).**

Supplementary Reading

Bubb, R and Pildes. R (2014). 'How Behavioral Economics Trims its Sails and Why', *Harvard Law Review*, Vol. 127, pp. 1593–1678.

Whitman, D G and Rizzo, M J (2007), 'Paternalistic Slopes' *NYU Journal of Law and Liberty*, Vol. 2, pp. 411–443.

Seminar 7 - Autonomy and its Limits

Why Value Autonomy; Autonomy: The Thin Version & The Thick version; Against Autonomy: Justifying Coercive Paternalism; Applications; Limits; Respect; Inequality; Paternalistic Virtues; Autonomy Revisited.

Compulsory Reading:

Sunstein, C R (2013) 'The Storrs Lectures: Behavioral Economics and Paternalism,' *Yale Law Journal*, Vol. 122, No 7, pp. 1826–2082 **(Read Only Section IV, pp. 1881–90)**.

Conly, S (2014), 'Against Autonomy: Justifying Coercive Paternalism', *Journal of Medical Ethics*, Vol. 40, p. 349.

Pugh, J (2014), 'Coercive Paternalism and Back-Door Perfectionism', *Journal of Medical Ethics*, Vol. 40, pp. 350–1.

Wetheimer, A (2014), 'Against Autonomy?', *Journal of Medical Ethics*, Vol. 40, pp. 351–2.

Dworkin, G (2014), 'Against Autonomy Response', *Journal of Medical Ethics*, Vol. 40, pp. 352–3.

Eyal, N (2014), 'Paternalism, French Fries and the Weak-Willed Witness', *Journal of Medical Ethics*, Vol. 40, pp. 353–4.

Conly, S (2014), 'Against Autonomy: Response to Critics', *Journal of Medical Ethics*, Vol. 40, pp. 354–6.

Conly, S (2013), *Against Autonomy: Justifying Coercive Paternalism*, Cambridge University Press. **(Read Only Ch. 1 pp. 16–46, Ch. 6 pp. 149–81 & Ch. 7 pp. 182–94)**.

Supplementary Reading

Conly, S (2013), *Against Autonomy: Justifying Coercive Paternalism*, Cambridge University Press.

Bubb, R and Pildes, R (2014). 'How Behavioral Economics Trims its Sails and Why', *Harvard Law Review*, Vol. 127, pp. 1593–1678.

Spector, H (2012), 'Autonomy' in Gauss, G F and D'Agostino, F (eds.), *The Routledge Companion to Social and Political Philosophy*, pp. 573–84 (New York: Routledge).

Wright, J and Ginsburg, D H (2012) 'Behavioural Law and Economics: Its Origins, Fatal Flaws and Implications for Liberty', *Northwestern University Law Review*, Vol. 106, No 3, pp. 1–56.

Seminar 8 – Default Rules and Choice

The Power of Defaults; Selecting Default Rules - A Puzzle for Choice Architects; Impersonal Default Rules; Personalized Default Rules; Bad Defaults; Varieties of Choice; Active Choosing as Choice Architecture; Choosing Not to Choose; Choice-Requiring Paternalism.

Compulsory Reading:

Sunstein, C (2013) 'Deciding by Default', *University of Pennsylvania Law Review*, Vol. 162, No 1, pp. 1–57.

Sunstein, C (2014), 'Choosing not to Choose', *Duke Law Journal*, Vol. 64, No 1, pp. 1–52.

Supplementary Reading

Willis, L (2014) 'Why Not Privacy by Default?' *Berkeley Technology Law Journal*, Vol. 29, Issue 1, pp. 64–130.

Laurin, K, Kay, A. and Fitzsimons, G. (2012) 'Reactance Versus Rationalization : Divergent Responses to Policies that Constrain Freedom', *Psychological Science* 23:2, pp. 205–209.

Ullmann-Margalit, E. and Morgenbesser, S. (1977) 'Picking and Choosing', *Social Research* Vol. 44, No 4, pp. 757–85.

Ullmann-Margalit, E. (2006) 'Big Decisions: Opting, Converting, Drifting', *Royal Institute of Philosophy Supplement*, Vol. 58, pp. 157–72.

Seminar 9 – Risk Regulation I: Risk Perception

Risk as an Object of Regulation; Risk as a Justification for Regulation; The Selection and Perception of Risk; Responding to Risk; Judgmental Biases in Risk Perception; Three Theories of Risk Perception: The Rational Weigher Theory, The Irrational Weigher Theory and The Cultural Evaluator Theory; Cultural Cognition; Risk as Analysis; Risk as Feelings.

Compulsory Reading:

Black, J (2010) 'The Role of Risk in Regulatory Processes' in Baldwin R & Lodge, M, *Oxford Handbook of Regulation* (OUP) **(Read Only Sections 14.1, 14.2 & 14.3, pp. 1–14)**.

Slovic, P, Fischhoff F, and Lichtenstein, S (1982) 'Facts Versus Fears: Understanding Perceived Risk' pp. 463-489 in Kahneman, D, Slovic, P and Tversky, A (eds), *Judgment Under Uncertainty: Heuristics and Biases* (CUP).

Kahan, D M (2008) 'Two Conceptions of Emotion in Risk Regulation', *University of Pennsylvania Law Review*, Vol. 156, No 3, pp. 741–66.

Kahan, D M (2012) 'Cultural Cognition as a Conception of the Cultural Theory of Risk', in *Handbook of Risk Theory: Epistemology, Decision Theory, Ethics and Social Implications of Risk* 725–60 (eds. Hillerbrand, R., Sandin, P., Roeser, S. & Peterson, M.) (Springer London, Limited, 2012).

Slovic, P, Finucane, M L, Peters E, and MacGregor D G (2004), 'Risk As Analysis and Risk As Feelings: Some Thoughts about Affect, Reason, Risk, and Rationality', *Risk Analysis*, Vol. 24, No 2, pp. 311–22.

Loewenstein G F, Hsee C K, Weber E U, and Welch N (2001), 'Risk as Feelings', *Psychological Bulletin*, Vol. 127, No 2, pp. 267–86.

Supplementary Reading

Kahneman, D, Tversky, A, (1979), Prospect Theory: An Analysis of Decisions Under Risk, *Econometrica*, 47, 263–91.

Slovic, P (1993), 'Perceived Risk, Trust and Democracy', *Risk Analysis*, Vol. 13, No 6, 675–81.

Kahan, D M and Braman D (2006), 'Cultural Cognition and Public Policy', *Yale Law and Policy Review*, Vol. 24, pp. 149–72.

Seminar 10 – Risk Regulation II: The Precautionary Principle

Definition and Appeal; Problems with Precautions; Precautions and Rationality; A Behavioural Account of the Operation of the Precautionary Principle; Two Critiques of the Precautionary Principle: The Indeterminacy Critique and The Bad Choices Critique; The Precautionary Principle as an Anti-Bias Mechanism.

Compulsory Reading:

Sunstein, C R (2003) 'Beyond the Precautionary Principle', *University of Pennsylvania Law Review*, Vol. 151, No 3, pp. 1003–58.

Kahan, D M, Braman, D, Slovic, P, and Gastil J (2006), 'Fear of Democracy: A Cultural Evaluation of Sunstein on Risk', *Harvard Law Review*, Vol. 119, pp. 1071–109.

Dana, D A (2003), 'A Behavioral Economic Defense of the Precautionary Principle', *Northwestern University Law Review*, Vol. 97, No 3, pp. 1315–45.

Supplementary Reading

Hahn, R W and Sunstein, C R (2005) 'The Precautionary Principle as a Basis for Decision Making' *The Economists' Voice*, Vol. 2, No. 2, Article 8, pp.1–9.

Sunstein, C R (2005), *Laws of Fear: Beyond the Precautionary Principle*, Cambridge University Press.

Kahan, D M (2007), 'The Cognitively Illiberal State', *Stanford Law Review*, Vol. 60, pp. 102–139.

O'Riordan, T and Cameron, J (eds.) (1994), *Interpreting the Precautionary Principle*, (Routledge).

Munthe, C (2013) 'Precautionary Principle', *International Encyclopedia of Ethics*.

Seminar 11 - The Endowment Effect

The Endowment Effect; Loss Aversion; Status Quo Bias; Underweighting of Opportunity Costs; Failure to Ignore Sunk Costs; Search Behavior; Choosing not to Choose & Regret; Precommitment & Self-Control; Offer-Asking Gap; Willingness to Pay (WTP)-Willingness to Accept (WTA) Gap; The Coase Theorem.

Compulsory Reading:

Kahneman, D, Knetsch, J L and Thaler, R (1991), 'The Endowment Effect, Loss Aversion, and Status Quo Bias', *Journal of Economic Perspectives*, Vol. 5, No 1, pp. 193–206.

Thaler, R, (1980), 'Toward a Positive Theory of Consumer Choice', *Journal of Economic Behavior and Organization*, Vol. 1, pp. 39–60.

Kelman, M (1979), 'Consumption Theory, Production Theory, and Ideology in the Coase Theorem', *Southern California Law Review*, Vol. 52, pp. 669–98 (1979).

Korobkin, R (2014), 'Wrestling with the Endowment Effect, or How to Do Law and Economics without the Coase Theorem' in *The Oxford Handbook of Behavioral Economics and the Law*, Zamir, E and Teichman, D (eds).

Supplementary Reading

Korobkin, R (2003), 'The Endowment Effect and Legal Analysis', *Northwestern University, Law Review*, Vol. 97, No 3) pp. 1227–93.

Kahneman, D, Knetsch, J L and Thaler, R (1990), 'Experimental Tests of the Endowment Effect and the Coase Theorem', *Journal of Political Economy*, Vol. 98, pp. 1325–48.

Plott, C R and Zeiler, K (2005), 'The Willingness to Pay–Willingness to Accept Gap, the 'Endowment Effect,' Subject Misconceptions, and Experimental Procedures for Eliciting Valuations', *American Economic Review*, Vol. 95, pp. 530–45.

Kahneman, D, Tversky, A, (1979), 'Prospect Theory: An Analysis of Decisions Under Risk', *Econometrica*, 47, 263–291.

Zamir, E (2014). 'Law's Loss Aversion', in *The Oxford Handbook of Behavioral Economics and the Law*, Eyal Zamir and Doron Teichman (eds).