

Understanding Arbitration Law and the Relationship Between Law and Economics

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Overview

- How economics is helpful in law school (and in law practice)
- How economics has influenced legal scholarship
- How economics has influenced my scholarship (on commercial arbitration and other topics)



Law School and Law Practice

- Develop common sense understanding of legal rules
- Make more sophisticated legal arguments
- Better able to deal with economic experts
- Greater comfort with numbers



Law & Economics Scholarship

Law and economics is “the intellectual movement that has had the greatest influence on American academic law in the past quarter-century” (Kronman 1993)



Law & Economics Scholarship

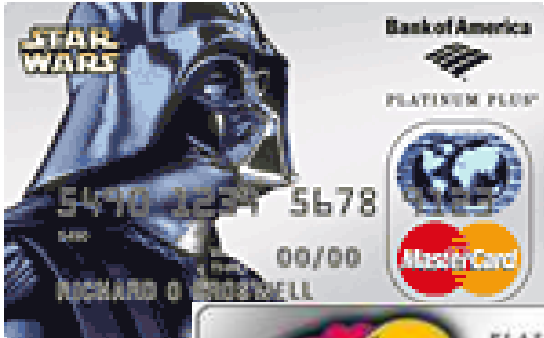
- Coase, Problem of Social Cost
- Antitrust Law
- Posner: “Few areas of legal scholarship remained untouched by economics.”
- Behavioral law and economics
- Growth of empirical scholarship



Law & Economics of Commercial Arbitration

“**Arbitration** is the submission of a dispute to one or more impartial persons for a final and binding decision.” (American Arbitration Association 2004)





Gateway

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Effect of Making Predispute Arbitration Clauses Unenforceable

“Sometimes, of course, it would **permit, say, a consumer with potentially large damage claims, to disavow a contract’s arbitration provision** and proceed in court. But, if so, it would equally permit, say, local business entities to disavow a contract’s arbitration provisions, thereby **leaving the typical consumer who has only a small damage claim ... without any remedy** but a court remedy, the costs and delays of which could eat up the value of an eventual small recovery.”

Allied-Bruce Terminix Cos. v. Dobson (U.S. 1995)