

LAW AND ECONOMICS – THE STUDY AND INTERPLAY OF BOTH FOR BETTER ADMINISTRATION, GOVERNANCE AND EFFECTIVENESS OF DIFFERENT AREAS OF LAW

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ABSTRACT

Economics and law have been a connected area for as long as one can remember. The contribution and effect of law on economics and vice versa is seen throughout. This is so much that individual study of basic areas of law and the effect of economics in this field is necessary to better understand the rights and liabilities that are highlighted through that. At the start property law is discussed where the public and private property is brought with careful analysis of the rights and remedies therein further. Moving forward, the contractual obligations that arise between parties to a transaction are discussed related to the enforcement as well as the remedies that come with it and their economic influence and look-out. The important area of constitutional law with its normative approach is talked to highlight it with the economic interplay that arises. Moreover, the election law is discussed specifically for the better understanding of the economic interdependence. Lastly, along with other areas, it talked about the common law whereby it looked at the principle of demand and supply from the perspective of law and analysing it.

KEYWORDS: Property, Economics, Law, Common Law, right, liability

INTRODUCTION

The study of law and economics together and their interconnection with each other has become more significant in today's world. It helps in the understanding of the underlining working and framework of the rules and regulations in the country and to apply them efficiently. The law created through the legislature, administrative authorities, custom, judge-made and other related phenomenon highlights its behaviour in the environment through its

economic analysis. This analysis becomes necessary to find out the related outcome of the strategic policy established and brought forward. The rationality and the logical approach through which the surveillance of the market and economy is done in a positive or normative way makes it possible to better have a grasp on the applicability of the law.

PROPERTY

Property is something that is owned by a person. Property and economics have a relation in the study to grasp the efficient allocation of the property. It provides for the mechanism for the allotment or issue of wealth and income. Property and its rights are exclusively determined. These property rights are necessary to perceive the transfer and ownership of the property. When this ownership of the property exists it becomes easy to determine to whom a particular property¹ belongs and then the law works in that way more effectively. This tells about who has the control and power over that property. It is necessary for the emergence of the cost and other factors.

- **Necessity of Property Rights**

Property rights are necessary as they ensure that to whom the property belongs and who have the possessory and ownership right over a property. If that was not present, then everyone will fight over to grasp the property and it will lead to a mishap in the economy. Economy progresses if these rights are adequately designed and defined. The time and energy wasted in snatching or taking away from each other the property when these rights are not given will be chaos. Thus, these property rights should be appropriately provided to people to protect and safeguard their property to know the real owner of it.

In case of any kind of dispute, it becomes necessary to know to whom a particular property or the rights vested in it belongs. The court can decide the cases much easily and quickly when it is established as a particular property is held by a person or association of persons. The transfer of property from one person to another becomes quite easy and without pain when the property is defined and the rights attached with it is suitably found. When the property is transferred, it gets allocated to the economically efficient person who values its existence.

¹ Gilmore, Eugene Allen. "The Relation of Law and Economics." *Journal of Political Economy* 25, no. 1 (1917): 69-79. Accessed January 31, 2021. <http://www.jstor.org/stable/1823141>.

- **Privately Owned and Public Owned Property**

Private owned property is the one where a person has the exclusive and complete right over the enjoyment of a particular property. For example, if there is a tree on the land owned by a person, then to eat the fruits grown on that tree and its right belongs to the person who owns it and no third party can interfere with that particular right of that person. If there is interference or disturbance, the remedy lies in the law. Thus, there exists a parallel existence where a thing owned by one person cannot simultaneously be owned by another person. It is this uniqueness that has its existence in the economics in exclusivity² and devoid of other's interference in the private use of the property.

Public owned property gains its importance in the economy when and if the property is not given this status; there are chances of cartels and unfair practices by private owners. The government that builds the property for the benefit of the general public increases the overall productivity of the masses and encourages them as well. If, for example, the railways are privately owned then the amount will be so large to be used only by a richer section of the public, restricting the access and movement of people. It will lead to problems in economic viability and the obstruction in that. The rules and regulations in the public aimed property make sure the complete applicability of these properties.

- **Property Rights- Protection and Remedies**

The question arises that if someone breaches the right or infringes the exclusive or other proprietary rights of people, then what is the consequence of that infringement from a both legal and economic perspective. The remedies available through the court are by compensatory and regulatory provisions. One of the basic principles of the ownership of property implies its use but it does not permit for the destruction of other people's usage. If it does that, then the other people can ask for the cost for that damage done to him and his property. This destruction to other's property is the externalities. Thus because of these externalities, there might exist some interest or cost for the other in the market economy. These externalities can be removed by the effective negotiation with the parties and between them so that the benefit of it can be increased and the cost that is affecting the productivity in the market can be reduced.

² Commons, John R. "Law and economics." *The Yale Law Journal* 34.4 (1925): 371-382.

Another method for resolving is through the help of courts where they impose penalties or fines or injunctions to have a detrimental effect on the externalities. The externalities are restricted from this behaviour by the imposition of permissible and non-permissible limits and other factors. Most of the times, the punitive remedy is given to the party that suffers the burden of unnecessary and illegal cost and to restore the balance and increase the interest, it becomes more necessary.

CONTRACT

A contract is basically where people deal in a transaction with each other. Economics and contract have a relation with each other. An efficient contract is where the flexibility exists concerning the terms and benefits or conditions of the contract. It implies where a situation arises because of the market downfall where the party is not able to perform their part of the contract, then they can refuse to do so and by that, they offer compensation for the work on their part not done. The situation arises when the raw material was supposed to be purchased for ₹ 10,000 but due to the downfall in the economy and the GDP growth, they now cost ₹ 30,000 which is not feasible for the party to purchase and thus, the contract becomes ineffective between the parties leading to the situation where the party in default has to pay the compensation to the party which suffered.

- **Contract Enforcement**

The enforcement of contracts is important to make sure that the contractual obligations are fulfilled. If these are not fulfilled, then the burden on courts about excess compensatory cases will arise leading to the disrupter in the economy as well where the money or consideration is taken and the promises are not fulfilled. It will lead to a financial loss where the aggrieved party and the economy will hugely suffer. Another situation arises where the enforcement of contract becomes obligatory³ in the format of specialised goods being traded or brought forward in the transaction which require that the contracts are fulfilled otherwise the huge losses for the government will ensue.

A situation arises where a person wants a customised carpet or chair of a particular design to be made but because the buyer does not upfront provide the payment and the other party

³ Polinsky, A. Mitchell. *An introduction to law and economics*. Wolters Kluwer Law & Business, 2018.

suffer where he has to cover up his expenses which will be huge and it might lead to debt because the party did not pay. The enforceability becomes essential in that case because of the huge cost. The bargaining theory comes into operation where the buyer negotiates the amount⁴ and then, the other party refuses to make the carpet or chair leading to the complete restriction. Thus, it becomes necessary to make sure that both parties keep their promises.

- **Contract Remedies**

The breach of any party to perform his obligation in the contract accounts for the remedies to be paid for that breach. It is generally referred to as damages. Damages are necessary to be paid and they can be decided by the parties themselves as previously stipulated in the contract or it can be done through the courts. It is generally seen that the compensation that is agreed beforehand by both the parties is the more efficient one as in the case of default any one of them, this can be enforced, and the aggrieved party can get the benefit of compensation without unnecessary delay or complications. The court decides the compensation when it is not previously decided⁵. The court steps up to look at the loss suffered by the other party because non-compliance in the condition of the contract. It also takes into account the complete cost or expenses incurred or any other damage caused by non-performance of the contract.

The damages or compensation is generally high but it cannot be unusually higher as it will lead to inefficiency. Inefficiency is caused where the liquidated damages are too high leading to it being a penalty⁶ and more than necessary infliction and the economy are shaken by the penalty imposed for a meagre amount. For example, if the court inflicts damages amounting to ₹ 10,000 for the purchase of default shirt costing ₹ 150 and where the damage itself is not that much, then it will seem like a penalty and will lead to a loss for the shopkeeper disrupting his economic activity and closing of the business. Thus, it is necessary to make sure that the damages which are imposed are adequate.

TORT LAW AND PRODUCT LIABILITY

⁴ Brian Edgar Butler, "Law and Economics", Internet Encyclopedia of Philosophy: A Peer-Reviewed Academic Resource

⁵ Cooter, Robert, and Thomas Ulen. "Law and economics." (1988).

⁶ Paul H. Rubin, "Law and Economics", The Library of Economics and Liberty

A tort is a private or personal wrong done to the party. It is that part which involves the infringement of any private right of the party. Thus, these are intentional or accidental. Tort, if committed, invites for the liability of the party who is the person committing the wrong or the wrongdoer. He has to take the brunt and pay the damages. One of the situations that arise is the identification of tort, where there was no breach to the party so it is not a contract and it cannot be a crime, as it does not involve state action or does not constitute a criminal offence. Thus, it comes under tort law.

- **Harm and Tort Liability**

The consideration in tort is the harm caused to the other party and the compensation for that harm. The negligence and strict liability are often considered for the situation. It deals with the harm that is caused; the failure of the duty to protect has caused the harm to have occurred. Harm is looked from the point where the maximum infliction of harm invites for the maximum compensation. If the harm is not there, then there can be no compensation. Thus, harm is necessary. It depends on the optimal economic factor where the compensation or damages are necessary⁷ to ensure the harm being compensated. The other factor is that of the breach of duty to protect and which causes the damage or injury.

So, a situation where the harm is there but there does not exist a breach of duty to protect, it will not lead to the tort being committed because the person took the appropriate, adequate and effective measures to ensure that the maximum capacity of care is reached. So, it is completely justified to say that the breach of duty to protect is necessary. Another situation that arises is of strict liability which is governed by the fact where a person keeps a harmful substance in his territory and it escapes causing accidents. Thus, the duty to care rises in this situation because of the harmful activity and substance being dealt with and the damage in that case is huge. So, it invites larger penalty because of high injury and violation in magnitude.

- **Product Liability**

The product liability is where the damage occurs in the situation of product being involved and customer relation. So, the liability arises where if the product is defective and the

⁷ Dari-Mattiacci, Giuseppe, Tort Law and Economics (Feb 11, 2003). Utrecht University Working Paper, Available at SSRN: <https://ssrn.com/abstract=347801> or <http://dx.doi.org/10.2139/ssrn.347801>

customer is aware about that defect, then the party can lose the money. The economic analysis is necessary where the customer's awareness about the product is accurate and apt, the party will want to decrease their risk and use methods so that they can get better result. If the awareness of the customer is inaccurate, liability to reduce risk is still required to make sure that the produce reaches stability and safety in the market economy. It is done by providing various incentives and opportunities to the customers attached with the product.

There also exist the liability on the product in the form guarantees and warranties. This is thee where situation arises in the form of care for product and the cost of correcting it becomes excessively high. The risk of failure and the customer's knowledge about it also plays a role. If he thinks of the damage to be less but it is more, then the court cannot object to the fault of the customer and put higher liability. If the defect exists in the product, it reduces the value of it. The defect in the complete product itself, adds additional liability causing financial loss while in manufacturing defect of only one product can be corrected and the liability can be reduced.

FORENSIC ECONOMICS

Forensic economics basically deals with the practicability and applicability of the principles of economics on the criminology aspect of law. It is the scientific approach of looking at various factors. It looks into various different elements while examining the legal consequence of an action, from the damages to the expense and the market power itself. While examining these principles, it becomes abundantly clear the rational and optimal way⁸ of law in the society. The understanding of forensic economics is necessary to look at and help in the calculation of compensation or damages where looking at various factors of the aggrieved party, the decision related to the market economy and related factors. It is also used to apply basic principles of economics in the scanning of the market for the fraud or investigating the anti-trust dispute cases. Forensic economics is necessary in calculating the market economy and effect on it by the advent or bringing of new public policies and other matters.

- **Applicability**

⁸ Broulík, Jan, What is Forensic Economics? (December 17, 2019). Amsterdam Law School Research Paper No. 2019-50, Amsterdam Center for Law & Economics Working Paper No. 2019-05, TILEC Discussion Paper No. DP 2019-034, Available at SSRN: <https://ssrn.com/abstract=3505206> or <http://dx.doi.org/10.2139/ssrn.3505206>

The study of forensic economics helps in the application of the legal principle and its correct analysis in the environment. When there is uncertainty as to the value and the accurate usage of the principle, it is better to look at it from the market efficiency and the economic availability of that particular situation. The instances where a murder is committed and the accused is ordered to pay the fine, the calculation of that damages that he has to pay will be looked from all the circumstances. The circumstances can be what the financial condition of the deceased was, whether he supported his family or if he belonged to a middle income group or poor income group are all important phenomena and where forensic economics is helpful and required. It takes dominance in the cases of accidents as well.

Another instance is where in the breakdown of marriage, the necessary part is to look at the maintenance to be provided to the spouse or the child care income to be given. Forensic science looks at whether the women is employed, what is her condition at the time she was married and other qualifications necessary for it. Where there is any infringement related to the contract and the liquidated damages are to be found out, the specific amount can be analysed by the way of loss incurred. Forensic science also helps in various forms in copyright violation cases and the patent infringement as well making sure that the amount is adequately calculated. Thus, the applicability of it is in abundance and the development of it is necessary for the better future judicial pronouncements.

CRIMINAL LAW

Criminal law is field where the offences are done by a person and it is done against the state or government and not only the victim. The criminal law prescribes for the punishment in the form of fines and imprisonment for certain period or for life or death penalty in some situations. The situation and question arises in relation to fines and imprisonment. Firstly, the circumstance of whether only the fine on the wrongdoer is justified or not. The fine is the monetary penalty imposed. If a person does an act that is meagre in value, then the justification of the only financial penalty on the accused person is satisfied. But the situation arises when the offence committed is that of higher degree involving murder or rape, then, in that case only the penalty in the form of money is not satisfied.

This fine becomes unnecessary and does not even act as deterrence in the society⁹ for not committing such acts. A case where and when even the wrongdoer himself is a poor person having meagre income and is unable to pay the penalty. In that case as well, the imprisonment of the accused is necessary because he was fully aware of his actions and how it will affect the society. If a person is punished, then it will definitely act as deterrence on the others for not committing such crimes. The value of the punishment increases where the punishment is very high and it stops others as well. Thus, the highest punishment for the person brings the deterrence effect in the society.

- **Crime**

One of the basic components that exist is that the efforts should be made so that there should not be the commission of the accidental or incidental crimes. This is because if the rate of accidental crimes increase, the punishment to the accused where the optimal punishment is to be give will not cause the deterrent effect but will lead tyrannical effect. Thus, the prevention of the crime should be the main focus where the stoppage of the crime before it is committed will act as a complete deterrence and social welfare.

The crime can be divided in the seriousness and non-seriousness where on the basis of such a differentiation a situation exists to make sure that the punishment for both of these differs. It ensures the existence of appropriate measure for tackling each crime and its consequent effect. The rationality of it exists and the probability of the amount of punishment¹⁰ for the crime may vary significantly and situation may arise for no punishment at all. Thus, the crime plays an important part and acts under the economic probability situation.

- **Punishment**

The punishment for the higher level of offence invites for higher degree of punishment. It ensures the maximum and optimal level of stopping the rate of criminal activities in the society. It, thus, has its relation to economy because if the optimal level of deterrence is not

⁹ Hylton, Keith N. "Economic Theory of Criminal Law." *Oxford Research Encyclopedia of Economics and Finance*. August 28, 2019. Oxford University Press. Date of access 31 Jan. 2021, <<https://oxfordre.com/economics/view/10.1093/acrefore/9780190625979.001.0001/acrefore-9780190625979-e-344>>

¹⁰ Keith Hylton, Economic Theory of Criminal Law, No. 19-9 Boston University School of Law, Law and Economics Research Paper (2019). Available at: https://scholarship.law.bu.edu/faculty_scholarship/604

achieved¹¹, it might lead disruption in the economy as well where proprietary rights are snatched or contractual obligations are not fulfilled and other phenomena leading to blockage in the complete economy. Thus, the theory of optimal satisfaction takes its effect making sure of higher punishment for higher offences.

The capital punishment also acts as a measure to stop the crime in its bud. The advantage at the social level is achieved by giving punishment to the person who committed this crime. The one against whom the social stigma and unfair treatment was done can get their justice. The social benefit is there when the situation of ensuring the harm is not caused again and the punishment act as the protective measure, stopping the others from committing the crime.

CIVIL LAW

Civil law relates to private wrongs done by individual. The civil law includes the contract, tort, intellectual property and other elements of personal law. The relation between civil law and economics is necessary to understand and look at the applicability of different circumstances. One of situation that exists in the civil law is that the case is instituted or brought before the court by the private party and not the state because the dispute involves is that which relates to a particular person or corporation or group of person and does not involve society at large. The issues are a personal matter. The economics of civil law exist in the effect of this onto the market structure of a country.

Another important aspect that involves the study of the civil law and economics is to look at the liability that arises of a person. The analysis of this liability is necessary to find out the aspect as to how and in what manner the economy will be shaken where the person who has caused some imbalance will have to pay the compensation for the damage caused. That will lead to the summarization of the principle where the calculation of the loss suffered and the after effects of the compensation on the economy.

- **Intellectual Rights**

The quaint central aspect of civil law is the intellectual rights of the people and encompasses the trade marks, copyright and other related aspects. The economic analysis of it involves the

¹¹ Posner, Richard A. "An Economic Theory of the Criminal Law." *Columbia Law Review*, vol. 85, no. 6, 1985, pp. 1193–1231. *JSTOR*, www.jstor.org/stable/1122392. Accessed 31 Jan. 2021.

profit that the people get¹² while the intellectual property right is in operation. There exists the situation of where the people who contribute through their innovation, creativity and intelligence, they get the benefit in the form of recognition and rights over that invention which provides them with exclusivity. This lead to the economic development where there is a shift to the developed place in the overall international sphere.

The major contribution is where the intellectual property right is brought in the society, it helps to achieve the objective with the creative move where efforts are reduced and the economy flourishes. The success helps in the calculation of the risk quickly; any kind of innovation contributes towards the gross domestic product in the country and helps in making a move towards more advanced sectors and the import of that innovation having impact on foreign currency as well. Thus, the civil law and economics are definitely interrelated.

COMMON LAW

The common law is the judicial pronouncements that bring about precedent rule. But the study and analysis of common law and economics does not involve the complete summarization of various case laws, rather it concentrates on the factors and element that furnishes the application of economic principles on the common law circumstances to understand its significance and importance¹³. One of the major points of view is the demand and supply principle in the legal system. This helps in highly efficient rules and code of law.

- **Demand (Litigants) –Supply (Judges)**

The litigants are the ones that argue the case before the court. These are the parties belonging to both sides who present their case consequently to the court. They come to court so as to plead their problems and demand for justice and the solution for the dispute between the parties. Thus, there exist the demand by the litigants for the common law¹⁴ and its emergence. The judges then provide for the solutions by the application of law to a particular situation, the law that is previously codified.

¹² WIPO, “ The Economics of Intellectual Property: Suggestions for Further Research in Developing Countries and Countries with Economies in Transition”; World Intellectual Property Organization; January 2009

¹³ Mattei, Ugo. *Comparative law and economics*. University of Michigan Press, 1997.

¹⁴ Djankov, Simeon, et al. "The law and economics of self-dealing." *Journal of financial economics* 88.3 (2008): 430-465.

But the situation may arise where the codified statute cannot predict the circumstances that might arise because of dynamics of the market. The statutes, then, become inoperative. The court comes to the rescue in the form of predicting and applying the law in the manner of logical and reasoned decision. This is taken by looking at various factors ranging from the market, the situation in the case, the circumstances and other parameters to reach a decision. This decision is the supply that the court or the judges give by applying their mind and the logical applicability of law.

- **Efficient Rules**

The demand and supply chain of the common law leads to the rules being identified and given operation. This is the reason that the important factors like the study of the legal framework and its applicability in the rational way¹⁵ of thinking is necessary. If the rules are confined to the discrimination or the opinion of the judges which takes over, there will be consequence of inefficient rules in the legal framework.

The rules that are not prejudice but are abiding to the framework of the rational thinking and the optimal approach are the efficient one. For that purpose it becomes necessary to understand the mindset of judges. Whether the judges are formally inclined to apply the given legal principles without bias or is there any moral code to follow? The efficient rules are made when the judges follow the practical approach making sure that the rules will have an effect on economy where one person has to pay compensation or damages and thus, it becomes necessary to look at the complete angle of the facts and circumstances existent.

CONSTITUTIONAL LAW

The study of constitutional law and economics seeks to look at the matter in a way where the study of the rules and principles of constituent and their working in economic framework are studied and applied. It looks at the powers of the members of the country, the delegated legislation, and other factors that are influenced by the economy. Economy definitely has an effect on the constitutional laws as the practical approach¹⁶ is necessary and the impact of it

¹⁵ Kornhauser, Lewis, "The Economic Analysis of Law", *The Stanford Encyclopedia of Philosophy* (Fall 2017 Edition), Edward N. Zalta (ed.), URL = <<https://plato.stanford.edu/archives/fall2017/entries/legal-econanalysis/>>.

¹⁶ Lucas, Jo Desha. "Constitutional Law and Economic Liberty." *The Journal of Law & Economics*, vol. 11, no. 1, 1968, pp. 5–33. *JSTOR*, www.jstor.org/stable/724968. Accessed 31 Jan. 2021.

on the rules or vice versa, where the constitutional rules have an impact on the economy. Thus, the analysis of constitutional law in terms of economics is quite necessary.

- **Positive Constitutional Economics**

The positive economic approach looks at the study of the complete analysis of the constitutional approach. It compares the constitution's rules through effect economic tools¹⁷ so as to gather the effectiveness of the same. The first factor looks at the circumstances and situations that led to the development and bringing of the constitutional rules in the society and their preference. It goes in the complete background to check the efficiency of it. The second factor is responsible for understanding the grasp the effect of the constitutional rules on the society as a whole and on an individual.

The third factor is the situation where the changes in the rules of the constitution are there and the effect of these change and amends made in the constitution on the market economy is important. The changes that are to be brought are definitely to be looked at through the economic preference and outcome of it, whether it has good effect or bad on the economy. This analysis is necessary. It fourth factor concentrates on the changes that is brought in the society because dynamic condition of the market economy and because of that the effect that it has on the constitution of the country is an important element.

- **Normative Constitutional Economics**

Normative constitutional economics focus on the maximum factor that leads to the market efficiency as well as the efficiency in constitution. They highlight that the law should be one that provides with the maximum benefit¹⁸ and thus, is the one where there exists equal and non-bias principles. It looks at individuals and society while contrasting their needs. The situation is that the need and the welfare of the one individual cannot have the status of being above the other individual as this promotes inefficiency.

¹⁷ Cooter, Robert D. and Gilbert, Michael, Constitutional Law and Economics (January 24, 2019). Forthcoming in Research Methods in Constitutional Law: A Handbook (Malcolm Langford & David S. Law eds., Edward Elgar), Virginia Public Law and Legal Theory Research Paper No. 2018-08, Virginia Law and Economics Research Paper No. 2018-02, UC Berkeley Public Law Research Paper, Available at SSRN: <https://ssrn.com/abstract=3123253>

¹⁸ *Id.*

It studies the cost benefit approach and social welfare approach. The cost benefit approach is the methodology where the principles are applied with the care of benefitting financially. The rules and principles having effect in the economy of a country are not correct as these inefficient rules do not work for the framework of legality. The social welfare approach is the approach of decreasing the value. In the instance where ₹ 500 is given to a person who is poor who will hold it at higher value while given to a person belonging to the upper class, it will have less value. This is the decrease in the value due to the social welfare factor.

ELECTION LAW

Election law is still driven through various social and political factors. One of the major economical factors influencing election law is the less-income group people¹⁹ who are made promises about their well being and policies related to their welfare, and votes are garnered by that major population through this reasoning. It is considered as the opportunist theory in economics where the person wants to increase his gains and not care about others downfall. The scenario where there is voting but the calculation and the growth of the voters over a period is necessary to be estimated. The turnout of people to vote and the reluctance of some is major issue. Some of the people might not be able to vote because of the reason that they are travelling in different city at that time. It leads to lose in vote which causes a harsh problem. When a vote is lost, the economic influence on it is analysed so as to apply those principles and to reach a conclusive solution so that the votes are not lost and the growth of the country takes place. Thus, in election this principle is highly applicable.

- **Election Campaign and Economy**

The stress on the economic condition of a country is burdened and influenced by the high rate of cost that exists in the election process. There is an increase risk of the inflation in the economy leading to higher prices.²⁰ The campaign that the politicians and parties overtake has excessive involvement of cost and has effect on the fiscal policy where the downfall in the economic condition is persistent. The funding that is used gets extremely high to target

¹⁹ Ethan Kaplan, "Election Law and Political Economy", *Economics for Inclusive Prosperity*; February 2019

²⁰ Aranson, Peter H., and Melvin J. Hinich. "Some Aspects of the Political Economy of Election Campaign Contribution Laws." *Public Choice*, vol. 34, no. 3/4, 1979, pp. 435–461. *JSTOR*, www.jstor.org/stable/30023122. Accessed 31 Jan. 2021.

individualised sections of the society so as to get more and more votes. This is taken out from the economy of the country. Some of these funds are not even accounted for making it hard to trace it and leading to unfair stance. There is the chance of the economy being disrupted because of this.

There also exist instances where the parties try to make major policy decisions at the end of their term for people so as to get the benefit being elected again. This is the reason of exploiting the financial and economic need of the people and society. At times; there exists situation when there is the downfall in the economy of the country as a whole. The gross domestic product (GDP) tends to decrease because of the high investment and policy decisions taken at a speedy rate causing haphazard economical distress. The economy and its level throughout the election is at fluctuation and the complexities in the economy being utilized in large amounts for conducting campaigns, the voting count and other related elements is what has its presence in the economy where a dip occurs forthwith.

CONCLUSION

Thus, it can be brought at the end that the relationship between law and economics is indeed important to understand the various fractions of the legal framework. This is done by the study of different fields and elements of law and how they are affected by the economic analysis of the market structure. The property, contract, criminal, civil, and other branches are all related to the economics where interdependency on each other is paramount for the fruitful working.