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ECONOMIC ANALYSIS OF CONTRACT LAW: HOW THE EYES OF ECONOMICS WORK WHILE DELIVERING JUSTICE WITH UNPREJUDICED HANDS OF EXISTING INDONESIAN CONTRACT LAW

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Abstract:
Legal problems surrounding contracts are never easy to solve, especially those concerning the nature and rules of contract law amid the development paradigm of the law itself. It is not surprising that one of the classic problems of contract law lies in the suitability of regulatory governance which is expected to be able to adapt to the demands of the times and its relevance on the actual side. This shows that the law is prone to aging. This kind of rapid change makes the age of law like corn, so legal restoration cannot be focused/expected on legal reform alone. On the existing paradigm, Law and Economics offers several concepts as an ideal model that can guide legal activities while uniting the disparity of legal outcomes. Some fundamental concepts of economics can be constellated with the law as an economic approach to law, in this case, contract law, to re-concretize legal needs in contracting. Contract performance as a legal practice must also go hand in hand with other social activities. Here, Law and Economics is present to obtain clarity of contract law to be more responsive, relevant, contextual, and actual.

Keywords:
Law and Economics, economic approach to law, contract law.

1. Introduction

In the current era of economic globalization and free trade, business activities always begin with making agreements and signing contracts as legal documents to protect the interests and achieve the goals of the parties. The parties to the contract as contractors in carrying out legal acts give birth to legal responsibilities and consequences, thus making contract law very important to know, understand, and carry out. This is because every business step both in the offer-acceptance stage, as well as negotiations or bargaining, is inseparable and always followed by making promises, so for every good and ideal legal step, a valid and legal binding contract is a very important tool to achieve the goals of the parties. Such a contract is expected to be able to be effective and not deviate from or violate the provisions of the applicable legal regulations, so it can be felt that the contract must be made with justice while providing a guarantee of legal certainty.

It is often found that various combinations of legal systems and customary practices are used as a kind of reference for contract formulation. This way of contracting is partly because the core of contract law regulated in the Indonesian Civil Code (ICC) has been outdated for more than 160 years in Indonesia and has never undergone changes and reforms that are adjusted to the demands of the times, especially against negative issues due to the use of the principle of freedom of contract widely complained about, which is only a representation or instrument of strong groups to legitimize and execute weak parties as opponents in the contract. Given the very old age of the ICC, it is understandable that some of the provisions regulated at that time were not clearly stated, so it would be very difficult to apply them.

This limitation has resulted in many parties taking advantage of the legal loopholes and breakthroughs of economic globalization and free trade in Indonesia. One of the causes is the inaccurate implementation of the essence and principles of contract law according to the outdated ICC, which is still used as Indonesian positive law, resulting in many problematic contracts. The rules and principles enacted in the ICC are often linked to the development of the times and technological advances, but the legal principles and provisions in the ICC are often not easily accepted by

national and international entrepreneurs, so it is not surprising that these entrepreneurs prefer to use developments or innovations that allow mixing modern civil law model contract patterns and common law models supported by evolving customary practices (Sugianto et al., 2020). As a result, it is not uncommon to find a mixture of contract law systems that show disparate differences in foreign systems, especially from countries that run the common law system. It is also common to find contracts that are drafted based on the rules of contract law that look complete and "all legal", but create rigidity that stifles the entrepreneur's expertise in conducting business deals. At certain points, this kind of contract seems to inhibit flexibility, especially in business activities that are pressed for time.

Recognizing the backwardness and limitations of the ICC does not mean that the solution lies in the reform of positive law alone. The law as a whole is required to evolve to adapt to the demands of the times and its actual relevance. This kind of rapid change and urgency sometimes, even often, makes the law age like corn. Some laws and regulations that were not too long ago promulgated are suddenly no longer responsive, not actual, and not relevant. Some examples of legal paradigms in general, in terms of legal forms, which some time ago seemed to provide defensive are now starting to become pragmatic. Previously more likely to be reactive, now proactive. In terms of legal objectives, in the past, it seemed to focus more on legal problem solving, now the tendency is towards legal risk management (Takahiro Fujita, 2009). Legal publications these days are also more directed towards dissemination even in the form of promulgation of law. In other words, the law in carrying out its activities is no longer able to survive by specializing, but legal activities must be able to go hand in hand with other social practices.

This kind of fast-paced paradigm is unavoidable. The demand for legal conformity now and in the future cannot only expect and wait for certain legal regulations to be promulgated. With all its governance and management, the law becomes vulnerable to aging when the law is enacted. Based on the existing paradigm, Law and Economics as a branch of legal science offers several concepts as an ideal model that can guide legal activities while uniting disparities in legal outcomes (Lorruane Matuszewski Machado, 2021). Some fundamental concepts of economics can be constellated with law and legal science as an approach to concretize legal needs in contracting as a legal act.

2. Method

This research is normative legal research which constitutes a process to find legal rules, legal principles, and legal doctrines in order to answer the legal issues encountered. This research uses law and economics approach, namely conceptual approach and statute approach. A conceptual approach is taken when the researcher does not stand on the existing legal rules, or there are no legal rules for the problem at hand. In adopting a conceptual approach, the researcher refers to legal principles that can be found in the views of legal scholars or legal doctrines (Isyunanda, 2022). In this research, the author reviewed concepts related to the subject but not explained or not explicitly explained in the provisions of the legislation. The statute approach is carried out by gathering and analyzing all legislation related to the problem in this research.

3. Common Dimensions of Law and Economics in Contract Law

The general dimensions of Law and Economics in contract law are, first, the existence of bargaining theory. According to Posner, this bargaining theory is a form of expediency in obtaining or equalizing bargaining positions to find the same will, goals and common purposes so a balanced (fair) agreement is reached (Posner, 2003). To bring it all together, he emphasizes that reciprocal promises (offering each other promises) are the most important element in this bargaining process.

Cooter and Ulen add that the bargaining process that exchanges promises can determine the specifications of the contract, and the terms and conditions that need to be contained at the time of contract closing (Cooter, 1991). Based on the importance of this bargaining process, it makes a promise in a contract legally enforceable if it is given as part of the bargain, otherwise, it does not represent reciprocity (in the common law system, the promise of reciprocity-consideration-is one of the conditions for the validity of the contract).

From a broad economic point of view, bargaining provides the power to position the parties to get the benefits of the transaction and finalize the process of exchanging promises, so it is very important to maintain its use, especially against standard contracts that have a take-it-or-leave-it-contract basis. Although the common law uses consideration and the civil law uses causa as a form of mutual bargaining to produce a contract, the goal is to create and obtain Pareto efficiency (Mittlaender, 2020).

Success in maturing bargaining in the contract gives birth to the best efforts from and to each contractor in the event that the contract experiences hardship. The maturity of bargaining makes the contractants open to each other and creates interdependence so as to take the maximum possible actions that prioritize their best efforts to achieve the best results, even though one or the parties to the contract experience difficulties.
Second, the concept of transaction costs, which is an economic concept, can also be used as contractual guidelines as shown in the following table.

Low Transaction Fees	High Transaction Costs
Goods/services; publicly traded	Goods/services; uncommon (unique, rare)
Understanding the nature of goods/services (contract object)	Ignorance of the nature of the contract object
Clear rights and obligations	Rights and obligations are unclear/complex
A small number of contractants /short-chain	A large number of contractants/long-chain
Recognizing/knowing the existence of the contracting party	Not familiar with the contracting party/existence is not clear
Reasonable contract behaviors and characters	Uncommon contract behaviors and characters
Immediate exchange	Connecting exchange
Contract variables are explicitly specified	Contains many uncertainties
Supervision is hassle-free	Requires intensive supervision
Firm/enforceable legal sanctions	Legal sanctions are vague/impossible to apply

Tabel 1. Source: (Elhorst, 2024) and (Mittlaender, 2020)

From an economic perspective, contracts are legal transactions that prioritize the achievement of wealth maximization. To achieve this, it is expected that legal transactions can be poured into contracts voluntarily, but have strict regulations to protect the process of exchanging rights and obligations (Listokin & Murphy, 2019). It is equally important to make the procedural provisions as efficient as possible, while not eliminating the existence of law to avoid disputes. The legal standing of an economic contract can be interpreted as an agreement that starts from the suitability and equality of opinions to be poured into a valid contract, binding, there is a balance, does not violate legal provisions, and provides mutual economic value benefits for the contractants. The birth of this kind of contract is expected to be a transaction tool that can accommodate exchanges and is reliable. An economic contract does not mean only as an instrument of formality, not as a "sweetener" in transactions and interactions, but -narrowly- as a legal product protected by law carrying all legal consequences.

4. Some Fundamental Concepts of Law and Economics in Contract Law

4.1. Rational Choice

The concept of rational choice is a central technique in the Law and Economics analysis framework. The concept of rational choice starts from the basic assumption that humans are essentially rational beings. With the inherent rationality of each individual, humans are given choices, and they will choose their choices that are felt and believed to provide more satisfying results for them by getting more than what they want and expect.
The context of human satisfaction is unlimited, and humans are never satisfied with what they get and achieve, so they are encouraged to make the best individual and collective choices available on scarce resources. Everything is done to increase prosperity (wealth maximization), so humans as economic beings are also referred to as rational maximizers (Sugianto, 2014).

As a rational being, the choices the humans make are based on profit and loss considerations according to their level of rationality, by comparing the costs to be incurred and the results to be obtained. In addition to deciding on their choice, humans also can find the next best alternative which is also limited, which is said to be human efforts for improvement (maximizing). "Choosing the best alternative that constraints can be described as maximizing" (Tvarnoe & Schleimann, 2019).
A choice cannot be separated from the concept of scarcity. Starting from the existence of scarcity forces a person to make choices that can satisfy him. This is in accordance with the classical theory of economics, namely that everyone wants something more than what is available to satisfy himself. The concept of scarcity is different from the concept of needs because the concept of scarcity has the nature of being desired, coveted, or desirable by a group of people. With illustrative examples, for example, clean air for people in mountainous areas that are far from pollution value it as something common and free. However, clean air for residents in the metropolis is a rare thing. It is because of the scarcity of a good that makes people choose which goods are more satisfying to them. In choosing, of course, other goods that were previously an alternative will be sacrificed. Let's say someone has chosen good A over good B, then this sacrifice of good B involves assessing the best cost by asking oneself what would have happened if only good B had been chosen before deciding on good A as the choice.

4.2. Value

According to Posner, value can be defined as something meaningful or important (significance), desire or desirability of something, either monetarily or non-monetarily, so the inherent nature of human self-interest to achieve satisfaction. Basically, an economic value can be seen from the human desire for something, by knowing to what extent the individual is willing to get it, either with money, actions, or other contributions that he can make. Value can be identified by its inherent characteristic, which is an expected cost or benefit, i.e., the cost and benefit in dollars, multiplied by the probability that it will actually materialize. "...an expected cost or benefit, i.e., the cost and benefit in dollars, multiplied by the probability that it will actually materialize" (Dagan & Kreitner, 2021).
Human consideration in determining a value is ultimately always aimed at the relevance of increasing prosperity (wealth maximization). Wealth generally means wealth, and prosperity, generally more in nature. From an economic perspective, prosperity is the net value of all assets owned by a person, including the value of a person's abilities. "Wealth is the net value of all the assets that a person owns (including the value of the person's skills). According to Posner, wealth is directed to the sum of all tangible and intangible goods and services, measured by two types of value, namely supply value (what people are willing to get that they do not yet have), and demand value (what people demand to give up the goods they have) (K. Hylton, 2019):
"Wealth in wealth maximization refers to the sum of all tangible and intangible goods and services, weighted by prices of two sorts: offer prices (what people are willing to pay for goods they do not already own) and asking prices (what people demand to sell what they do own) while maximizing is defined as choosing the best alternative that the constraints allow can be described mathematically. "choosing the best alternative that the constraints allow can be described mathematically" (Posner, 2003).
Wealth or prosperity is identified with money generated from profits or profits (in this case monetary), therefore there is a significant difference between economic profits and bookkeeping profits. An accounting profit is formulated with Accounting Profits = Total Revenue - Explicit Cost, while economic profits are formulated with Economic Profits = Total Revenue - (Explicit + Implicit Cost), and or economic profits are more monetary and non-monetary satisfaction or happiness aimed at total utility (Coglianese, 2012).

4.3. Efficiency

The concept of efficiency is always associated with the notion of savings related to the economic valuation of goods and or services. Economic efficiency can be defined as (bolurifar et al., 2023):
"The level that can be achieved by maximum production with minimum sacrifice. The efficiency of an enterprise is measured by both profits and costs, because the most effective producer is the one whose profits reach the maximum level and whose costs, which are an appropriate combination of factors of production, can be minimized as low as possible".
Similarly, efficiency is the maximum level of success in an economic action (produce and the allocation of goods) in a competitive situation, it is further said (Schmiel, 2020):

"The economic efficiency of the use of resources to produce goods and the allocation of goods among competing uses is expressed in the process through which voluntary interactions are carried out, leading into the unknown".
A product can be said to be efficient and through an efficient production process as well if the quality of its capacity or ability, production power, the ability to produce the desired results regularly, has usability, and is right on target.
"It is not possible to produce the same amount of output using a lower cost combination of inputs, or; it is not possible to produce more output using the same combination of inputs". "...efficient when people produce all that can be, given their resources. To produce more of one good, an efficient economy must produce less of another good and is on its production possibility curve" (Bruno Deffains, 2019).
Vilfredo Pareto put forward the concept of allocative efficiency which is now known as Pareto efficiency which basically focuses on achieving one's satisfaction. According to him, an event can produce allocative efficient value if it can make the parties in it better, or at least no one party becomes miserable. Basically, the allocative efficiency built by Vilfredo Pareto is divided into 2 (two) concepts, namely superiority, and optimality. Pareto superiority is an economic situation in which an exchange can be made to benefit someone and not harm anyone. "An economic situation in which an exchange can be made that benefits someone and injures no one". If such an exchange cannot be made, the situation becomes Pareto optimality, which is an economic situation in which no one is better off without harming anyone. "When such exchanges can no longer be made, the situation becomes one of Pareto optimality. Pareto optimality: an economic situation in which no person can be made better off without making someone else worse off" (K. N. Hylton, 2019).

4.4. Utility

A utility can be seen from its function which can produce benefits that are more useful, and meritorious. According to Cooter and Ulen, utility is the benefit obtained due to decision-making in choosing options with alternative uses. The use of the concept of utility in economic analysis of the law states the usefulness or benefits of economic goods. Something can be said to be economic goods (economic goods) if these goods have uses and are rare, so economic goods have value or price (Tien et al., 2024).
There are two types of utility in the economic analysis of law: expected utility as defined in economics and utility as defined as happiness by utilitarian thinkers. According to Posner, utility in economics is used to see the uncertainty of gains and losses that lead to the concept of risk. Its inherent characteristic is the worth of the expected cost and benefit to a person (Silvestri, 2019).
Utility is used as a basis for decision-making by humans to obtain the expected benefits of profit. This decision is taken by considering and distinguishing as clearly as possible between definite and uncertain gains and losses, where uncertainty is a risk that must be faced.
Based on several fundamental concepts, a basic understanding of the existence of a contract as a legal product is said to be economical if it has value, which is reliable and enforceable according to law. Having efficiency (efficiency), which can unite the same will and purpose through effective interpretation. Utility can function as a transaction tool that accommodates goals and is protected by law.

5. Function and Purpose of the Economic Analysis to Contract Law

The above fundamental concepts are then used to situate the function of economics to law (Shavell, 2003), is to assess: a). the process of exchanging rights and obligations; b). reciprocal promises; and c). loss due to default.

5.1. The Process of Exchanging Rights and Obligations

From an economic point of view, exchanges should be made voluntarily that mutually optimize utility to achieve increased profits. On this voluntary basis, the parties have a high sense of interdependence, so they are expected to be able to run independently without legal problems.
The existence of a contract in this case is to facilitate the process of voluntary exchange of rights and obligations. When this exchange is not in accordance with the matters specified in the contract, especially concerning future matters, this initially voluntary process is utilized for profit by the party who feels benefited. Therefore, it is very important to specify the terms and conditions as explicitly as possible to guarantee the exchange of rights and obligations that can be used by the parties. The parties to the transaction should be willing to reduce

misunderstandings, and misperceptions that may arise in the future. With this kind of contract, its usefulness can be enabled in the future (Valsan, 2020).
According to Posner, good faith performance of the exchange of rights and obligations is an emphasis that must be implied in every contract. The context of good faith in this case means not being opportunistic about contract weaknesses (Posner, 2003). In addition to determining clear terms and conditions, the parties to the transaction should put forward their best efforts to avoid the possibility of litigation against the contract they have made. The parties' best efforts can be realized through gap-filling adjustments that anticipate future matters. A contract can be said to be efficient if it can formulate this gap-filling that can anticipate future matters.
Filling in the gaps in the contract can start with shaping interpretive terms and conditions into more specific and mutually compatible terms. In other words, the simplification of determining the rights and obligations of each party as terms and conditions in the contract actually adds to the complexity of the exchange process.

5.2. Reciprocal Promises

The promises contained in the contract should not be one-sided, meaning that a promise must be reciprocated with a promise as well, so it becomes an agreement. From these reciprocal promises, it is expected to provide mutual benefits as well, thus creating conditions of mutual expectation for each party. The nature of such reciprocal promises in the common law system is known as consideration, which is one of the absolute requirements for contract enforcement. Consideration can be used as a measuring parameter for the elements of coercion, delusion, and fraud in the formation of contracts, so the more unbalanced the promises, the more prominent these elements are.
According to Posner, consideration has 5 (five) economic functions (Medema, 2023), namely:

1. minimizing the number of problematic unilateral contracts;
2. minimizing language misapplication;
3. providing some guidance on the intent and purpose of the contract;
4. avoiding legal intervention;
5. eliminating opportunistic behavior.

From an economic point of view, a contract must be able to implement the conformity of expectations (meeting of the minds), so, in addition to functioning efficiently, the contract can be used as a medium to prevent losses at the lowest cost (to avoid the loss at the least cost) economically. With the occurrence of efficiency in the implementation of contracts that do not harm others (Pareto efficiency), this kind of contract has an economic value that produces mutual benefits for the parties to the transaction.

5.3. Losses Due to Breach of Promise

The determination of injury or damages resulting from a breach of contract is equally important to create an economical contract. To be an economical contract, it is necessary to determine compensation for injuries that cause losses due to breach of promise. According to Cooter and Ulen, there are several types of losses (Cooter, 1991), namely:

5.3.1. expectation damages

In the civil law tradition, expectation damages are called positive damages (lucrum cessans) which resemble material damages. In measuring the right compensation for material loss, the compensation must be able to restore the position of the victim (the party denied) to be indifferent between performance and breach (perfect expectation damages leave potential victims indifferent between performance and breach). In other words, the victim still receives the same amount of money if the contract is performed and in case of default;

5.3.2. reliance damages

In the civil law tradition, it is called negative damages or resembles immaterial loss. To measure the right compensation for immaterial losses, the compensation must be able to restore the position of the victim to be no different from no previous contract and breach (perfect reliance damages leave potential victims indifferent between no contract and breach). In other words, even if there is a default, the victim's position is restored to what it would have been if there had never been a contract;

5.3.3. opportunity cost damages

Entering into a contract sometimes defeats the choice of alternative contracts. With this loss of opportunity, a proper compensation calculation should be able to return the position of the victim to be no different from the breach and performance of the alternative contract (perfect opportunity cost damages leave potential victims indifferent between breach and performance of the best alternative contract). In other words, even if there is a default, the victim still receives the same as the next alternative contract.

Based on the brief explanation of the above functions, a basic conclusion can be drawn that an economic approach to contract law using basic economic concepts can help explain legal consequences, evaluate or estimate the nature, ability, or usefulness of an economically efficient contract, so the existence of the contract can accommodate the expectations of reciprocal benefits expected by the parties to the transaction (Elhorst, 2024). The word profit here has both monetary and non-monetary properties.

With a contract that has these variables, this kind of contract can fulfill the following purposes:

1. to eliminate opportunistic behavior, i.e. the taking advantage of the other party's weaknesses or shortcomings as a result of unanticipated matters or circumstances. The elimination of opportunistic behavior can be done, among others, by encouraging information disclosure in internal contractual relationships;
2. to create efficient relationships by making cooperative offers;
3. to sanction mistakes that could have been avoided during the contracting process;
4. to allocate risk to more capable parties, thereby optimizing execution and maintaining the interdependence of the parties; and
5. to minimize the shortcomings and weaknesses of contract dispute resolution.

6. Introducing Principles of Contract Law through Economic Analysis to Law

To guide legal activities and unify the disparity of legal results and offer legal needs, contract law principles are needed through an economic approach to law. From the point of view of Law and Economics, legal principles as a filter to produce clarity of contracts as legal products, so the nature, ability, quality, and precision of the preparation of a contract can be seen (Silva Neto, 2019). With this clarity, it can be projected what kind of provisions and how should be applied in the contract.

Some other reasons are, first, legal principles are a basic rule, law, or doctrine. In line with this understanding, Scholten argues that legal principles are the basic thoughts contained in and behind the legal system, each formulated in statutory rules and judicial decisions concerning which individual provisions and decisions can be seen as an elaboration.

Second, legal principles are basic norms that are elaborated from positive law and which are not considered by legal science to come from more general rules, so legal principles are the crystallization (deposition) of positive law in society (Hapsari, 2024). However, there is a limitation that the principle is not a concrete legal norm, but a general basis or instructions for applicable law (Adiyanta & Widyastuti, 2021). Thereby, it is the basis or direction in the formation of positive law, so the formation of practical law must be oriented to legal principles.

Third, legal principles can be interpreted as something that is considered by the legal community concerned as a basic truth or fundamental truth because it is through legal principles that the ethical and social considerations of society enter the law. Therefore, legal principles become a kind of source for living the legal system with the ethical, moral, and social values of the community (Nousiainen, 2021).

Fourth, many legal experts consider legal principles to be the heart of legal norms. Generally, legal principles are the broadest "foundation" for the birth of a legal norm. Thus, every legal norm can be returned to its principles. In addition, the legal principle is the "reason" for the birth of a legal norm or is the ratio legis of a legal norm. Legal principles will never run out of strength by giving birth to legal norms but remain and will continue to give birth to new legal norms (Odorisio, 2021). Although legal principles are not legal norms, no legal norm can be understood without knowing the legal principles contained therein.

Schmiel concluded that legal principles have a weight that reflects dimensions or qualities, so legal principles are useful as a counterweight, especially to legal regulations. According to him, legal principles are not just "signs", but essentially give birth to legally binding force (Schmiel, 2020).

In terms of the relevance of contract law principles, broadly speaking, contract law principles maintain the legal standing of a contract. To be economical, but not to lose the legality of the contract as a legal product, it is necessary to keep referring to the general nature of legal principles. Some important principles in contract law:

6.1. Information as Label

Information in this case becomes as valuable as the label that identifies a commodity and cannot be separated from the parent product that is the object of the contract. In addition to having substantial social value to the quality and or services to be known by each party, information helps the parties to make the right rational decision on their choice. It is time to cultivate information (as a label) that is open without anything to cover up. The existence of correct and sufficient information disclosure helps the accuracy of transactions (Popa, 2021).

Therefore, before making a contract, the parties must really pay attention and seek as much information as possible related to the substance that will be stated in the contract, so the contract really does not have defects in it. Likewise, on the other hand, in providing information, the information giver must realize that this action is a legal action that carries all risks and legal consequences.

6.2. Voluntary Transfer

A contract is said to have value if its existence can be enforced by law. To be enforceable by law, a process of voluntary exchange between the contracting parties is required to make the exchange contractual and reliable (Yanni N. Kakouris, 2021), thus: firstly, all forms of involuntary exchange are not allowed, secondly, zero-sum exchange is only allowed if it prevents loss, and thirdly, all forms of exchange must be aimed at obtaining the broadest possible collective improvement.

6.3. Bargaining Equality

A contract is said to be efficient when it is expressed through an effective interpretation that represents the meeting of the wills and the common purpose of the parties (B, 2023). To achieve such an interpretation, the parties are required to mature their exchange process through bargaining. The maturity of the bargain creates a balance that can provide the power to position the parties to be eligible to exchange promises to create equality of position, and, most importantly, to maintain a sense of interdependence.

6.4. Fulfilling Reasonable Expectations

A contract can be said to have utility if it can function in accordance with the needs and objectives of the contract. The parties are required to maintain each other and maintain the existence of a contract that facilitates the exchange of mutual expectations of benefits (monetary and or non-monetary). There is a sense of interdependence between the parties, which will maintain the promises contained in the contract. Thus, the contract becomes functional and makes all transactions into plus-sum interactions in which the parties ultimately benefit as profits, benefits, advantages, gains, and improvements (Antonio & Travain, 2022).

Based on all these principles, the contract is expected to be a plus-sum game transaction, meaning that the contractants:

1. can enjoy profits (all forms of losses and profits here are monetary and or non-monetary); or
2. one party is in the same state as when the other party obtained the profits; or at least
3. the party who suffers a loss does not become miserable as a result of the other party's profits.

7. Conclusion

Broadly, a contract can only be constructively related to the expectations of the parties. Every human being has a different measure of understanding of contract law, therefore the model offered by Law and Economics as an approach can be a model that guides legal activities, even unifying the disparity of legal outcomes. As a guide, the contract is basically a real form of legal action that carries legal consequences, starting from the preparation, creation, closing, and implementation of the contract cannot be separated from the principles of contract law. However, the economic approach to contract law makes it clear that there exists little value in creating contracts with no certainty and cannot be enforced by law. It is pointless to create a contract that ultimately does not work or cannot be

implemented, even though it is structured based on the rules of contract law. It is even more inefficient if the contract is unable to accommodate the will of the parties, and even worse if the contract creates a false understanding and expectation of the law to protect opportunistic behavior that will exploit other contractors.

Although contract law acts as an independent agent to facilitate the complexity of contracts and their problems, the economic approach to law is a unifying factor in the disparity of legal outcomes. This is because humans as legal subjects and economic actors have many similarities that are proximate to economic considerations and reasons for performing legal acts. The economic approach to contract law simplifies how law works in an interacting society. This approach does not diminish the existence of law to economics (or vice versa, for that matter), only emphasizes that law and economics should complement each other. Furthermore, the performance of contracts as a legal practice must also go hand in hand with other social activities. Here, Law and Economics is present to gain clarity on contract law to be more responsive, relevant, contextual, and actual.

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