

The law of commercial transactions

Commercial transactions class

Lecture 1.00

Introduction

Setting

- What is 'the law?'
- The law is a collection of rules that regulate how we interact with each other
- The law of commercial transactions consist of the legal rules governing business dealings
- Understanding the legal infrastructure permits managers to act strategically

Objectives

In this class we will review the rules that govern our business dealings.

Commercial transactions

All commercial transactions have one thing in common

- they serve to transmit economic values such as goods, products, and services
- from those who want to exchange them for another value (usually money)
- to those who need them and are willing to pay a countervalue.

The law of commercial transactions is meant

- to regulate this exchange of values,
- to spell out the rights and obligations of each party, and
- to offer remedies if one of the parties breaches its obligations

The commercial law must be an “engine for trade”

Commercial transactions law is designed to encourage commercial activity

- The law provides the framework for business transactions
- The law provides order and predictability
- The very first need of the business community is legal predictability
 - An unpredictable legal climate is unacceptable to business

Commercial law derives from the growth of the mercantile economy

- In the 16th century, the world began to move from a feudal economy to one of mercantilism
- Wealth derived from gold and silver (money) and not land
- Mercantilism held that a nation's wealth and power were best served by increasing exports -- which meant increasing trade.

Modern commercial law is derived from the law of merchants

- By the early 16th century, the world understood the importance of the merchant class in generating wealth.
- Merchants faced with a variety of different local laws created their own rules

The use of this 'merchant law' provided merchants with a stable body of rules

- The lex mercatoria provided for the greater flow of commerce
- The lex mercatoria evolved into our present business law

Commercial transactions law provides the basis for our society

Modern society relies on a stable body of law to regulate commercial transactions

- Thousands of times a day, individuals and businesses enter into these transactions
- Underlying each of these thousands of transactions is the body of law that we study in this class
- This body of law enables the lifestyles that we now enjoy

Conclusion

What did we learn today?

- The law of commercial transactions consist of the legal rules governing business dealings
- The law is meant to encourage commercial activity by providing predictability
- Merchants have played a special role in the development of commercial law