

ECO3501 – Economic Analysis of Law Winter 2012 – Course Outline

Instructor: Brad Heys
email: brad.heys@nera.com
work phone: 416-868-7312
home phone: 416-530-4117

Course web site: **BLACKBOARD**

Office Hours: After class or by appointment

Lectures: Thursdays, 4-6pm, WW126

Evaluation: Mid-term exam – 40% (in class, February 16th)
Final exam – 60%

Textbook: Shavell, Steven, *Foundations of Economic Analysis of Law*, Harvard University Press, Cambridge, Massachusetts, 2004. (hereafter “Shavell”)

Additional References: Other texts in the field, which you may find useful, include:

Miceli, Thomas J., *The Economic Approach to Law*, Stanford, CA, Stanford University Press, 2004.

Freidman, David D., *Law’s Order*, Princeton University Press, 2000.
(Available online: http://www.daviddfriedman.com/laws_order/index.shtml)

Cooter, Robert and Thomas Ulen, *Law & Economics*, 4th Edition, Addison Wesley, Toronto, 2003.

Posner, Richard A., *Economic Analysis of Law*, 6th Edition, Aspen Publishers, 2002.

Topics/Reading List:

1. Introductory comments on the Economic Analysis of Law
 - i. Shavell, Chapter 1
 - ii. Michael J. Trebilcock, “An Introduction to Law and Economics”, 23(1) *Monash University Law Review* 123 (1997).
READ ONLY pp. 123-135 and 156-158.

2. Economic Analysis of Property Rights

- i. Shavell, Chapters 2, 3, 5-7
- ii. Ronald H. Coase, “The Problem of Social Cost” 3 *Journal of Law & Economics* 1 (1960).
- iii. Guido Calabresi and A. Douglas Melamed, “Property Rules, Liability Rules, and Inalienability: One View of the Cathedral”, 85 *Harvard Law Review* 1089 (1972). ([Available from Hein Online](#))
- iv. Bebchuk, Lucian Arye, *Ex Ante Investments and Ex Post Externalities*, Harvard Working Paper, December 2001
<http://www.law.harvard.edu/faculty/bebchuk/pdfs/ExAnte-ExPost.Dec20011.pdf> .

3. Economic Analysis of Accident Law

- i. Shavell, Chapters 8-11
- ii. John P. Brown, (1973) “Toward an Economic Theory of Liability”, 2 *The Journal of Legal Studies*, 323.
- iii. Shavell, S., “[Corrective Taxation versus Liability](#)”, *American Economic Review*, 2011, Vol. 101, 273-276.
- iv. W. Kip Viscusi, (2000) “Misuses and Proper Uses of Hedonic Values of Life”, Harvard L&E working paper.
- v. W. Kip Viscusi, (1993) “The value of Risks to Life and Health” 31(4) *Journal of Economic Literature* 1912-1915; 1924-1931.

4. Economic Analysis of Contract Law

- i. Shavell, Chapters 13-16
- ii. G. Akerlof, (1970) “The Market for Lemons”, 84 *Quarterly Journal of Economics* 488-500.
- iii. Steven Shavell, (1994) “Acquisition and Disclosure of Information Prior to Sale”, 25(1) *The Rand Journal of Economics*, 20-36.

5. Positive Challenges to L&E

- i. Ward Farnsworth, (1999) “Do Parties to Nuisance Cases Bargain After Judgement? A Glimpse Inside the Cathedral”, 66(2) *The University of Chicago Law Review*, 373.
- ii. Christine Jolls, Cass R. Sunstein, and Richard H. Thaler (2000) “A Behavioral Approach to Law and Economics”, in *Behavioral Law & Economics*, Cass R. Sunstein ed., 13-58. (on reserve in Economics Library)

- iii. Jennifer Arlen, (1998) “Comment: The Future of Behavioral Economic Analysis of Law”, 52 *Vanderbilt Law Review*, 1765-1788.

Schedule Winter 2012 (Draft & Preliminary):

January 12, 2012 – Intro to Econ. Analysis of Law /Economic Concepts

January 19, 2012 – Economic Concepts/Property Law

January 26, 2012 – Economic Analysis of Property Law

February 2, 2012 – Economic Analysis of Property Law/Accident Law

February 9, 2012 – Economic Analysis of Accident Law

February 16, 2012 – Mid-term Exam

February 23, 2011 – Spring Break – No Class

March 1, 2012 – Economic Analysis of Accident Law

March 8, 2012 – Economic Analysis of Accident Law

<<Drop Date: March 11, 2012>>

March 15, 2012 – Economic Analysis of Contract Law

March 22, 2012 – Economic Analysis of Contract Law

March 29, 2012 – Economic Analysis of Contract Law/Behavioural L&E

April 5, 2012 – Review