

ECO3501 – Economic Analysis of Law Winter 2017 – Course Outline

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This course applies economic analysis to a number of areas of the law. Examples of topics include property rights and the Coase theorem, torts and liability rules, the assessment of damages, contracts, and legal process.

Lectures: Thursdays, 6-8pm, BA1230

Office Hours: After class or by appointment

Evaluation: Final exam – 70%
Midterm – 30%

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.
- 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. Introduction and Approaches to 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.
 - iii. 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.

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

2. Economic Analysis of Property Rights

- i. Shavell, Chapters 2-7
- 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. 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.
- v. Michael Trebilcock & Paul-Erik Veel, “Property Rights and Development: The Contingent Case for Formalization” (2008) 30(2) *University of Pennsylvania Journal of International Law* 397.

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. Steven Shavell, (1980) “Strict Liability versus Negligence” 9 *The Journal of Legal Studies* 1.
- iv. Michael Trebilcock & Paul-Erik Veel, “No-Fault Accident Compensation Systems” in Jennifer Arlen (ed.), *Research Handbook on the Economic Analysis of Torts* (2013)

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.

- iv. Michael Trebilcock and Jing Leng, (2006) “The Role of Formal Contract Law and Enforcement in Economic Development” 92 *Virginia Law Review* 1517.

5. Economic Analysis of Litigation

- i. Shavell, Chapters 17-19

Schedule Winter 2017 (Tentative)

January 12, 2017 – Introduction/Approaches to Economic Analysis of Law

January 19, 2017 – Economic Analysis of Property Law

January 26, 2017 – Economic Analysis of Property Law

February 2, 2017 – Economic Analysis of Property Law/Economic Analysis of Accident Law

February 9, 2017 – Economic Analysis of Accident Law

February 16, 2017 – Midterm

February 23, 2017 – Reading Week – No Class

March 2, 2017 – Economic Analysis of Accident Law/Economic Analysis of Contract Law

March 9, 2017 – Economic Analysis of Contract Law

March 16, 2017 – Economic Analysis of Contract Law/Economic Analysis of Litigation

March 23, 2017 – Economic Analysis of Litigation

March 30, 2017 – Economic Analysis of Litigation/Review