

# ECO3501 – Economic Analysis of Law

## Fall 2018 – 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:** Wednesday, 6-8pm, BA 2159

**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. (“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*, 4<sup>th</sup> 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) Jolls, C., C.R. Sunstein and R. Thaler, “A behavioral approach to law and economics, *Stanford Law Review*” (1998) 50:1471-1550.

#### 2. Economic Analysis of Property Rights

- (i) Shavell, Chapters 2-7
- (ii) H. Demsetz, “Towards a theory of property rights” (1967) *57 American Economic Review* 347- 359.
- (iii) Robert C. Ellickson, “A Hypothesis of Wealth-Maximizing Norms:

Evidence from the Whaling Industry” (1989) 5 Journal of Law, Economics, and Organization 83-97

- (iv) Ronald H. Coase, “The Problem of Social Cost” (1960) 3 Journal of Law & Economics 1 (1960).
- (v) Guido Calabresi and A. Douglas Melamed, “Property Rules, Liability Rules, and Inalienability: One View of the Cathedral” (1972) 85 Harvard Law Review 1089.

### 3. Economic Analysis of Accident Law

- (i) Shavell, Chapters 8-11
- (ii) Steven Shavell, “Strict Liability versus Negligence” (1980) 9 The Journal of Legal Studies 1.

### 4. Economic Analysis of Contract Law

- (i) Shavell, Chapters 13-16
- (ii) R.H. Coase, “The Nature of the Firm” *Economica*, New Series, Vol. 4, No. 16. (Nov., 1937), pp. 386-405

### 5. Economic Analysis of Litigation

- (i) Shavell, Chapters 17-19

## **Schedule Fall 2018 (Tentative)**

September 12, 2018 – Introduction/Approaches to Economic Analysis of Law

September 19, 2018 – Approaches to Economic Analysis of Law/Economic Analysis of Property Law

September 26, 2018 – Economic Analysis of Property Law

October 3, 2018 – Economic Analysis of Property Law/Economic Analysis of Accident Law

October 10, 2018 – Economic Analysis of Accident Law

October 17, 2018 – Economic Analysis of Accident Law/  
Economic Analysis of Contract Law

October 24, 2018 – Midterm

October 31, 2018 – Economic Analysis of Contract Law

November 7, 2018 – Reading Week – No Class

November 14, 2018 – Economic Analysis of Contract Law

November 21, 2018 – Economic Analysis of Litigation

November 28, 2018 – Economic Analysis of Litigation

December 5, 2018 – Make-up Class/Review

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