

Department of Economics
University of Toronto

ECO 320H1S – Economic Analysis of Law

Summer, 2019

Instructor	Robert B. Barber Office: Economics Dept., Max Gluskin House, 150 St. George Street, GE 164 Email: robert.barber@utoronto.ca
Office Hours:	Economics Dept., 150 St. George Street, Room GE 164 Fridays, 1PM-4PM
Lecture Location Lecture Time	Sydney Smith Hall, 100 St. George Street, Room 1073 Mondays and Wednesdays, 2PM - 4PM
Tutorial Location Tutorial Time	Sydney Smith Hall, 100 St. George Street, Room 1073 Mondays and Wednesdays, 4PM - 5PM

COURSE DESCRIPTION

The practical application of microeconomic theory to common legal problems: torts, contracts, property and crime, and the limitations of economic analysis. No previous familiarity with the law is assumed. (This is an economic analysis of legal issues, not a course in law.) Prerequisite: [ECO200Y1](#)/[ECO204Y1](#)/[ECO206Y1](#). The Department has a clear policy on pre-requisites for courses which may be obtained at <https://www.economics.utoronto.ca/index.php/index/undergraduate/load/prerequisites>

QUERCUS:

This course uses the University's learning management system, Quercus, to post information about the course. This includes posting readings and other materials required to complete class activities and course assignments, as well as sharing important announcements and updates. The site is dynamic and new information and resources will be posted regularly as we move through the term, so please make it a habit to log in to the site on a regular, even daily, basis. To access the course website, go to the U of T Quercus log-in page at <https://q.utoronto.ca>. Once you have logged in to Quercus using your UTORid and password, you should see the link or "card" for

ECO320H1, LEC 0101 (Economic Analysis of Law). You may need to scroll through other cards to find this. Click on the ECO320H1, LEC 0101 (Economic Analysis of Law) link to open our course area, view the latest announcements and access your course resources. There are Quercus help guides for students that you can access by clicking on the "?" icon in the left side column. **SPECIAL NOTE ABOUT GRADES POSTED ONLINE:** Please also note that any grades posted are for your information only, so you can view and track your progress through the course. No grades are considered official, including any posted in Quercus at any point in the term, until they have been formally approved and posted on ACORN at the end of the course. Please contact me as soon as possible if you think there is an error in any grade posted on Quercus.

REQUIRED TEXT:

Cooter and Ulen, *Law & Economics*, 6th ed., Addison-Wesley (Pearson), Toronto, Canada, 2011, ISBN: 978-0-13-25-4065 <http://scholarship.law.berkeley.edu/books/2/>

MARKING SCHEME:

Term Test 1 (Monday, July 22, 2019)	25%
Term Test 2 (Wednesday, August 7, 2019)	25%
Final Exam (During August Exam Period)	50%

LECTURES:

Students will be responsible for all the material presented at each lecture and tutorial. Students should be advised that much of the material covered at the lectures will be additional to the required readings and the power point slides. All of the lecture and tutorial material, slides and required readings is eligible for inclusion in the term tests and final examination.

TUTORIALS:

The first tutorial will be on Monday, July 8, 2019. There will be a tutorial each Monday and Wednesday after the Lecture to the end of the course. Most tutorials will be a question and answer session for problems assigned for discussion in the prior week. **The tutorials on Monday, July 22, 2019, Wednesday, August 7, 2019 and Tuesday, August 13, 2019 will be for the term tests from 2:10PM to 3:00PM.**

READINGS:

Students will be responsible for the readings from the required Text and Articles unless expressly excluded by the Instructor. Many of the readings from the Text may not be covered in the limited time available for lectures. This does not mean these readings are unimportant or cannot be included in the term tests and final examination. All the lecture material, slides and required readings are eligible for inclusion in the term tests and final examination. The articles are obtainable from the U of T library website.

MISSED TERM TESTS:

One (1) Comprehensive Make Up test will be held on **Tuesday, August 13, 2019**. This test will cover the topics of both Tests 1 and 2, regardless the student missing either Test 1 or Test 2.

SPECIFIC MEDICAL CIRCUMSTANCES

If you become ill and it affects your ability to do your academic work, consult me right away. Normally, I will ask you for medical documentation in support of your specific medical circumstances. The University's Verification of Student Illness or Injury (VOI) form is recommended because it indicates the impact and severity of the illness, while protecting your privacy about the details of the nature of the illness. You can submit a different form (like a letter from the doctor), as long as it is an original document, and it contains the same information as the VOI. For more information, please see <http://www.illnessverification.utoronto.ca/> If you get a concussion, break your hand, or suffer some other acute injury, you should register with Accessibility Services as soon as possible.

ACCOMMODATIONS FOR PERSONAL REASONS

There may be times when you are unable to complete course work on time due to non-medical reasons. If you have concerns, speak to me. It is also a very good idea to speak with an advisor in your College Registrar's office; they can support you in requesting extensions or accommodations, and importantly, connect you with other resources on campus for help with your situation.

ACADEMIC INTEGRITY:

All students, faculty and staff are expected to follow the University's guidelines and policies on academic integrity. For students, this means following the standards of academic honesty when writing assignments, collaborating with fellow students, and

writing tests and exams. Ensure that the work you submit for grading represents your own honest efforts. Plagiarism—representing someone else’s work as your own or submitting work that you have previously submitted for marks in another class or program—is a serious offence that can result in sanctions. Speak to me or your TA for advice on anything that you find unclear. To learn more about how to cite and use source material appropriately and for other writing support, see the U of T writing support website at www.writing.utoronto.ca/. Consult the Code of Behaviour on Academic Matters for a complete outline of the University’s policy and expectations. For more information, please see <http://www.artsci.utoronto.ca/osai> and <http://academicintegrity.utoronto.ca/>

LEARNING DISABILITY OR ACCOMMODATION REQUIREMENT

Students with diverse learning styles and needs are welcome in this course. If you have an acute or ongoing disability issue or accommodation need, you should register with Accessibility Services (AS) (accessibility.utoronto.ca) at the beginning of the academic year. Without registration, you will not be able to verify your situation with your instructors, and instructors will not be advised about your accommodation needs. AS will assess your medical situation, develop an accommodation plan with you, and support you in requesting accommodation for your course work. Remember that the process of accommodation is private: AS will not share details of your condition with any instructor, and your instructors will not reveal that you are registered with AS.

RELIGIOUS ACCOMMODATION

As a student at the University of Toronto, you are part of a diverse community that welcomes and includes students and faculty from a wide range of backgrounds, cultural traditions, and spiritual beliefs. For my part, I will make every reasonable effort to avoid scheduling tests, examinations, or other compulsory activities on religious holy days not captured by statutory holidays. Further to University Policy, if you anticipate being absent from class or missing a major course activity (like a test, or in-class assignment) due to a religious observance, please let me know as early in the course as possible, and with sufficient notice (at least two to three weeks), so that we can work together to make alternate arrangements.

Weekly Schedule and Topics

INTRODUCTION:

(Required Text and Article Reading)

Monday, July 1, 2019

**National Holiday No Lecture or
Tutorial**

Wednesday, July 3, 2019

**Introduction – Chapter 1 – Pages 1 - 10
Microeconomic Background – Chapter 2
– Pages 50 – 51
Law and Legal Institutions – Chapter 3
– Pages 56 – 62
Microeconomic Background – Chapter 2
– Pages 11 – 33
Law and Legal Institutions – Chapter 3
– Pages 62 – 64**

PROPERTY LAW

Monday, July 8, 2019

**Economic Theory of Property –
Chapter 4 – Pages 70 – 74, 76 - 94**

**Economic Theory of Property –
Chapter 4 – Pages 94 – 102, 105 – 108
Microeconomic Background – Chapter 2
– Pages 37 – 40**

***Coase, Ronald, "The Problem of Social
Cost", (1960) 3 J. of Law and Economics 1 –
44. This article is obtainable from the U of
T library website.***

**Case: K.V.P v. McKie (Ontario) –
*McKie v. KVP - Commentary by
Benidickdson, Jamie***

Wednesday, July 10, 2019

**Topics in the Economics of Property Law
Chapter 5 – Pages 143 – 186**

**Economic Theory of Property –
Chapter 4 – Pages 74- 76
Microeconomic Background – Chapter 2
– Pages 33 – 37**

D.N. Dewees, M. Halewood, "The Efficiency of the Common Law: Sulphur Dioxide Emissions in Sudbury", U. of Toronto Law J. 42, 1992, pp. 1-21. This article is obtainable from the U of T library website.

CONTRACT LAW

Monday, July 15, 2019

Economic Theory of Contract Law –
Chapter 8 – Pages 276 – 291
Economic Theory of Contract Law –
Chapter 8 – Pages 291 - 306
Topics in the Economics of Contract Law
Chapter 9 – Pages 307 - 341
Topics in the Economics of Contract Law
Mathematical Appendix – Pages 373 – 381

Case: Hadley v Baxendale

Case: McKnight v. Morrison - O.S.C.J.
(2019) – Applies Hadley to calculate
damages

Wednesday, July 17, 2019

Topics in the Economics of Contract Law
Chapter 9 – Pages 341 – 372

Aivazian, V. A. and Callen, J. L, "The core, transaction costs, and the Coase Theorem". (2003) Constitutional Political Economy, 14, 287-299. This article is obtainable from the U of T library website.

Case: Laidlaw v. Organ

Case: Cotton v. Monahan - O.S.C.J. (2010);
O.C.A. (2011) – Buyer Beware

TORT LAW

Monday, July 22, 2019

Economic Theory of Tort Law –
Chapter 6 and Appendix – Pages 187 - 229
Microeconomic Background – Chapter 2
– Pages 43 – 49
Law and Legal Institutions – Chapter 3
– Pages 64 – 68

Monday, July 22, 2019

TEST 1

Test will be from 2:10PM to 3:00PM. The Lecture will follow the Test. The Lecture will be from 3:10PM to 5:00 PM.

Wednesday, July 24, 2019

**Topics in the Economics of Tort Liability
Chapter 7 – Pages 230 – 275**

Winter, Ralph, "Liability Insurance, Joint Tortfeasors and Limited Wealth", 26, 1, (2006) International Review of Law and Economics 1. This article is obtainable from the U of T library website.

CRIMINAL LAW

Monday, July 29, 2019

**Economic Theory of Crime and
Punishment – Chapter 12 - Pages 454 – 484**

Dee, Thomas S. and Brian A. Jacob, 2010, "Rational Ignorance in Education: A Field Experiment in Student Plagiarism," NBER Working Paper No. 15672. This article is obtainable from the NBER site.

Wednesday, July 31, 2019

**Topics in the Economics of Crime and
Punishment – Chapter 13 - Pages 485 – 532**

Polinsky, A. Mitchell and Steven Shavell, 2000, "The Economic Theory of Public Enforcement of Law" J. Econ. Literature 38:1, March, 45-76. This article is obtainable from the U of T library website.

**Case: The Queen v. Belakziz - Plea Bargains
(A.C.A – 2018)**

COURTS AND LAWYERS

Monday, August 5, 2019

Civic Holiday No Lecture or Tutorial

Wednesday, August 7, 2019

**Economic Theory of the Legal Process
Chapter 10 - Pages 382 – 418**

Topics in the Economics of the Legal Process – Chapter 11 - Pages 419 – 442
Ashenfelter, Bloom and Dahl, "Lawyers As Agents of the Devil", Journal of Empirical Legal Studies, Volume 10, Issue 3, 399–423, September 2013. This article is obtainable from the U of T library website.

Wednesday, August 7, 2019

TEST 2

Test will be from 2:10PM to 3:00PM. The Lecture will follow the Test. The Lecture will be from 3:10PM to 5:00 PM.

Monday, August 12, 2019

Topics in the Economics of the Legal Process – Chapter 11 - Pages 442 – 453

L. Kaplow, "Private Versus Social Costs in Bringing Suit", J. Legal Studies 15:2, June 1986, pp. 371-383. This article is obtainable from the U of T library website.

M.L. Schwartz and D.J.B. Mitchell, "An Economic Analysis of the Contingent Fee in Personal-Injury Litigation", Stanford L. Rev., 22 (1970), pp. 1125-1139. This article is obtainable from the U of T library website.

Tuesday, August 13, 2019

MAKE-UP TEST

Test will be from 2:10PM to 3:00PM. The Exam Review will follow the Test from 3:10PM to 5:00 PM.

Wednesday, August 14, 2019

STUDY AND EXAMINATION PERIOD BEGINS