

Department of Economics  
University of Toronto

---

---

ECO 320H1F Section L0101– Economic Analysis of Law

Fall, 2019

---

---

**Instructor:** Robert B. Barber  
**Office:** Max Gluskin House,  
150 St. George Street, GE 164

**Email:** [robert.barber@utoronto.ca](mailto:robert.barber@utoronto.ca)

**Office Hours:** Wednesdays and Thursdays: 11AM – 12:30PM

**Lecture Location:** Emmanuel College, 75 Queen's Park Crescent, Room 001

**Lecture Time:** Wednesdays, 1PM - 3PM

**Tutorial Location:** Emmanuel College, 75 Queen's Park Crescent, Room 001

**Tutorial Time:** Mondays, 11AM – 1PM

### 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, October 21, 2019)	20%
Term Test 2 (Monday, November 18, 2019)	20%
Class Participation (Top Hat)	10%
Final Exam	50%

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.

**TOPHAT:**

We will be using the Top Hat ([www.tophat.com](http://www.tophat.com)) classroom response system in class, starting on **Wednesday, September 18, 2019**. If you are using Top Hat in another course, you can simply add this course and don't need to buy an additional subscription. Lectures are discussion based and I like to hear from everyone. Technology is an efficient way to aggregate answers. You will be able to submit answers to in-class questions using Apple or Android smartphones and tablets, laptops, or through text message. You can visit the Top Hat Overview (<https://success.tophat.com/s/article/Student-Top-Hat-Overview-and-Getting-Started-Guide>) within the Top Hat Success Center which outlines how you will register for a Top Hat account, as well as providing a brief overview to get you up and running on the system.

An email invitation will be sent to you by email, but if you do not receive this email, you can register by simply visiting our course website: Unique Course URL Note: our Course Join Code is 391315.

Top Hat may require a paid subscription, and a full breakdown of all subscription options available can be found here: [www.tophat.com/pricing](http://www.tophat.com/pricing). Should you require assistance with Top Hat at any time, due to the fact that they require specific user information to troubleshoot these issues, please contact their Support Team directly by way of email ([support@tophat.com](mailto:support@tophat.com)), the “in app” support button, or by calling 1-888-663-5491.

### TUTORIALS:

The first tutorial will be on **Monday, September 16, 2019**. There will be a tutorial each Monday 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, October 21, 2019, Monday, November 18, 2019 and Monday, December 2, 2019 will be for the term tests at 11:10AM to 12:00PM.**

### 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 **Monday, December 2, 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 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/](http://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](http://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)

Wednesday, September 11, 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**

Wednesday, September 18, 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.*

Case: K.V.P v. McKie (Ontario)

Wednesday, September 25, 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.*

**CONTRACT LAW**

Wednesday, October 2, 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, October 9, 2019

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

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

*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.*

Monday, October 14, 2019

**THANKSGIVING DAY**

TORT LAW

Wednesday, October 16, 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, October 21, 2019

**TEST 1**  
**Test will be from 11:10AM to 12:00PM.**

Wednesday, October 23, 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.*

CRIMINAL LAW

Wednesday, October 30, 2019

Economic Theory of Crime and  
Punishment – Chapter 12 - Pages 454 – 484  
*"Minimum Mandatory Jail Sentence for  
Fraud Over C\$1-Million," Blakes Bulletin 7  
April, 2011, (Optional Reading)*  
*Dee, Thomas S. and Brian A. Jacob, 2010,  
"Rational Ignorance in Education: A Field  
Experiment in Student Plagiarism," NBER  
Working Paper No. 15672.*

COURTS AND LAWYERS

Monday, November 4, 2019 to Friday,  
November 8, 2019

Fall Reading Week – No Class or Tutorial

Wednesday, November 13, 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 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)

TORT LAW

Monday, November 18, 2019

**TEST 2**

**Test will be from 11:10AM to 12:00PM.**

Wednesday, November 20, 2019

Topics in the Economics of the Legal  
Process - Chapter 10 - Pages 382 – 418

Wednesday, November 27, 2019

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.*

Monday, December 2, 2019

**MAKE – UP TEST**

**Test will be from 11:10AM to 12:00PM.**

Wednesday, December 4, 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.*

*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.*

Thursday, December 5, 2019

**MAKE – UP TUTORIAL**

**(For Monday, November 5, 2019)**

Friday, December 6, 2019

**STUDY BREAK AND EXAMINATION PERIOD  
BEGINS**