

Course Outline

Department of Economics
School of Business and Economics

ECON 3670-3
Economic Analysis of Law (3,0,0)

Calendar Description

Students explore and analyze legal issues from an economic perspective; economists focus primarily on whether particular legal doctrines, concepts, and processes are efficient. Topics include an introduction to the law, legal institutions, and procedures, as well as economic theory relating to property law, contracts, torts, criminal law, and general legal processes.

Educational Objectives/Outcomes

After completing this course, students should be able to:

1. Think like an economist about legal issues.
2. Determine if particular legal doctrines, concepts, rulings, practices and processes have an efficiency rationale.
3. Research and write on topics relevant to law and economics.

Prerequisites

ECON 1900

Co-requisites

Texts/Materials

Cooter, Robert and Thomas Ulen, Law and Economics, 5th Edition, Toronto: Pearson, 2008.

Student Evaluation

Assignments	15%
Essay	25%
Midterm(s)	20%
Final exam	40%

Course Topics

1. Introduction and Microeconomic Review
 - What is law and economics?
 - Emphasis of law and economics (e.g. focus on efficiency rather than distribution or fairness)
 - Demand, supply and market equilibrium (both competitive and monopoly)
 - Game theory (normal form and extensive form games)
 - General equilibrium and welfare economics
 - Decision making under uncertainty (including insurance markets)
2. Introduction to Law and Legal Institutions
 - Civil and common law traditions
 - Legal institutions of Canadian and American legal systems
 - Nature of a legal dispute
 - How legal rules evolve
3. Property Law
 - The legal concept of property
 - Bargaining theory
 - State of nature and the origins of property rights (a thought experiment)
 - An economic theory of property rights
 - How property rights are protected
 - What can/should be privately owned (public versus private property)
 - Restrictions on property rights
 - Rules for establishing and verifying property rights
 - Remedies for violation of property rights
 - Coase Theorem
4. Contract Law
 - Bargain theory of contracts
 - An economic theory of contracts
 - Remedies and their incentives
 - Formation defences and performance excuses
5. Tort Law
 - Defining tort law
 - An economic theory of tort liability
 - Relaxing the assumptions of the model and extending it
 - Computing damages
 - Empirical assessments of U.S. tort liability
6. The Legal Process
 - Goal of the legal process

- Why sue?
- Exchange of information
- Settlement bargaining
- Trial
- Appeals
- Empirical assessments of the legal process

7. Crime

- Traditional theory of criminal law
- An economic theory of criminal law
- Crime in Canada and the United States
- Deterrence
- Efficient punishment
- Death penalty
- Economics of addictive drugs and crime
- Economics of handgun control
- Explaining the decline in Canadian and American crime rates

Methods for Prior Learning Assessment and Recognition

As per TRU policy

Attendance Requirements – Include if different from TRU Policy

As per TRU policy

Special Course Activities – Optional

Use of Technology – Optional