University of California, San Diego
Department of Economics

Syllabus – Fall 2014

Econ 118: Law and Economics

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TAs and office hours will be listed on the course website

Class schedule: Tu and Thurs 9:30 – 10:50, Peterson 102

    This course uses economic theory as the basis for evaluating the economic efficiency of both actual and theoretical legal doctrines in several legal fields. We will discuss the basics of law in each field and then use economic analysis to consider whether the law encourages parties to behave in an efficient manner. The legal fields to be discussed include tort law (accidents), products liability law, property law, criminal law (law enforcement), and litigation. Issues of risk bearing and why people buy insurance will also be discussed. (A follow-up course to be offered in spring 2015 will examine economics of contract law, corporate governance, debtor-creditor law, and bankruptcy.)

    There are two textbooks for this course: *An Introduction to Law and Economics* by A. Mitchell Polinsky, and *Law and Economics* by Robert Cooter and Thomas Ulen. The Polinsky book provides a theoretical framework, while the Cooter-Ulen book provides background on the law and discussion of policy issues. Note: old editions of both books are fine, so avoid the current editions which are expensive! Both books are on reserve at Geisel Library.

    Question/answer sessions: There will be an optional question/answer session most Tuesday evenings at 7p. Location and schedule will be announced on the course website.

    Readings: There will be a few readings in addition to the textbooks, mainly newspaper articles on current topics relevant to the course (we will discuss them in class). If you see a news story that is relevant to the course, please email me about it.

    Podcasts: The course will be podcasted (podcast.ucsd.edu).

    Course website on TED: Announcements, lecture notes, study questions and answers, readings, and practice exams will all be posted on the course website. Note that all of the information about

the course, including announcements, is posted under "Content." There are also additional study questions and problems at the end of each chapter in the textbook. ***If you have a question about the course, please check the course website first.***

   Grading and tests: There will be two short in-class quizzes—dates to be announced. These will each count 5% of the grade. The in-class midterm will be on Nov 6 and the final exam on Dec 18th from 8 – 11a (the scheduled time). The quizzes will each count 5% of the grade and the midterm and final will each count 45%. Both the midterm and final will be closed book, with no notes, calculators, iphones, computers, teddy bears, etc., allowed. Students must take the midterm and final at these times—please make sure that you will be in town!

Reading assignments
(the number of weeks to be devoted to each topic is approximate)

Note that chapter numbers differ in different editions of both books, so check the chapter titles. The chapter numbers given for the Polinsky book are from an earlier edition.

I. Introduction (1 lecture)

   Cooter/Ulen (6th edition), chs. 1 and 2 (introduction and review of microeconomics).

II. Property Law and the Coase Theorem (2½ weeks)

   Cooter/Ulen, ch. 4 and 5.
   Polinsky, chs. 3, 4 and the chapter titled "Pollution Control"

III. Risk Aversion and Insurance (1 week)

   Cooter/Ulen, ch. 2, pp. 43-48 (section on decision-making under uncertainty).
   Polinsky, ch. 7.

IV. Litigation Behavior---Why are lawsuits filed and how are they resolved? (1 wk)

   Cooter/Ulen, ch. 10.
   Polinsky, chapter entitled "Suit, Settlement and Trial."

V. Tort (Accident) Law and Products Liability Law (2 wks)

   Cooter/Ulen, chs. 6 and 7.
   Polinsky, chs. titled "Automobile Accidents," "Auto Accidents Again" and "Products Liability"

VI. Criminal Law (2 wks)

   Cooter/Ulen, chs. 12 and 13.
   Polinsky, ch. "Law Enforcement Using Fines" and "Law Enforcement Using Prison"