

University of California, San Diego
Department of Economics

Class Syllabus – Fall 2001

Econ 118 Law and Economics

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Class schedule: Mon & Wed 4:40-6:00, Center Hall 101

This course uses economic theory as the basis for evaluating the economic efficiency of both actual and theoretical legal doctrines in several legal fields. Basic principles of law will be discussed and economic theory applied to questions posed by the law. The legal fields to be discussed include torts (accidents), property, and contracts, plus the economics of law enforcement and the legal system itself. Issues of risk bearing and why people buy insurance will also be discussed.

There are two textbooks for this course: *An Introduction to Law and Economics*, 2nd edition, by A. Mitchell Polinsky, and *Law and Economics*, 3rd edition, 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.

There will be an in-class midterm on October 31 and either 2 or 3 graded problem sets. There will also be a final exam at the scheduled time. The midterm and the problem sets will be optional, i.e., only the final exam is required. Additional questions and problems for study purposes will be posted every week on the course website (answers will be posted with a lag). All lecture notes will also be posted on the course website.

Grading: The midterm will count one-third of the final grade and each graded problem set will count 5 percent of the final grade. Students who take the midterm and/or turn in the problem set will be able to raise but not lower their final grades. (If students don't take the midterm or turn in any of the problem sets, then the final grade will be the final exam grade.)

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

I. Introduction (1 lecture)

Cooter/Ulen, chs. 1 and 3.

II. Risk Aversion and Insurance (1 lecture)

Cooter/Ulen, ch. 2 (pp. 44-52).
Polinsky, ch. 7.

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

Cooter/Ulen, ch. 10.
Polinsky, ch. 14.

III. Tort (Accident) Law (2 1/2wks)

Cooter/Ulen, chs. 8.
Polinsky, chs. 6,7 and 9,13.

IV. Criminal Law (1 wk)

Cooter/Ulen, ch. 11
Polinsky, ch. 10.

V. Property Law and the Coase Theorem (2 wks)

Cooter/Ulen, ch. 5.
Polinsky, chs. 3,4 and 12

VI. Contract Law (1 wk)

Cooter/Ulen, ch. 6.
Polinsky, chs. 5 and 8.