



ST. FRANCIS XAVIER UNIVERSITY

ECONOMICS

ECON 397

LAW & ECONOMICS

J. ROSBOROUGH

FALL 2018

OFFICE: Lane A228

EMAIL: jrosboro@stfx.ca

OFFICE HOURS

Mon 2:15pm – 3:30pm
Tues/Thurs 3:45pm – 5:00pm
Wed 12:45pm – 2:00pm

LECTURES (SCHW 330)

Tues 6:30pm – 7:45pm
Thurs 6:30pm – 7:45pm

DESCRIPTION OF THE COURSE

This course uses economic theory to understand the general structure of law. It is not a law course. Specifically, it analyzes the economic logic of law, how alterations in laws influence the allocation of resources, and how general economic activity feedback and influence the law. The course begins with a general discussion of economic reasoning and the concept of efficiency. It then examines the Coase Theorem as a foundation for a theory of law based on transaction costs. After these introductory concepts, we move on to cover the legal topics of property, torts & liability, contracts, and crime.

REQUIRED TEXTBOOK

Law & Economics, by Robert Cooter and Thomas Ulen (Addison-Wesley, 6th ed.)
The authors of this textbook have now made it free. I have posted a link on Moodle.

SUPPLEMENTARY READINGS

Over the term you will be provided with supplementary readings in the form of case summaries and journal articles. These can be accessed from the course Moodle page and should be read before class discussions.

COURSE OUTLINE



1. Review of Microeconomic Theory (Ch. 2)

*Topics in Demand and market equilibrium
Notions of Efficiency and Welfare; Game Theory;
Information & Risk; Moral Hazard; Adverse Selection*

2. Introduction to Law & Economics (Ch. 1)

*Importance of Economic Reasoning in Law
Introduction to Law & Legal Institutions; Nature of Legal Disputes
Civil and Common Law; How legal rules evolve*

3. An Economic Theory of Property (Ch. 4 & 5)

*Legal vs. Economic concepts of Property; Protection of property;
Inalienable rights & limits of private property; The Coase Theorem;
Transaction Costs; Establishing & maintaining economic property rights*

4. The Economics of Torts & Liability (Ch. 6 & 7)

*Social Cost of Accidents; Incentives for precaution under liability rules;
Contributory and Comparative Negligence; The Hand Rule;
Possible Applications: Product Liability; Medical malpractice; Bankruptcy*

5. An Economic Theory of Contract Law (Ch. 8 & 9)

*Bargaining Theory; Economics of Contract Enforcement; Theory of
Contract Remedies; Game Theory and Breach of Contract; Relational
Contracts; Unconscionable contracts and Duress*

6. Economics of Crime and Punishment (Ch. 12 & 13)

*Possible Topics: Economic models of Deterrence; Maximal Deterrence;
Efficient punishment; Capital punishment; Reasonable Doubt; Recidivism;
Gang Related Crime; “Morality” Laws; Addictive Drugs; Gun Control*

Evaluation

Your grade for the course will be determined by the following weighting scheme:

- Assignments (3 or 4 over term) 20%
- Midterm Exam (October 25th) 30%
- Final Examination (TBA Registrar) 50%

You are expected to attend all lectures and the midterm will be scheduled during class time. The final exam for the course is cumulative and will cover material from the whole term. Assignments must be submitted at the start of the lecture in which they are due. Late assignments will receive a mark of zero.
