

Amherst College
Department of Economics
Fall 2011

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Converse 316
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Economics 426

LAW AND ECONOMICS

In this course we will examine a number of topics that show how economic analysis can give useful insights about the law. The primary goal of the course is to help students learn how to think, write, and speak more accurately about economics, especially as applied to legal issues. The course assumes familiarity with microeconomic theory. If you have not taken Economics 300, 301, or an equivalent course, you will need my permission to enroll in the course.

There are two texts for the course: (1) Richard Posner *Economic Analysis of Law* (7th Edition); and (2) Steven Shavell *Foundations of Economic Analysis of Law*. The Posner book is the most influential in this field, but relatively hard to digest. The purpose of assigning the Shavell book is to provide the underlying theoretical foundations for what Posner says. You probably should consider purchasing both books. Earlier editions of the Posner book will generally be fine.

Additional readings are assigned for every week. These will be on the course website. The website will also contain a number of legal cases, and these also will provide the basis for discussion.

Most weeks the course will have a lecture on Mondays and section meetings later in the week. The sections will stress student participation. Adequate preparation for the discussion (which will be based on questions to be handed out and on the readings and cases for the week) is essential.

Grades in the course will be based on student participation and weekly quizzes based on the readings (30 percent), three hour tests (15 percent each), and a final research paper on a topic of your choosing (25 percent).

Course Outline

<u>Week</u>	<u>Date</u>	<u>Topic</u>
1	9/5	Introduction S: 1, 26, 28 P: 1 and 2
2	9/12	Property I: Nature of Property and The Coase Theorem S: 2-5 P: 3.1-3.2, 3.6, 3.8-3.10 Coase “Social Cost...” Anderson and Hill “Evolution of Property Rights...”
3	9/19	Property II: Takings S: 6 P: 3.7, 3.14-15. Epstein <i>Takings</i> (excerpts) Miceli and Segerson “Regulatory Takings...”
4	9/26	Property III: Intellectual Property S: 7 P: 3.3-3.5, 3.11-3.13 Landes and Posner: <i>The Economic Structure of Intellectual Property Law</i> (excerpts) Varian “Copy and Copyright”
5	10/3	Torts I: General Theory S: 8 P: 6.1-6.5 Polinsky and Shavell: “Punitive Damages...” Calabresi and Melamed: “Property Rules...”
6	10/10	Torts II: Product Liability and Damages Note: No sections this week – Wednesday Lecture S: 9,10 P: 6.6-6.13 Polinsky and Shavell: “The Uneasy Case for Product Liability”

First Hour Test around October 14

- 7 10/17 Torts III: Insurance, Medical Malpractice, Tort Reform
S: 11-12
P: 6.14 – 6.17
Danzon: “Medical Malpractice Liability”
- 8 10/24 Contracts I: Formation and Completeness
S: 13.1-13.5, 14
P: 4.1-4.9
Ayres and Gertner: “Filling Gaps in Contracts...”
- 9 10/31 Contracts II: Efficient Breach and Damages
S: 13.6-13.10, 15
P: 4.10-4.15
McChesney “Tortious Interference vs. Efficient Breach”

Second Hour Test about November 4

- 10 11/7 Legal Processes
S: 17-19
P: 21, 22
Priest and Klein “Selection of Disputes...”
Polinsky and Rubinfeld: “English Rules”
- 11 11/14 Crime
S: 20 - 24
P: 7
Becker “Crime and Punishment”
Cornwell and Trumbull: “Models of Crime”
- 12 11/28 Corporate and Financial Law
P: 14 and 15
Easterbrook and Fischel *Economic Structure of Corporate Law* (excerpts)
Hanson, Kashyap, and Stein “Macroprudential Financial Regulation”

Third Hour Test around December 2

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| 13 | 12/5 | Family Law
P: 5
Becker: "Theory of Marriage"
Lundberg and Pollak "Bargaining in Marriage"
Zelder "No Fault Divorce" |
| 14 | 12/12 | Meetings on research papers |

Research Paper due Friday December 16