

OUTLINE SUBJECT TO REVIEW

Lectures on TuTh from 9:30-11 at [____] with Professor Bruno Meyerhof Salama, salama@berkeley.edu. **Office Hours** at 2240 Piedmont # 212, at [____] or by appointment. **GSI** is [____]. Discussion session is [____].

Summary. The course introduces economics as a tool for analyzing, evaluating and interpreting the laws that underpin a market economy. **Part One** examines property and contract law. **Part Two** covers tort and criminal law. **Part Three** covers patent, corporate, bankruptcy, labor and family law, and concludes with a discussion of fairness and efficiency in Law and Economics.

Grading. First mid-term: 20% of total grade. **Second mid-term:** 20% of total grade. **Term paper:** 40% of total grade.

Weekly review quizzes. During Parts 1 and 2, students must turn in a weekly review quiz. **The exams are based on such quizzes.** GSI sessions will be dedicated to reviewing the quizzes. Additional doubts will be addressed during lectures as needed. The quizzes will not be graded. Answers will be posted on the course website. By turning in all quizzes students attain **20% of the total grade in the course.**

Bibliography. The main source is Robert Cooter and Thomas Ulen, *Law & Economics*, 6th ed., 2016 ("Cooter & Ulen"), available for free download from campus. Additional sources are Richard Posner, *Economic Analysis of Law*, 7th ed. ("Posner EAL") and A. Mitchell Polinsky, *An Introduction to Law and Economics*, 3rd. ed., 1989 ("Polinsky ILE"). Relevant excerpts will be made available to students.

No previous knowledge of economics is required, but students who have not taken an introductory course in economics are encouraged to study Cooter & Ulen's chapter 2 (which reviews microeconomic theory). The Khan Academy website contains excellent videos on introductory economics.

Sequence:**1. Property and contract law**

Subject	Assigned previous reading
1.1. Private coordination and efficiency	Cooter & Ulen 73-76
1.2. Private property and incentives to produce	Cooter & Ulen 76-80
1.3. Externalities and the Coase Theorem	Cooter & Ulen 81-86
1.4. Efficient remedies	Cooter & Ulen 94-102
1.5. Limitations to private property	Cooter & Ulen 174-178
1.6. Public and private property on balance	Cooter & Ulen 139-142
1.7. Cooperation and commitment	Cooter & Ulen 33-37, 283-286
1.8. Risk allocation	Polinsky ILE 57-62
1.9. Costly contracting	Cooter & Ulen 291-299
1.10. Remedies	Cooter & Ulen 307-318
1.11. Defenses	Cooter & Ulen 342-353
1.12. Limitations to freedom of contract	Cooter & Ulen 32-3; 518-9

First mid-term

OUTLINE SUBJECT TO REVIEW**2. Tort and criminal law**

Subject	Assigned previous reading
2.1. Efficient liability rules	Cooter & Ulen 199-204
2.2. Negligence vs. strict liability	Cooter & Ulen 204-208
2.3. Defenses	Cooter & Ulen 208-217
2.4. Criminal law	Cooter & Ulen 460-463

Second mid-term**3. Other topics**

Subject	Assigned previous reading
3.1. Patent law	Cooter & Ulen pp. 113-118
3.2. Corporate law	Posner EAL 419-421
3.3. Bankruptcy law	Posner EAL 431-435
3.4. Labor law	Posner EAL 352-355
3.5. Family law	Posner EAL 143-152
3.6. Efficiency and equity in Law & Economics	Cooter & Ulen 7-8

Term paper is due

Instructions for the term paper. The due date is [____] at midnight. Length: no longer than 8 pages based on font times new roman size 12 and line spacing of 1.5. The paper should be based on any one of the topics discussed during the course. You have to choose one of these topics, but you don't have to address a specific question discussed during the lecture. For example: suppose you choose to write on the economics of family law. If the lecture covered only the economics of marriage and child upbringing, you can still choose to write on the law and economics of surrogate motherhood. There are three ways to write the term paper:

1. Discuss the **incentives created by a new law or court holding**. Find a recent magazine or newspaper article outlining the legal setting and discuss the pros and cons of the proposed or implemented change. Alternatively, focus on a law or rule that affects student life including admissions, financial aid, graduation requirements, housing, honor code, extracurricular activities, etc. Whatever your choice, you should consult the literature while writing your paper.
2. **Review the Law and Economics literature on a certain topic**. Find a controversy or a problem, summarize the main arguments, and sketch a brief conclusion with your take on the subject.
3. Discuss **how a recent technological innovation is challenging established ways of thinking within the Law and Economics literature**. For example, commons-based peer-production and blockchain technology challenge the traditional (Coasean) distinction between production in markets and in firms (discussed in the section on the economics of Corporate Law). Problems of that sort can make great papers!

OUTLINE SUBJECT TO REVIEW**To help and complement your independent research:**

- In Part Three, **GSI discussion sessions will be devoted to helping you** find a topic and bibliography, refine your arguments, improve your writing and generally perfect the term paper
- Feel free to come to **office hours**
- Post general questions concerning the term paper on the **online discussion board**
- We will continuously talk about the term paper in class during the lectures
- The professor will continuously post helpful bibliography online

What is valued in grading the paper?

- Thoroughness: your paper gets better as you research more on the topic.
- Clarity: take time to review/rewrite your paper.
- Creativity: write something that is not completely obvious.
- Cohesion: write arguments that don't contradict each other.
- Citations: cite your sources in footnotes that can be easily accessed by the professor.

Start thinking about your term paper as early as possible!**Voice your concerns.**

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This syllabus may be adjusted slightly to accommodate topics of students' interest and other circumstances. Any changes will be posted on the course website.

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