

University of California, San Diego
Department of Economics

Syllabus – Fall 2009

Econ 118: Law and Economics

Prof. Michelle J. White
Room 320, Department of Economics

Office hours: T 4-5p and F 1-2p
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TA: Alex Sawyer, Alexander.sawyer@gmail.com (Sequoyah Hall 106, M and F 9:30-10:30).

Class schedule: Tu and Thurs 8-9:20a in Pepper Canyon Hall 106.

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 torts (accidents), product 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 will be offered in winter 2010 that examines economics of contract law, corporate governance, debtor-creditor law, and bankruptcy.)

We will also discuss current events that are relevant to the course. If you see any newspaper/media article on a relevant topic, please bring it to my attention.

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. Old editions of either book are fine. Both books are also on reserve at the SSH library. Some additional readings are listed on the syllabus or will be posted on the course website (mainly newspaper articles relevant to the course).

Question/answer sessions: There will be an optional question/answer session most Wed. evenings at 7p in Econ 300. Study questions will be posted every week or two.

Exams: There will be an in-class midterm on Nov. 5 and a final exam on Tues., Dec 8 at 8 - 11a (the scheduled time). Please make sure that you can take the exams at these times. I will post study questions on the course website most weeks—answers will also be posted with a lag.

I will post lecture notes, study questions and announcements on the course website at webct. ***If you have a question about the course, please check the course website first.***

Final grades will be calculated as follows: midterm exam = 50% and final exam = 50%. If you have questions about grading, you must see the TA within two weeks after the exam is returned.

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. 49-58).
Polinsky, ch. 7.

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

Cooter/Ulen, ch. 10.
Polinsky, chapter entitled "Suit, Settlement and Trial."
New York Times article, "Cases Keep Flowing In, but the Jury Pool is Idle."
White, Michelle J., "[Asbestos and the Future of Mass Torts.](#)" *Journal of Economic Perspectives*, vol. 18:2, Spring 2004.

IV. Tort (Accident) Law and Products Liability Law (3 1/2wks)

Cooter/Ulen, chs. 8 and 9, part III.
Polinsky, chs. titled "Automobile Accidents," "Auto Accidents Again" and "Products Liability"

V. Criminal Law (1 ½ wks)

Cooter/Ulen, chs. 11 and 12.
Polinsky, ch. "Law Enforcement Using Fines" and "Law Enforcement Using Prison"

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

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