Law and Economics

Course Content: This course will explore the field of law and economics. We will use microeconomic tools to examine torts, contracts, and property law as well as the theory and empirical evidence on the economics of crime and punishment. This course is taught with the expectation that students have completed Economics 201.

Office Hours: Office hours will be held on Mondays and Wednesdays from 1:30-3 pm. Students who are unable to come during these times are encouraged to make an appointment.

Text and Required Reading: The principal textbook for this course is Law and Economics (6th edition) by Robert Cooter and Thomas Ulen. Students are responsible for the required readings on the attached list and for additional readings that will occasionally be announced in class. Students are expected to contribute to class discussions by posting examples of relevant legal issues from news sources such as The Wall Street Journal, The New York Times, and The Economist on the course Moodle site.

Evaluation: Evaluation will be based on a paper that analyzes a recent property, contract, or tort case, a midterm and final examination, and class participation.

Collaboration: The Honor Principle and the ethics of proper academic conduct must guide your conduct in this class in all respects. The following section from the Guidebook to Reed College summarizes my expectations for students in Econ 371:

Reed College is a community of scholars. The fundamental ethical principle governing scholarship is that one should never claim or represent as one’s own work that which is not one’s own. The principle of proper academic conduct requires that all work submitted for academic purposes—including, but not limited to examinations, laboratory reports, essays, term papers, homework exercises, translations, and creative work—be the work of the person who submits it, and that, in the case of work based upon experiment and observation, the experimental results and observations be reported faithfully. The principle thus requires that no one claim authorship to the work of another and that no one falsify or misrepresent empirical data. This principle should be clear to every scholar, although determining its application in particular circumstances will require careful thought and guidance.¹

Assignment List, Due Dates, and Exam Schedule: The following is a list of assignments and due dates. All assignments are due in-class on the date listed below. In fairness to other students, late assignments will be penalized 1 letter grade for each day past the due date. Assignments handed in more than 3 days after the due date will not be accepted. Please contact me as soon as possible if there are extenuating circumstances.

¹For more information see: http://www.reed.edu/academic/gbook/comm_pol/acad_conduct.html
Examinations:

Midterm Examination: Friday, March 20th
Final Examination: During final exam week; date and time set by the Registrar’s Office at mid-semester

Course paper deadlines:

<table>
<thead>
<tr>
<th>Prospectus</th>
<th>Friday, March 6th</th>
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<tbody>
<tr>
<td>Rough Draft</td>
<td>Friday, April 10th</td>
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<tr>
<td>Final Paper</td>
<td>Due at the start of the final examination</td>
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Reserve Materials: The following books are on two-hour reserve:


Reference Materials: The following materials are located in the reference room of the Reed Library:

Course Outline and Readings

I. Introduction (January 26)

Cooter and Ulen, Chapter 1

II. Introduction to the Law and Legal Institutions (January 28)

Cooter and Ulen, Chapter 3

III. Economic Approach to Law (January 30 and February 2)

Cooter and Ulen, Chapter 2 (skim)

IV. The Economics of Property Law

A. An Economic Theory of Property Law (February 4, 6 and 9)

Cooter and Ulen, Chapter 4 and Appendix

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2 Readings marked with a * are optional


B. Applications: Intellectual Property (February 11 and 13)

Cooter and Ulen, Chapter 5 (to page 135).


C. Establishment, Verification and Use of Property Rights (February 16 and 18)

Cooter and Ulen, Chapter 5 (pages 135-166).


Krawiec, Kimberly. 2009. Show Me The Money: Making Markets in Forbidden Exchange *Law and Contemporary Problems* 72 (Summer) i-xiv. (focus on pages i-ix)


D. Eminent Domain, Regulation and Takings (February 20 and 23)

Cooter and Ulen, Chapter 5 (pages 166-end).

*Friday, February 20th: Al Burns, Senior Planner, City of Portland Bureau of Planning and Sustainability, and Ed Sullivan, Retired Owner, Garvey, Shubert, Barer*
• *Boomer v. Atlantic Cement Company* 309 N.Y.S.2d 312 257 N.E.2d 87 (Court of Appeals of New York, 1970) (note: this description of the text is also in our text)
• *Penn Central Trans. Co. v. City of New York*, 438 U.S. 104 (1978) (note: focus on the syllabus, for extra utility read the opinion [Brennan], and dissent [Rehnquist])
• *Lucas v. South Carolina Coastal Commission* 112 S. Ct. 2886 (1992)


V. The Economics of Tort Law

A. *An Economic Theory of Tort Liability* (February 25, 27 and March 2)

Cooter and Ulen, Chapter 6 and Appendix.

*Friday, February 27th*: Library Session with Joe Marquez (Library 17)

B. *Applications of the Economic Theory of Tort Law*

Extending the Basic Model (March 4)

Cooter and Ulen, Chapter 7 (to page 253)

Computing Damages (March 6 and 9)

Cooter and Ulen, Chapter 7 (pages 253-261)


**Tuesday, March 10th: Movie Night (Time and Location TBA)**

Breast Implants on Trial Video Discussion (March 11)


Product Liability and Tort Reform (March 13, 16 and 18)

**Wile E. Coyote vs. Acme Company**

Cooter and Ulen, Chapter 7 (pages 261-end)


Casey, Jerry. 2009. History of the Williams Family’s Lawsuit Against Philip Morris The Oregonian (March 31).

Green, Aimee. 2011. Oregon Supreme Court Orders $99 Million Award Against Philip Morris The Oregonian (December 5).


Midterm Examination: Friday, March 20th

VI. The Economics of Contract Law

A. An Economic Theory of Contract Law (March 30 and April 1)
Cooter and Ulen, Chapter 8

B. Applications of the Economic Theory of Contract (April 3, 6 and 8)
Cooter and Ulen, Chapter 9 and Appendix
The Economist. 2006. Buying babies, Bit by Bit (December 19) 117-118.

VII. Economic Theory of the Legal Process (April 10, 13, 15 and 17)
Cooter and Ulen, Chapters 10 and 11

VIII. The Economics of Crime and Punishment

A. Economic Theory of Crime and Punishment (April 22 and 24)

Cooter and Ulen, Chapter 12

B. Topics in the Economics of Crime and Punishment

Cost of Crime (April 26)
Cooter and Ulen, Chapter 13 (to page 491)

Punishment and Deterrence (April 29)
Cooter and Ulen, Chapter 13 (page 491-509; pages 526-532)


The Death Penalty (May 1)

Cooter and Ulen, Chapter 13 (pages 510-517)


Economic Returns to Crime, Addictive Drugs, and Handgun Control (May 3)

Cooter and Ulen, Chapter 13 (pages 518-end)
