

Department of Economics  
University of Toronto

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ECO 320H1F – Economic Analysis of Law

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Fall, 2015

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Instructor	Robert B. Barber Office: Max Gluskin House, 150 St. George Street, GE 344 Email: <a href="mailto:robert.barber@utoronto.ca">robert.barber@utoronto.ca</a>
Office Hours:	Thursdays: 12:00PM – 1:30PM
Lecture Location	Koffler House (KP), 569 Spadina Crescent, Room 108
Lecture Time	Thursdays, 2PM - 4PM
Tutorial Location	Ramsay Wright (RW), 25 Harbord St., Room 110
Tutorial Time	Mondays, 11AM - 12PM

### ANNOUNCEMENTS

Please make it a habit of checking the Course Blackboard site and the Economics Department website for current announcements regarding courses (i.e. class cancellations).

### COURSE DESCRIPTION

The practical application of microeconomic theory to common legal problems: torts, contracts, property and crime, and the limitations of economic analysis. No previous familiarity with the law is assumed. (This is an economic analysis of legal issues, not a course in law.) Prerequisite: ECO200Y1/ECO204Y1/ECO206Y1. The Department has a clear policy on pre-requisites for courses which may be obtained at <https://www.economics.utoronto.ca/index.php/index/undergraduate/load/prerequisites>

### REQUIRED TEXT:

Cooter and Ulen, Law & Economics, 6th ed., Addison-Wesley (Pearson), Toronto, Canada, 2011, ISBN: 978-0-13-25-4065-0

**MARKING SCHEME:**

Practice Test (Monday, October 5, 2015)	
Term Test 1 (Monday, October 19, 2015)	25%
Term Test 2 (Monday, November 16, 2016)	25%
Final Exam	50%

**LECTURES:**

Students will be responsible for all the material presented at each lecture and tutorial. Students should be advised that much of the material covered at the lectures will be additional to the required readings and the power point slides. All of the lecture and tutorial material, slides and required readings is eligible for inclusion in the term tests and final examination.

**TUTORIALS:**

The first tutorial will be on Monday, September 21, 2015. There will be a tutorial each Monday thereafter to the end of the course. There will be no tutorials on Thanksgiving Monday, October 12, 2015 and the Fall Break, Monday, November 9, 2015. Most tutorials will be a question and answer session for problems assigned for discussion in the prior week. The tutorials on Monday, October 5, 2015, Monday, October 19, 2015 and Monday, November 16, 2016 will be for the term tests. The tutorials on Monday, October 26, 2015 and Monday, November 23, 2016 will be for discussing the answers to the term tests.

**READINGS:**

Students will be responsible for the readings from the required Text and Articles unless expressly excluded by the Instructor. Many of the readings from the Text may not be covered in the limited time available for lectures. This does not mean these readings are unimportant or cannot be included in the term tests and final examination. All of the lecture material, slides and required readings are eligible for inclusion in the term tests and final examination. The articles are obtainable from the U of T library website.

**MISSED TERM TESTS:**

One (1) Comprehensive Make Up test will be held on Monday, December 7, 2015. This test will cover the entire course, regardless of whether or not the student missed either Test 1 or Test 2.

Absence from the regularly scheduled tests will only be excused for serious illness, notified to the instructor no later than the next class after the test. The student must have his or her doctor fully complete the University of Toronto Verification of Student Illness or Injury form. The website, <http://www.illnessverification.utoronto.ca>, has a useful "FAQ". The instructor will only accept original notes (not scanned, copied, or emailed) from the student in person at class, the tutorial or office hours. The form must be completed by a qualified medical doctor or nurse practitioner (e.g., not an acupuncturist, chiropractor, or other health care professional). The University provides academic accommodations for students with disabilities in accordance with the terms of the Ontario Human Rights Code. If you require accommodation, get in touch with Accessibility Services as soon as possible: <http://www.accessibility.utoronto.ca/>.

### ACADEMIC MISCONDUCT:

Copying, plagiarizing, or other forms of academic misconduct will not be tolerated. Any student caught engaging in such activities will be subject to academic discipline ranging from a mark of zero on the assignment, test or examination to dismissal from the university as outlined in the academic calendar. Any student abetting or otherwise assisting in such misconduct will also be subject to academic penalties. As a student it is your responsibility to ensure the integrity of your work and to understand what constitutes an academic offence. If you have any concerns that you may be crossing the line, always ask your instructor. Your instructor can explain, for example, the nuances of plagiarism and how to use secondary sources appropriately; he or she will also tell you what kinds of aids -- calculators, dictionaries, etc. -- are permitted in a test or exam. Ignorance of the rules does not excuse cheating or plagiarism. For more information regarding the Code of Behaviour please see the Academic Calendar. Please see: <http://www.artsci.utoronto.ca/osai/The-rules/code/the-code-of-behaviour-on-academic-matters/>

### Weekly Schedule and Topics

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#### INTRODUCTION:

(Required Text and Article Reading)

Thursday, September 17, 2015

Introduction – Chapter 1 – Pages 1 - 10  
Microeconomic Background – Chapter 2  
– Pages 50 – 51  
Law and Legal Institutions – Chapter 3  
– Pages 56 – 62  
Microeconomic Background – Chapter 2  
– Pages 11 – 33

Law and Legal Institutions – Chapter 3  
– Pages 62 – 64

**PROPERTY LAW**

Thursday, September 24, 2015

Economic Theory of Property –  
Chapter 4 – Pages 70 – 74, 76 - 94

Economic Theory of Property –  
Chapter 4 – Pages 94 – 102, 105 – 108  
Microeconomic Background – Chapter 2  
– Pages 37 – 40

*Coase, Ronald, "The Problem of Social Cost", (1960) 3 J. of Law and Economics 1 – 44.* This article is obtainable from the U of T library website.

Case: K.V.P v. McKie (Ontario) - Blackboard

Thursday, October 1, 2015

Topics in the Economics of Property Law  
Chapter 5 – Pages 143 – 186

Economic Theory of Property –  
Chapter 4 – Pages 74- 76  
Microeconomic Background – Chapter 2  
– Pages 33 – 37

*D.N. Dewees, M. Halewood, "The Efficiency of the Common Law: Sulphur Dioxide Emissions in Sudbury", U. of Toronto Law J. 42, 1992, pp. 1-21.* This article is obtainable from the U of T library website.

Monday, October 5, 2015

PRACTICE TEST

**TORT LAW**

Thursday, October 8, 2015

Economic Theory of Contract Law –  
Chapter 8 – Pages 276 – 291  
Economic Theory of Contract Law –  
Chapter 8 – Pages 291 - 306

Topics in the Economics of Contract Law  
Chapter 9 – Pages 307 - 341

Topics in the Economics of Contract Law  
Mathematical Appendix – Pages 373 – 381

Case: Hadley v Baxendale - Blackboard

Monday, October 12, 2015

THANKSGIVING HOLIDAY

Thursday, October 15, 2015

Topics in the Economics of Contract Law  
Chapter 9 – Pages 341 – 372

*Aivazian, V. A. and Callen, J. L., "The core, transaction costs, and the Coase Theorem". (2003) Constitutional Political Economy, 14, 287-299. This article is obtainable from the U of T library website.*

Case: Laidlaw v. Baxendale - Blackboard

Monday, October 19, 2015

TEST 1

TORT LAW

Thursday, October 22, 2015

Economic Theory of Tort Law –  
Chapter 6 and Appendix – Pages 187 - 229  
Microeconomic Background – Chapter 2  
– Pages 43 – 49  
Law and Legal Institutions – Chapter 3  
– Pages 64 – 68

Thursday, October 29, 2015

Topics in the Economics of Tort Liability  
Chapter 7 – Pages 230 – 275

*Winter, Ralph, "Liability Insurance, Joint Tortfeasors and Limited Wealth", 26, 1, (2006) International Review of Law and Economics 1. This article is obtainable from the U of T library website.*

**CRIMINAL LAW**

**Thursday, November 5, 2015**

**Economic Theory of Crime and  
Punishment – Chapter 12 - Pages 454 – 484**

*“Minimum Mandatory Jail Sentence for  
Fraud Over C\$1-Million,” Blakes Bulletin 7  
April, 2011, (Optional Reading)*

*Dee, Thomas S. and Brian A. Jacob, 2010,  
“Rational Ignorance in Education: A Field  
Experiment in Student Plagiarism,” NBER  
Working Paper No. 15672. This article is  
obtainable from the U of T library website.*

**Monday, November 9, 2015**

**Fall Break – No Tutorial**

**Thursday, November 12, 2015**

**Topics in the Economics of Crime and  
Punishment – Chapter 13 - Pages 485 – 532**

*Polinsky, A. Mitchell and Steven Shavell,  
2000, “The Economic Theory of Public  
Enforcement of Law” J. Econ. Literature 38:1,  
March, 45-76. This article is obtainable  
from the U of T library website.*

**Monday, November 16, 2015**

**TEST 2**

**COURTS AND LAWYERS**

**Thursday, November 19, 2015**

**Economic Theory of the Legal Process  
– Chapter 10 - Pages 382 - 418**

**Thursday, November 26, 2015**

**Topics in the Economics of the Legal  
Process – Chapter 11 - Pages 419 – 442**

*Ashenfelter, Bloom and Dahl, “Lawyers As  
Agents of the Devil”, Journal of Empirical  
Legal Studies, Volume 10, Issue 3, 399–423,  
September 2013. This article is obtainable  
from the U of T library website.*

Thursday, December 3, 2015

Topics in the Economics of the Legal Process – Chapter 11 - Pages 442 – 453

*L. Kaplow, "Private Versus Social Costs in Bringing Suit", J. Legal Studies 15:2, June 1986, pp. 371-383.* This article is obtainable from the U of T library website.

*M.L. Schwartz and D.J.B. Mitchell, "An Economic Analysis of the Contingent Fee in Personal-Injury Litigation", Stanford L. Rev., 22 (1970), pp. 1125-1139.* This article is obtainable from the U of T library website.

Monday, December 7, 2015

MAKE-UP TEST

Wednesday, December 9, 2015

MAKE-UP TUTORIAL

STUDY AND EXAMINATION PERIOD