

ECO 4318: LAW AND ECONOMICS

FALL 2011

Professor:	Charles M. North
Class Times:	Wednesday 2:30 – 5:15 pm
Class Location:	CB 307
Office Location:	HSB 366
Office Telephone:	254-710-6229
Office Hours:	MTR 2:00-4:00 or by appointment
E-mail:	Charles_North@Baylor.edu

Summary of Course: Legal issues pervade our society. In a nation governed by property rights and by contractual and other legal duties, the impact of the provisions of the law can be substantial. In this course, we will examine the law through the lens of the economist. We will see if cohesive economic theories can be applied to explain the law, and we will examine the efficiency of legal provisions as they have evolved. Overall, students should gain a basic understanding of certain aspects of the law and of the economic rationale – or lack thereof – that underlies the law. The course will examine the following basic areas of the law: property, contracts, torts, and civil procedure.

Required Textbooks and Course Materials: The following books are required:

Cooter, Robert, and Thomas Ulen. *Law and Economics*. 6th Ed. Boston: Addison Wesley, 2011.

Also, the following supplemental readings will be assigned throughout the semester, as specified in the tentative course schedule below. All will be made available for download via Blackboard.

Coase, Ronald H. “The Problem of Social Cost.” *Journal of Law & Economics* 3:1-44 (1960).

Demsetz, Harold. “Toward a Theory of Property Rights.” *American Economic Review (Papers and Proceedings)* 57(2): 347-359 (May 1967).

Fleck, Robert K., and F. Andrew Hanssen. “Déjà Vu All Over Again: Representative Government, Private Property, and the History of Eminent Domain.” Working paper, Montana State University (2006).

Goetz, Charles, and Robert Scott. “Enforcing Promises: An Examination of the Basis of Contract.” *Yale Law Journal* 89(7): 1261-1322 (June 1980).

Libecap, Gary D., and James L. Smith. “The Economic Evolution of Petroleum Property Rights in the United States.” *Journal of Legal Studies* 31(2): S589-S608 (June 2002).

Priest, George L. “The Common Law Process and the Selection of Efficient Rules.” *Journal of Legal Studies* 6: 65-82 (1977).

Priest, George L., and Benjamin Klein. “The Selection of Disputes for Litigation.” *Journal of Legal Studies* 13: 1-55 (January 1984).

Rubin, Paul H. “Why Is the Common Law Efficient?” *Journal of Legal Studies* 6: 51-63 (1977).

“Supplemental Cases in Law & Economics – Fall 2011.” Available on Blackboard.

Blackboard: I will provide the syllabus, old exams and (some) solutions, and the supplemental readings for the course, including texts of the cases, on Blackboard.

Grading: Your course grade will be based upon two midterm examinations (30% each) and a final examination (40%). The midterm examinations will be held in class. The final examination will be held as specified in the university exam schedule on Saturday, December 10, 2011, at 2:00 p.m.

I assign numerical grades for each component of the overall course grade. How a numerical grade converts to a letter grade will depend in part on the overall grade distribution, meaning that your exam and course grades will depend on how you perform relative to your peers.

Midterm Examinations: The midterm examinations will be given during class. Makeup examinations will only be given if your absence from the examination is excused. An absence is excused if it is supported by acceptable documentation of University business, serious injury or illness, death or serious illness in the family, or other circumstances that I in my sole discretion deem appropriate. If the absence is unexcused, you will receive a score of zero on the exam.

Final Examination: The final examination will be given during finals week. The exam is comprehensive and covers all material from the semester approximately equally. A makeup examination will only be given under exceptional circumstances, and the meaning of “exceptional” is to be determined solely within my own discretion. **IF YOU DO NOT TAKE THE FINAL EXAMINATION FOR ANY REASON, YOU WILL RECEIVE A GRADE OF ZERO ON THE FINAL EXAMINATION.**

Attendance: The following is an excerpt from the Hankamer School of Business attendance policy:

“At Baylor University, specific class attendance requirements are established within the individual academic units. According to the policy of the Hankamer School of Business, to earn academic credit in a particular course, a student must be officially enrolled in that course by the end of the second full week of the semester and must attend at least 75 percent of all class sessions for that course. Students who do not fulfill these requirements will receive a grade of ‘F’ in the course.”

Tentative Course Schedule for ECO 4318:

All chapter references are to Cooter & Ulen. The cases are contained in a handout available on Blackboard, and the articles are also available on Blackboard.

8/24	Introduction PROPERTY Chapter 4, 70-81 Assigned article : Demsetz, "Toward a Theory of Property Rights."
8/31	Chapter 4, 81-94 Assigned article: Coase, "The Problem of Social Cost" Assigned cases: Sturges v. Bridgman, Bryant v. LeFever, Bass v. Gregory
9/7	Chapter 4, 94-102 Chapter 5, 143-46 Assigned case: Pierson v. Post Assigned article: Libecap & Smith, "Economic Evolution of Petroleum Property Rights"
9/14	Chapter 5, 151-55, 159-61, 166-85 Assigned cases: Ploof v. Putnam, Kelo v. New London Assigned article: Fleck and Hanssen, "Déjà Vu All over Again"
9/21	Chapter 5, 112-35
9/28	MIDTERM EXAM #1 (Property)
10/5	TORTS Chapter 6, 187-213 Assigned cases: Palsgraf v. Long Island R.R. Co., In re Polemis, Butterfield v. Forrester
10/12	Chapter 6, 213-22 Chapter 7, 230-35, 248-50 Assigned case: United States v. Carroll Towing Co.
10/19	CONTRACTS Chapter 8, 276-91 Assigned case: Hamer v. Sidway Assigned article: Goetz and Scott, "Enforcing Promises," pp. 1261-71 only
10/26	Chapter 8, 291-305 Chapter 9, 307-25
11/2	Chapter 9, 328-331, 341-372 Assigned cases: Taylor v. Caldwell, Krell v. Henry, Laidlaw v. Organ, Williams v. Walker-Thomas Furniture Co.
11/9	MIDTERM EXAM #2 (Contracts and Torts)
11/16	LEGAL PROCESS Chapter 11, 422-31 Chapter 10, 391-403
11/23	THANKSGIVING HOLIDAY
11/30	Chapter 10, 410-18 Chapter 11, 442-51 Assigned articles: Priest & Klein, "The Selection of Disputes for Litigation" Rubin, "Why Is the Common Law Efficient?" Priest, "The Common Law Process and the Selection of Efficient Rules"
Sat. 12/10	2:00 p.m. FINAL EXAM