

LAW 108: ECONOMIC FOUNDATIONS OF LEGAL STUDIES Fall 2005
Prof. Donald J. Boudreaux TR: 2:00-3:15pm
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OFFICE HOURS: 1:00pm – 2:00 pm, Tuesday and Thursday, in my Arlington 4th floor office, and by appointment.

SUMMARY of COURSE: To immerse you in the economic way of thinking so that you see the economic logic or illogic, as the case may be, of various actual or proposed legal rules.

REQUIRED TEXTS:

PRINCIPLES OF MICROECONOMICS, 3rd ed., by N. Gregory Mankiw

RECOMMENDED TEXT:

ECONOMIC FOUNDATIONS OF PRIVATE LAW, by F. Parisi & R. Posner

LAW AND ECONOMICS, 4th ed., by Robert Cooter & Thomas Ulen

GRADING: 100% of your course grade will be determined by your performance on the final exam. (I will administer a mock mid-term sometime in late October so that you can better monitor your understanding of the material.)

ASSIGNMENTS: Reading, critical and reflective thinking, and productive classroom participation are the only assignments.

Week 1: What is economics? What are its scientific foundations? Microeconomics compared with macroeconomics. What is wealth? What causes wealth? Comparative advantage.

(Assignment: Mankiw, Chapters 1-3)

(Recommended reading: Richard A. Posner, “The Law and Economics Movement,” reprinted as Chapter 1 of Posner & Parisi)

Week 2: The law of demand. The law of supply. Elasticity. Price determination. Price ceiling and price floors.
(Assignment: Mankiw, Chapters 4-6)

Week 3: Consumer and producer surplus. Taxes. Free trade versus protectionism.
(Assignment: Mankiw, Chapters 7-9)

Week 4: Production, Costs, and Firms
(Assignment: Mankiw, Chapters 13, 14, & 17)

Weeks 5 and 6: Property rights, externalities, and market failure
(Assignment: Mankiw, Chapter 10 and 11)
(Recommended reading: Ronald H. Coase, "The Problem of Social Cost," reprinted as chapter 10 of Posner & Parisi; and Harold Demsetz, "When Does the Rule of Liability Matter?" and "Toward a Theory of Property Rights," reprinted as chapters 11 and 12 of Posner & Parisi)

Week 7: The Economics of Collective Decision-Making
(Assignment: TBA)

Weeks 8 & 9: Torts
(Recommended reading: Cooter & Ulen, Chapters 8 & 9; and Steven Shavell, "Strict Liability Versus Negligence," reprinted as chapter 21 of Posner & Parisi)

Weeks 10 & 11: Contracts
(Recommended reading: Cooter & Ulen, Chapter 6, and Charles Goetz and Robert E. Scott, "Enforcing Promises," reprinted as chapter 17 of Posner & Parisi)

Week 12: Antitrust
(Assignment: TBA)

Week 13: Non-traditional markets
(Assignment: Boudreaux, "A Modest Proposal to Deregulate Infant Adoptions)