

PUBLIC CHOICE AND LAW REFORM (Law 378)

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Course Description

Public choice is the economic study of the decisionmaking process behind the (constitutional or ordinary) laws, statutes and regulations governing society, and other such *non-market* decisions. This course focuses particularly on the origins and foundations of the state, voting rules, political activity, direct and representative democracy, interest groups, and rent seeking. Some specific law reform issues will be analyzed through the lens of public-choice theory, showing how such theory can help interpret mechanisms and aims of lawmaking. The tools developed during the course will be applied to an analysis of specific areas of the law such as tort liability and intellectual property.

Requirements

This course counts as a 2-credit course and meets for the first 7 weeks of the semester. No specific background in economics is necessary. Students are not expected to be able to follow the formal analyses in the book, which will be illustrated by means of examples and graphical analysis in class.

Exam

The exam will take place on Thursday, October 13th. Students will be asked to solve and comment on 4 out of 5 problems of the type of those studied during the course. The exam will take in 90 minutes. Books, notes, laptops, and calculators are not allowed.

Reading Material

Public Choice II by Dennis C. Mueller, Cambridge University Press, 1989, ISBN 0-521-37952-0.

(The most recent edition of the book, *Public Choice III*, by Dennis C. Mueller, Cambridge University Press, 2003, ISBN 0-521-89475-1, can also be used. A reading list is given for both editions)

Schedule

See posted class schedule and classroom assignment. The exam is scheduled for Thursday, October 13.

Program (if you use *Public Choice II*)

Class 1 Aug 24	Origins of the state Reading: Ch. 1 Ch. 2 (A-E)
Class 2 Aug 25	Coase theorem, allocative efficiency and redistribution Reading: Ch. 2 (F-H) Ch. 3
Class 3 Aug 31	Unanimity rule Reading: Ch. 4
Class 4 Sept 1	Majority rule Reading: Ch. 5 (A-E, H-I, K-L)
Class 5 Sept 7	Voting rules compared Reading: Ch. 6
Class 6 Sept 8	Alternatives to majority rule, exit, voice and disloyalty Reading: Ch. 7 (A-C, F) Ch. 8 (A[124-126, 132-134], B, D[139-141], E)
Class 7 Sept 14	Voting with you voice v. voting with your feet Reading: Ch. 9 (A-C, E-G)
Class 8 Sept 15	Two-party system Reading Ch. 10 (A-C)
Class 9 Sept 21	Two-party system with probabilistic voting Reading: Ch. 11 (skip F.1 only)
Class 10 Sept 22	Multiparty system Reading: Ch. 12
Class 11 Sept 28	Rent seeking and interest groups Reading: Ch. 13
Class 12 Sept 29	Applications (why voting, tort and patent law) Reading: Ch. 18
Class 13 Oct 5	Social welfare and social contract Reading: Ch. 19-22 (focus on main points)
Class 14 Oct 6	Revision and conclusions No reading for this class
Exam Oct 13	Same time and room as classes

Program (if you use the most recent edition: *Public Choice III*)

- Class 1**
Aug 24 **Origins of the state**
Reading: Ch. 1
 Ch. 2 (2.1-2.6)
- Class 2**
Aug 25 **Coase theorem, allocative efficiency and redistribution**
Reading: Ch. 2 (2.7-2.9, 2.11)
 Ch. 3 [44-45]
- Class 3**
Aug 31 **Unanimity rule**
Reading: Ch. 4
 Ch. 8 (8.1.2)
- Class 4**
Sept 1 **Majority rule**
Reading: Ch. 5 (5.1-5.5, 5.8-5.9, 5.12-5.13)
- Class 5**
Sept 7 **Voting rules compared**
Reading: Ch. 6
- Class 6**
Sept 8 **Alternatives to majority rule, exit, voice and disloyalty**
Reading: Ch. 7 (7.1-7.3, 7.6)
 Ch. 8 (8.1.1[160-162, 167-168], 8.2, 8.4[174-176], 8.5)
- Class 7**
Sept 14 **Voting with you voice v. voting with your feet**
Reading: Ch. 9 (9.1-9.3, 9.5-9.7)
- Class 8**
Sept 15 **Two-party system**
Reading Ch. 11 (11.1, 11.2.1, 11.3, 11.4)
- Class 9**
Sept 21 **Two-party system with probabilistic voting**
Reading: Ch. 12 (12.1-12.4, 12.6)
- Class 10**
Sept 22 **Multiparty system**
Reading: Ch. 13 (13.1-13.5, 13.7.1, 13.8, 13.11)
- Class 11**
Sept 28 **Rent seeking and interest groups**
Reading: Ch. 15
- Class 12**
Sept 29 **Applications (why voting, tort and patent law)**
Reading: Ch. 14
- Class 13**
Oct 5 **Social welfare and social contract**
Reading: Ch. 23-27 (focus on main points)
- Class 14**
Oct 6 **Revision and conclusions**
No reading for this class
- Oct 13 **Exam**
Same time and room as classes