

LAW 108: ECONOMIC FOUNDATIONS OF LEGAL STUDIES

Thomas W. Hazlett

Fall 2006

Class Meetings: Tues-Thurs 10:30-11:45
Classroom: Hazel Hall, Room 225
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Office hours: By appointment.

Texts: Paul Heyne, Peter Boettke, and David Prychitko,
THE ECONOMIC WAY OF THINKING, 11TH ED. [“Heyne”]

Thomas Sowell, BASIC ECONOMICS: A CITIZEN’S GUIDE TO THE ECONOMY,
REVISED AND EXPANDED EDITION

Course Description: This class will examine how individuals make economic choices, and how these choices add up to produce market outcomes. While economics is often described as the Dismal Science, given its focus on allocating scarce resources, understanding the constraints bearing on our decisions affords a rich explanatory model for a wide variety of behavior. In short, economics is a useful tool for law and public policy.

Grading: 90% Final Exam; 10% Class Participation.
Practice Mid-term in-class on Oct. 26.

COURSE OUTLINE

Aug 22/24, Week 1: The Economic Way of Thinking

- Heyne chapter 1
- Sowell chapters 1 & 4

Aug 29/31, Week 2: Market Exchange

- Heyne chapters 2 & 3
- Sowell chapters 2 & 3

Sept 5/7, Week 3: Opportunity Costs

- Heyne chapter 4
- Sowell chapter 22

Sept 12/14, Week 4: Supply and Demand

- Heyne chapters 5 & 6

Sept 19/21, Week 5: Profits

- Heyne chapter 7 (excluding Appendix)
- Sowell chapter 6

Sept. 26/28, Week 6: Time, Risk, and Uncertainty

- Heyne chapter 7 Appendix
- Sowell chapters 12-14

Oct 3/5, Week 7: Market Structure

- Heyne chapters 8 & 9
- Sowell chapters 5, 7 & 8

Oct 10: No Class (observed as Monday)

Oct 12, Week 8: Antitrust

- Heyne chapter 10
- Robert Bork, Antitrust Paradox, chapters 4-6

Oct 17/19, Week 9: Factor Markets

- Heyne chapter 11
- Sowell chapters 9-11

Oct. 24, Week 10: Property Rights

- R.H. Coase, *The Problem of Social Cost*, 3 J L & ECON (1960)
- Heyne chapter 12

Oct. 26: Practice Test

Oct. 31/Nov. 2, Week 11: Common Interest Tragedies

- Garret Hardin, *The Tragedy of the Commons*, SCIENCE (1968)
- M. Heller, *The Tragedy of the Anti-Commons*, HARV L R (1998)

Nov 7/9, Week 12: Contracts

- Craswell, Contract Law: General Theories

Nov 14/16, Week 13: Torts

- *Carroll Towing*
- Parisi and Mattiacci, The Economics of Tort Law: A Precis

Nov 21, Week 14: Economic Regulation

- Heyne chapter 13
- Sowell chapter 17

Nov 28/30, Week 15: Applications and Review

- Sowell chapter 23

Final Exam: December 8, 2006 @ 12 NOON