

Spring, '05  
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### **Econ 476: Law and Economics**

#### Course description:

This course explores the extent to which the common law and related institutions tends to facilitate economic cooperation while some other laws and economic policies favor special interests and disadvantage the general public. Economic principles are harnessed to understand why an economy's laws and policies are what they are, how they could be made more effective, and to analyze current issues. Throughout the course, economics is treated as a method of reasoning.

The curriculum deals largely with using economics to understand the extent to which property, contract, tort, and criminal laws are efficient and, in cases of unintended consequences, how they should be reformed. It also affords a comprehensive perspective on the central question of economics, "what should government do?"

#### Some topics:

Evolution of cooperation, property, contracts, torts, economic justice and security, industrial regulation, decentralization and privatization, constitutional reform, crime and punishment, rent-seeking and corruption, prohibition (guns, gambling, drugs, abortion, prostitution), and international cooperation (including growth, environmental stewardship and terrorism).

#### Clientele:

Economics and business majors; science and other majors with policy interests (e.g. environmental policy); and current or aspiring law students with interests in economic affairs.

#### Prerequisites:

The prerequisite is economics 301 (Intermediate Micro) or consent of the instructor.

Text: Miceli, *The Economic Approach to Law*, Stanford, 2004.

Course requirements (grading includes +/-)

Four quizzes: <sup>1</sup>	25%
Class presentations or papers: <sup>2</sup>	24%
Final exam: <sup>3</sup>	36%
Homework and citizenship: <sup>4</sup>	15%

Tentative plan of lectures

Our aim will be to finish the subject matter provided in the textbook along with supplementary material on the New Institutional Economics within the first 13 weeks. This will allow time for special topics.

Preliminary schedule

Jan 11: What is Law and Economics? Derivation of demand, supply. Invisible Hand theorem.

Jan 13: Finish review of microeconomics. Quiz.

Week 2: Torts I (ch 2)

Week 3: Torts II (ch 3); introduction to contracts (begin 4).



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<sup>1</sup> First quiz (one point) is on Jan 13. Remaining quizzes will be announced one week in advance. No alternative times will be offered except in extraordinary cases. Students may be excused *a priori* for illness or non-health emergency with appropriate verification. Otherwise, missed exams are recorded as zero points. Late registration does not exempt you from responsibility for course content or exams.

<sup>2</sup> Any topic related to text, lectures, and/or syllabus. Local relevance is encouraged, not required, e.g. an evaluation of the War on Drugs or the nature and causes of corruption in West Oahu development. Max is 20 pgs; no min. Target: 8-10 pages plus figures, references etc. Class presentation may be substituted for paper. For groups of 2 or 3, paper and presentation is required.

<sup>3</sup>Final will be given according to the UHM Schedule of Classes. Same rules regarding missed exams apply.

<sup>4</sup> Contributions to the learning community (including class participation, additional presentations, facilitating availability of course materials, bringing pertinent current articles, websites etc. to class's attention).