

Law & Economics

Prof. Timo Goeschl, Ph.D.

<i>Course Type:</i>	Lecture with tutorial (ECTS:6 credit points)
<i>Schedule:</i>	Lecture: Mon, 8.30 – 11.00 Tutorial: Tue., 14.00 – 15.30 (check schedule)
<i>Room:</i>	Seminarraum 215, Bergheimer Str. 20
<i>Prerequisites:</i>	Microeconomics; Math for Economists; Econometrics

Course Syllabus

Course contents

The legal system is the core mechanism for dispute resolution in modern society. Its impact on the allocation of resources and distribution of income and wealth is astounding, yet underappreciated in the normal textbook treatment of market economies.

This course familiarize students with the field of Law & Economics, the economic approach to thinking about these questions and to assess critically the way that the law answers them. Students will come to recognize law as an important organizing force within society. As such, it supports, competes, and occasionally conflicts with another important organizing force, namely the market. While law is a non-market institution, its structure, workings, and impacts are thus both of critical importance for the way that society accomplishes its objectives and amenable to economic analysis.

The course will cover the traditional range of issues, starting with tort law, then looking at contracts, the economics of property law, and the economics of the judicial process. Finally, we will turn to the economics of criminal behavior and enforcement. Empirical and behavioral aspects will also be covered in passing. The choice of topics should also enable students to commence their own research in this area.

There are three learning objectives to this course:

1. Familiarity with the core topics of Law and Economics
2. Knowledge of the concepts and techniques of the economic analysis of law
3. Ability to apply the concepts and techniques to specific problems

Course readings

The recommended text for this course is:

Miceli, Thomas J.: *Economics of the Law*. Oxford University Press, 1997. [Copies in Campus Library]

Additional readings are

- Cooter and Ulen: *Law and Economics*. 5th edition. Addison-Wesley [Copies in Campus Library]
- Posner: *Economic Analysis of Law*. 6th edition. Aspen
- Shavell: *Foundations of Economic Analysis of Law*. Belknap

A somewhat lighter reading without textbook character is:

- Friedman: *Law's Order*. Princeton UP.

Particulars

- The course benefits from an e-learning site (elearning2.uni-heidelberg.de), a.k.a. 'Moodle'. You will need to log on and select the course from the menu. The password for the course is '*Hand*'.

Assessment

- One short presentation (10 min.) on an empirical, experimental, or behavioral paper (to be assigned before week 3) (30% of the final grade).
- One 90-minute closed book final exam (70% of the final grade)

Course schedule (provisional)

WEEK	Date	Lecture Topic	Book chapter	Tutorial
1	<i>April. 24</i>	<i>Introduction</i>	<i>1</i>	
2	<i>May 1</i>	<i>PUBLIC HOLIDAY</i>		
3	<i>May 8</i>	<i>The Economics of Tort Law</i>	<i>2</i>	
4	<i>May 15</i>	<i>The Economics of Tort Law – Extensions (starts at 10.00)</i>	<i>2</i>	
5	<i>May 22</i>	<i>The Economics of Contract Law – Remedies for breach</i>	<i>4</i>	<i>Torts</i>
6	<i>May 29</i>	<i>The Economics of Contract Law – Mistake and Impossibility</i>	<i>5</i>	
7	<i>June 5</i>	<i>PUBLIC HOLIDAY</i>		<i>Contracts</i>
8	<i>June 12</i>	<i>The Economics of Property Rights – Justification and Externalities</i>	<i>6</i>	
9	<i>June 19</i>	<i>The Economics of Property Rights – Takings and Regulation</i>	<i>7</i>	
10	<i>June 26</i>	<i>The Economics of Litigation and Settlement</i>	<i>8</i>	<i>Property</i>
11	<i>July 3</i>	<i>The Economics of Frivolous Litigation</i>	<i>9</i>	
12	<i>July 10</i>	<i>The Economics of Crime and Enforcement – Basic considerations</i>	<i>Reader</i>	
13	<i>July 17</i>	<i>The Economics of Crime and Enforcement - Extensions</i>	<i>Reader</i>	<i>Litigation and Crime</i>
14	<i>July 24</i>	<i>FINAL EXAM</i>		