

LS 147
Law and Economics II
Robert D. Cooter
Fall 2010

The Sequence

The economic analysis of law is one of the major theoretical perspectives in the study of law in American universities. Law and Economics I and II, taken together, provide a comprehensive survey of the subject. Part I (Legal Studies 145) concerns the common law (property, torts, contracts) and crimes. Part II (Legal Studies 147) concerns public law, including constitutional law, administrative law, and regulation. Students can take either or both courses in any order.

Subject Matter of Law and Economics II

Microeconomic theory will be applied to public law and the state. Topics include constitutional law, administrative law, and environmental law. To illustrate, we will study how legislators behave who try to maximize the votes that they receive. Similarly, we will study how regulatory agencies behave who try to maximize their own budgets. We will explore the efficiency of alternative forms of regulating industries to protect the environment.

Prerequisites

There is no formal prerequisite, but students are discouraged from taking the course unless they have had intermediate microeconomics (Econ 100A or equivalent). Graphs and algebra will be used routinely in class. A good background in legal studies or mathematics can sometimes overcome a deficiency in microeconomics.

Materials

The book is Robert Cooter, *The Strategic Constitution* (Princeton University Press, 2000.) After finishing this book, additional materials may be required that will be supplied online.

Conduct of Class

The class will be taught by a mixture of lectures and questions. Students are expected to read the assigned materials before coming to class so as to be prepared to answer questions in class. Regular attendance of class is important to success in the course.

Grades

Grades will be based upon a midterm (approximately 30%), a final examination (approximately 60%), and participation in section and pop quizzes (approximately 10%). Students may use books or notes during examinations, but anyone who must consult these materials extensively during the exam is in trouble. From time to time, students in lecture will be asked to take a brief quiz. Exams should be written in blue books unless instructed otherwise. Quizzes will be written on paper distributed in class. Grades will fit the curve recommended for large classes by the Legal Studies program, which is "no more than 20% A, and no more than 60% A and B."

Sample Exams

A sample midterm exam with answers, and a sample final exam with answers, will be posed to bspace. As the date approaches for an actual exam, students should glance at the sample exam to see its form and then prepare for the actual exam. After preparing, administer the sample exam to yourself under exam conditions and then use the answers to grade it. You'll learn a lot about what you still need to do to prepare for the actual exam.

Enrollment

TELEBEARS handles enrollment in the class by applying university rules developed to establish fair priorities. Professor Cooter will not respond to appeals to change these priorities for individuals, because doing so is unfair to others.

Tentative Teaching Schedule

Readings are taken from Cooter, Strategic Constitution (page numbers for paperback version). The book is 375 pages, or about 12 pages per class (30 lectures).

#	Day	Date	Topic
			Website: update office hours; links to bspace.
1	Th	8-26	1. Course Description. 2. Notes/PowerPoint 3. Telebears 4. bspace; 5. office hours. 6. TAs 7. midterm date
2	Tu	8-31	Stop at median rule & Duverger, page 31
3	Th	9-2	Stop at beginning of free ride
4	Tu	9-7	Finish rent seeking, investment in politics
5	Th	9-9	Stop 78
6	Tu	9-14	Stop p 81
7	Th	9-16	Stop p 95
8	Tu	9-21	Stop p 105
9	Th	9-23	Stop p 112
10	Tu	9-28	Stop p 122
11	Th	9-30	Aim 145
12	Tu	10-5	Midterm review
13	Th	10-7	Midterm
14	Tu	10-12	Aim 160 direct democracy;
15	Th	10-14	Aim 190
16	Tu	10-19	Aim 205; stop p 201.
17	Th	10-21	Aim 220. Resume with market for laws
18	Tu	10-26	Aim 235; stop page 223
19	Th	10-28	Aim 250
20	Tu	11-2	Aim 265
22	Th	11-4	Stop 280

#	Day	Date	Topic
23	Tu	11-9	Aim 295
24	Th	11-11	Aim 310
25	Tu	11-16	Aim 325
26	Th	11-18	Aim 340
27	Tu	11-23	Aim 355
28	Th	11-25	Finished Book.
29	Tu	11-30	Fish & lemons (TAs)
30	Th	12-2	Pollution
		12.6-10	READING WEEK