

Economics 351: Law and Economics
Northwestern University, Spring 2019

Lecturer: Joshua Sherman

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Office hours: Wednesdays, 6 p.m., Room 3197 (Kellogg Global Hub)

Class: Mondays and Wednesdays, 7:00 p.m. – 8:20 p.m.

Discussion session: Fridays, 1:00 – 1:50 p.m.

Textbook: *The Economic Approach to Law* (third edition), Thomas J. Miceli

This course will strive to employ economic analysis in order to provide a coherent theory of the law. The economic approach to law assumes that punishments such as incarceration or fines are implicit prices for violating the law. According to this view, these prices may be chosen in such a way that will yield the most socially desirable outcome.

Of course, it may not be appropriate to judge laws entirely based on their economic efficiency. For example, it may also be appropriate to consider outcomes that are “fair” or “just,” however defined, and these outcomes may or may not be the most efficient. Nevertheless, there is no doubt that efficiency is one important criterion for purposes of judging the law.

Given that economists are often interested in studying incentives, it is therefore quite natural that we might be both interested and perhaps even well-equipped to analyze various areas of the law. Along these lines, we will seek to employ simple economic models in order to understand the efficiency of laws in the following areas: torts, contracts, and property. In studying these diverse areas of the law, the economic approach to understanding the law will be consistent throughout, and indeed will allow us to study these different areas of the law in a unified manner.

Evaluation

Three exams (90% total, 30% each) and three problem sets (10% total). I will automatically drop the problem set with the lowest grade. There is no final exam. Each of the three exams will be given during normal class time during the quarter. The first exam will cover torts and take place on April 22nd, the second exam will cover contracts and take place on May 13th, and the third exam will be cumulative (covering torts, contracts, and property) and take place on May 29th. The third exam will be assigned the same weight (30%) as each of the first two exams.

There will be no alternative sittings for an exam for any reason other than a) observance of a religious holiday during the scheduled time of an exam or b) for a summer internship outside of the Chicago area (see below). It is your responsibility to inform me of either such conflict during the first week of the quarter. Otherwise, no alternative sittings will be arranged. There will be no make-up exams offered for any reason.

If your start date for an internship outside of Chicago is *prior* to May 30th and you wish to take the May 29th exam, you may make arrangements to take it remotely if a) you will be participating in a summer internship at a reputable organization outside of the Chicago area and b) you make arrangements at your expense with a commercial testing service (e.g. Sylvan Learning Center) that will agree to proctor the exam to my satisfaction. Please note that I reserve the right to deny a remote examination request upon review of the request at my discretion.

The exams will cover material discussed in lecture, assigned readings, and the problem sets.

Discussion Sessions

The T.A. will conduct a 50-minute discussion session on Fridays at 1:00 p.m.

Re-Grades

Partial credit will not be granted on problems sets. Also note that some exams and problem sets will be photo-copied in order to deter dishonesty. If you suspect that a mistake was made on a problem set or exam, you may ask for a re-grade. **Note that any requests for a re-grade will result in a re-evaluation of the entire problem set or entire exam, and therefore one's score may increase, decrease, or remain unchanged following a re-grade.**

Problem Sets

Late problems sets will not be accepted under any circumstances. In addition, e-mailed problem sets will not be accepted. Problem sets must be submitted at the very beginning of the discussion section on the date on which it is due or to the mailbox of the T.A. in the economics department at least 30 minutes prior to discussion section. Prompt submission of problem sets is very important because the answers to the problem sets will be reviewed on that day and because it is disruptive if a student hands in a problem set while it's being reviewed. As noted above, partial credit will not be given for incorrect final answers on problem sets. In addition, in the absence of supporting work (when applicable), no credit will be given, regardless of the final answer.

Class Participation

Classroom participation and etiquette may affect your grade on the margin. With that said, please note the following:

- I will not take attendance; it is entirely up to you to attend class. However, you should be aware of the benefits of attending class. In particular, I will very happy to meet with regularly-attending students outside of class who seek extra help; conversely, if you do not attend regularly you should not expect to receive supplementary guidance outside of class. Furthermore, since you are responsible for any material taught in class, the consequences of missing class should be obvious. While we shall follow the course textbook, there will be material taught in class that is not offered in the course textbook (and vice-versa).
- Be assured that it is easy for me to see who is surfing and texting, even in a large crowd. It is also distracting when students arrive late and leave early. However, I will typically not actively police students who text, surf the internet, arrive late, leave early, or who otherwise create negative externalities for the learning environment. I am too interested in discussing the course material with you to enter into such discussions. I would simply ask you not to attend if you cannot adhere to the class schedule or if you do not plan to be engaged, at least passively.

SEE NEXT PAGE FOR CLASS SCHEDULE

Schedule

Date	Material covered in class	Problem Sets
Apr 1	Introduction to Law and Economics	
Apr 3	Torts	
Apr 8	Torts	
Apr 10	Torts	
Apr 15	Torts	PS 1 assigned (due Apr 19)
Apr 17	Torts/Contracts	
Apr 22	First exam	
Apr 24	Contracts	
Apr 29	Contracts	
May 1	Contracts	
May 6	Contracts	PS 2 assigned (due May 10)
May 8	Contracts/Property	
May 13	Second exam	
May 15	Property	
May 20	Property	PS 3 assigned (due May 24)
May 22	Property	
May 29	Third exam	
Jun 3	Lecture and Discussion on Careers in Law and Economics	