**UNIVERSITY OF NORTH CAROLINA**

**DEPARTMENT OF ECONOMICS**

**SPRING 2021**

**ECONOMICS 490: SPECIAL TOPICS—LAW AND ECONOMICS**

*Instructor:* Professor Martin Zelder

*Office:*  https://unc.zoom.us/j/2485635406

*Office hours:* TBA

*e-mail:* zelder@email.unc.edu

*Lecture schedule:* TuTh 2 – 3:15 pm

*Lecture location:* Tu ([https://unc.zoom.us/j/92758881203](https://unc.zoom.us/j/92758881203?pwd=Mk5td1QxbHNZcmx6LzNBYmZwR2xZZz09)); passcode 020076

Th ([https://unc.zoom.us/j/99176171671](https://unc.zoom.us/j/99176171671?pwd=K0hCRUZwR2o3T3lJSEszOGFQbGd2UT09)); passcode 430566

*TA:* Po-Yuan Huang ([poyuan@live.unc.edu](mailto:poyuan@live.unc.edu))

A crucial way in which governments affect economic activity is through the operation of the legal system. This course applies economic analysis to traditional areas of legal study—property, contracts, torts, and family law. The framework of this course is essentially microeconomic, using models of rational choice to analyze the effects, genesis, and desirability of laws.

**Required Reading:** *Law and Economics*, by Jeffrey L. Harrison and Jules Theeuwes (W.W. Norton and Company, 2008), denoted “H & T”, and a few additional readings to be available on Sakai.

**I. Overview of Economic Analysis of Law and Review of Microeconomics**

* H & T, Chapters 1-2, Chapter 3 (only pp. 43-45, 48-55)

**II. Property**

***A.* *Externalities and the Coase Theorem***

* H & T, pp. 58-72, 55-56, 73-79
* H & T, Chapter 5

***B.* *The Evolution of Property Rights; "Uncontrollable" Forms of Property***

* H & T, pp. 35-48

***C.* *Nonconsensual Property Transfers***

* H & T, Chapter 8
* H & T, Chapter 6

**III. Contracts**

***A.* *Contract Formation and Breach***

* H & T, pp. 163-174, 183-184, Chapter 10

***B.* *Formation Defenses***

* H & T, pp. 174-183

***C*. *Performance Excuses***

* H & T, pp. 242-244

***D.* *Contract Damages***

* H & T, pp. 240-241, 234-235, 228-234, 238-239, 235-237, 241-242

**IV. Torts**

***A. Basic Ideas***

* H & T, pp. 249-259

***B. Efficiency of Care under Negligence and Strict Liability***

* H & T, pp. 259-275
* H & T, pp. 276-286

**V. Family Law**

* Bryant, W. Keith (1990), *The Economic Organization of the Household*, pp. 220-225
* Zelder, Martin (1993), “Inefficient Dissolutions as a Consequence of Public Goods: The Case of No-Fault Divorce”, *Journal of Legal Studies*
* Landes, Elisabeth (1978), “Economics of Alimony”, *Journal of Legal Studies*, pp. 36-39
* Zelder, Martin (1993), "Incompletely Reasoned *Sex*: A Review of Posner's Somewhat Misleading Guide to the Economics of Sex and Family Law", *Michigan Law Review*

**Grading:** The course grade will be determined by 4 or 5 problem sets (20 percent total, with lowest individual problem set score dropped), a midterm exam (30 percent), and a final exam (50 percent). The midterm exam is on Tuesday March 9. The cumulative final exam is Thursday May 13 noon – 3 pm. No makeup exams will be given. Exams must be written in ink. Photocopies of exam answers will be retained by the instructor. Exams must be uploaded to Sakai. Regrading of individual exam or problem set answers will only occur in the context of regrading the entire exam or problem set. Students may work together in solving problem sets, but each student must submit his or her own problem-set answers for grading.

**Honor Code:** All students are expected to follow the guidelines of the UNC honor code. In particular, students are expected to refrain from “lying, cheating, or stealing” in the academic context. If you are unsure about which actions violate that honor code, please see me or consult [honor.unc.edu](https://studentconduct.unc.edu/" \t "_blank).

**Other resources:** Any student who is impacted by discrimination, harassment, interpersonal (relationship) violence, sexual violence, sexual exploitation, or stalking is encouraged to seek resources on campus or in the community. Please contact the Director of Title IX Compliance (Adrienne Allison – [Adrienne.allison@unc.edu](mailto:Adrienne.allison@unc.edu)), Report and Response Coordinators in the Equal Opportunity and Compliance Office ([reportandresponse@unc.edu](mailto:reportandresponse@unc.edu)), Counseling and Psychological Services (confidential), or the Gender Violence Services Coordinators ([gvsc@unc.edu](mailto:gvsc@unc.edu); confidential) to discuss your specific needs. Additional resources are available at safe.unc.edu.

**Calendar:** The midterm exam is scheduled for Tuesday March 9. The cumulative final exam will be given Thursday May 13 noon – 3 pm. The last day of lectures is Tuesday May 4. Lecture will not be held on Tuesday Feb. 16 and Thursday March 11. There are no recitation meetings during the first 2 weeks of classes (January 18-29).

***Note:*** Some of the topics and readings listed above might not be covered due to limited time and the rate of progress of the lectures. As well, a few additional readings might be added during the course of the term. Modifications of either sort will be made at the discretion of the instructor.