Law and Economics

Law and Economics [alternatively named “the economics of legal relationships” or “the economic analysis of law”] consists of the application of economic theory – primarily microeconomics and the basic concepts of welfare economics – to examine the formation, structure, processes, and economic impact of law and legal institutions. The purpose of this course is to: (1) provide a brief review of microeconomic theory sufficient to (2) undertake a survey of the dominant schools of thought that comprise the field of Law and Economics. The goal is i) to have you understand the jurisprudential niche occupied by the field of Law and Economics in present-day legal scholarship, ii) to understand its history as well as iii) the present “lay of the land” ... No attempt is made to critique the schools or the ideas contained therein.

The various schools of thought that compete in this rich marketplace of ideas, include: i) the Chicago approach to law and economics, ii) the New Haven school, iii) public choice theory, iv) social norms and Law and Economics, v) Austrian law and economics, vi) institutional law and economics, and vii) the new institutional economics. Each of these schools of thought places a significant emphasis on the interrelations between law and economy. The schools of thought presented here are both competing and complementary perspectives on, or approaches to, the study of the development and the reformulation of law. Each is devoted to its own examination of the interrelations of legal and economic processes. Each has its own stance on: i) stating what the law is, ii) discerning a basis for law’s legitimacy, and iii) advocating what the law should be. As such, the materials covered in this class are of fundamental importance not only for those working in the fields of economics and law, but also to those in the contiguous disciplines of political science, philosophy, sociology, and psychology.