



**Centre for the Study of Law and Governance
Jawaharlal Nehru University
New Delhi-110067**

Outline of Optional Course

LG 623 Law and Economics

This course will address the following questions: What explains the evolution of various legal institutions?, How people will respond to the existing legal rules and changes therein? Will such responses result in a socially desirable outcome?, etc. The analytical tools and normative criteria will be that of economics. The focus of the course will be on three substantive bodies of civil law, namely, property law, contract law and the law of torts. The course will also cover some important topics in criminal law, litigation, and law enforcement. The following topics will constitute the core of the course.

I. Economic Analysis of Law

- What is economic analysis of law?
- Efficiency criteria in law and economics; Pareto efficiency, Kaldor-Hicks criterion, wealth maximization
- Price and quantities

II. Property Law

- Emergence and nature of property rights,
- Acquisition and transfer of property rights
- Externality; conflict in the use of property
- Economics of property rights: property right and efficient use of resources
- Economic justifications of what is privately and publicly owned
- Property rights in information
- Intellectual Property Rights

III. Contract Law

- What is a (legal) contract?
- When is a contract enforceable?
- Efficient and inefficient contracts,
- Risk sharing and remedies for breach: Specific Performance and Damage Measures
- Economics of various contract doctrines; formation defenses – Incompetence and Unconscionability, performance excuses – Impossibility

IV. Tort Law

- What is a tort
- Three requirements of torts law- harm, causation and negligence
- The Hand rule and causation
- Various liability rules
- Economic analysis of tort law: Risk bearing and incentive to take socially desirable care
- Various issues in liability: Liability and insurance, non-tort systems
- Product liability

V. Other Topics

- Theory of enforcement
- Economics of crime and punishment
- Litigation costs and incentive to bring suits