Law 251.31 Introduction to Law, Economics & Business
Professors Robert D. Cooter and Justin McCrary
Course Information

Description:
The economic analysis of law is one of the major theoretical perspectives in the study of law in American universities. This perspective is uniquely valuable for understanding business transactions. Laws and legal institutions facilitate and constrain business. By explaining these effects, microeconomics reveals strategies to make the best use of law in business. Understanding these strategies enables business executives and lawyers to work together more intimately and profitably. Practice in large law firms divides into transactions, regulation, and litigation. The bodies of law that facilitate business by lubricating transactions include property and contracts, as well as corporations, bankruptcy, and banking. The bodies of law that constrain business include torts and regulations to protect consumers, investors, and the environment. Transactions and regulatory compliance mostly avoids litigation, but its shadow looms over all business activities. Law and business students in this class will use microeconomics, which is one of the major theoretical and strategic perspectives on law, to analyze and strategize about some of these major bodies of law.

Prerequisites:
There is no formal prerequisite. Graphs and simple algebra will be used in class. Students are discouraged from taking the class who have not completed an undergraduate class in intermediate microeconomics or its equivalent.

Class Format:
Lecture-discussion. Students are expected to read the assigned materials before class and to answer questions in class.

Reading Materials:
Textbook: Robert Cooter and Thomas Ulen, *Law and Economics* (Addison-Wesley, 6th edition; do not use the 5th edition). The class will cover most of the textbook. Additional readings on topics not contained in the textbook will be posed to the course website.

Course website:
https://bspace.berkeley.edu (log in with your CalNet ID)

Grades:
1/3 midterm exam, 2/3 final exam. Students may use books or notes when taking an exam, but not a laptop computer. Students should bring bluebooks to the exam. Sample exams from past years are posted to bspace.

Related Course:
The Law and Economics Workshop (Law 216) - hears an original, unpublished paper presented each week by a top scholar, often from another university or country. Students ask questions and write comments.