

Cooter, Robert and Thomas Ulen: *Law and Economics*, Glenview / London: Scott, Foresman and Company 1988, 644 pp.

The authors provide a new and extensive textbook on law and economics. The book is designed for a one-quarter course for upper-level undergraduate or graduate students in economics and for a one-semester course for law students. The book is self-contained for either audience which in part explains its length.

The book starts with an introduction to the subject matter of law and economics. Chapter 2 reviews microeconomics for lawyers. Chapter 3 gives an overview of the common law system and the institutional structure of the U.S. law for economists. The authors definitely succeed in "that those who have never studied either economics or law will find all they need within the covers of this book". In the microeconomics review the authors explain, e.g., what function is and how to read graphs. The introduction to the common law system should be helpful for an economist and maybe even for a lawyer who grew up in the civil law tradition.

The authors then turn to the principal areas of the common and criminal law. These main chapters are divided in pairs. The first chapter of each pair begins with examples of the issues that arise in that area of the law. Next there is a summary of the conventional legal theory of the law. Then an economic theory of that area of law is developed and compared with the legal theories. The second chapter of each pair applies the economic theory of the previous chapter to various legal topics.

The first pair is devoted to the economics of property. The economic theory of property is applied to, e.g., property rights of intellectual creations and the public acquisition of private property. The next pair deals with contracts. Issues such as the enforcement of promises to give a gift and remedies for breach of contract are analyzed. The next pair turns to tort law. The authors deal for instance with the crisis in products liability law and the no fault alternatives to the tort law system. The next chapter analyzes the efficiency of the common law process. In the final pair the authors deal with criminal law and discuss policy issues such as the connection between drug use and crime.

The book contains two pedagogical features worth mentioning. Throughout the text there are boxed examples of the material that is being discussed. Moreover, the book contains a lot of discussion questions that should help students to deepen their understanding. The authors have included extensive

suggested answers.

I think the authors have succeeded in writing an original textbook. The style is crisp. Theory and applications get a well balanced treatment. The authors apply modern economic tools such as game theory to legal problems. Unfortunately, a few important economic achievements, such as noncooperative bargaining theory under incomplete information, and their implications for law and economics are not dealt with. The effort to emphasize the public policy implications of law and economics is remarkable. I found that the authors do not tend to oversell the significance of the economic approach to the law. This distinguishes this textbook from its counterparts from the Chicago school.

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