

ECON 674: Economic Analysis of Law
Spring 2021 Syllabus
University of Maryland, College Park
Master of Science in Applied Economics Program

Instructor: David Burk, dburk@umd.edu

Office hours: TBA—after discussing a good time with the class, I will schedule a regularly occurring Zoom office hour.

TA: TBA

Because of the Covid-19 pandemic, this course is administered completely online. I will notify students of the Zoom link before March 2, 2021, via an ELMS announcement.

This course is offered to students in both the College Park program (section PWE1) and the DC program (section PR01). Synchronous class meetings will occur on Tuesday evenings, beginning on Tuesday, March 2. The College Park version of the course begins on Tuesday, January 26. Prior to March 2, the College Park students will work on a series of problems that build upon prerequisite microeconomics from ECON 641. The College Park students will also begin preparing their presentations in February, and then be the first students to give presentations after the DC students also join us in March.

Class Times

In total, there are about 2 hours 45 minutes of lecture each week, **beginning on Tuesday, March 2nd.** Most of that will be synchronous, some of it will be asynchronous:

- Tuesdays (synchronous) 7:30pm - 9:30pm with a 30-minute break from 8:15p – 8:45p. (Those sessions will NOT be recorded.)
- On Fridays, I will post about 75 minutes of recorded “mini-lectures” that you should watch before class the following Tuesday. (We will spend some time at the beginning of class Tuesday by reviewing the material covered in the recorded lectures.)

Key Dates

- The first synchronous class is March 2.
- Because of the spring break, there is no class March 16. A make-up class is scheduled Saturday, March 27. Once the course begins, we will choose the best time for that make-up class.
- The midterm exam will be April 6.
- The final exam will be May 18.

Prerequisites: ECON 641 and ECON 644 (ECON 644 can be taken concurrently).

Grading: Students’ grades will be a function of their performance on 6 graded requirements:

- participation in class (5%),

- the online discussion forum (5%),
- a midterm (25%),
- a final (35%),
- homework (20%),
- and a presentation (10%).

For each category, students will receive a score on a scale of 0 to 100. I will curve the scores for each category so that the average score is greater than or equal to an 80. The weighted average of those scores will determine the final letter grade, with the following cut-offs: 93 for A, 90 for A-, 80 for B+, 70 for B, 60 for B-, 50 for C+, 40 for C, 30 for C-, 20 for D+, 10 for a D, and F for anything below a 10.

Starting in March, there will be weekly online discussions which students are required to contribute to. Those discussions will typically deal with course reading. I will provide initial prompts for each week's discussion and facilitate discussion to make sure it is instructive and worthwhile. The discussion will be open for at least two days, but will never be open on the day of class (i.e., Tuesday).

The homework will consist of four problem sets, each worth 5%. Students may work with others, but they should submit their own solutions.

For the presentation, students working in groups of two (there might be one group of three) will present an assigned law and economics paper to the class. In the presentations, they will clearly summarize and critique the paper, and prepare several discussion questions for the class to discuss. They will prepare slides which they will discuss with me prior to the scheduled presentation. Each presentation and discussion should take about 20 minutes. The presentations will begin in March, after the DC students join our group, and we will do one or two per synchronous (Tuesday) class.

Textbook and Other Readings: Robert Cooter and Thomas Ulen's *Law and Economics* is the required textbook. The 6th edition is available for free (legally!) online at this [link](#). It is also posted on the ELMS site.

Tentative Schedule: Topics, Readings, Due Dates, and Exam Dates

Starting in March, the date listed is for the synchronous session that week. The asynchronous material posted later that week will be on the same topic as the synchronous material.

January 26 through February

College Park students work on HW assignments, and begin preparing presentations. The HW assignments will be posted on ELMS. These problems should be challenging but feasible for students who have completed ECON 641. They will establish foundations for the rest of our course. Students should work with study partners, but each student must upload their own

solutions via ELMS. The due dates will be on February 8th, February 22nd, and March 1st. The HW problems can also be discussed during TA office hours.

Details related to the student presentations will be posted on the course ELMS site.

March 2

Economics Review

Overview of U.S. Legal System

Introduction to Property Law

- Cooter & Ullen, chs. 1-3.

March 9

Theory of Property Law

- C&U, ch. 4
- Coase, "The Problem of Social Cost," *J of Law & Econ* (1960)
- Demsetz, "Toward a Theory of Property Rights," *Am Econ Rev* (1967)

March 23

Applications of Property Law. **HW1 DUE.**

- C&U, ch. 5
- Besen and Raskind, "An Introduction to the Law and Economics of Intellectual Property," *J of Econ Perspectives* (1991)
- Landes and Posner, "An Economic Analysis of Copyright Law," *J of Legal Studies* (1989)
- Kelo vs. New London.

SATURDAY, March 27 (supplemental session to make up for missed class during Spring Break)

Theory of Tort Law.

- C&U, ch. 6
- Landes, William & Richard A. Posner, "The Economic Structure of Tort Law" (1987).
- Shavell, Steven, "An Economic Analysis of Accident Law" (1987).

March 30

Theory of Tort Law II. **HW2 DUE.**

- C&U, ch. 7
- Shavell, "Strict Liability versus Negligence," *J of Legal Studies* (1980)
- BMW v. Gore.

April 6

MIDTERM EXAM

Applications of Tort Law

April 13

Theory of Contract Law

- C&U, ch. 8
- Ayres & Gertner, "Filling Gaps in Incomplete Contracts: An Economic Theory of Default Rules," *Yale L J* (1989-90).

April 20

Applications of Contracts. **HW3 DUE.**

- C&U, ch. 9
- Williams v. Walker-Thomas Furniture.

April 27

Litigation Theory & the Efficiency of the Common Law.

- C&U, ch. 10
- La Porta, Lopez-de-Silanes, Shleifer, "The Economic Consequences of Legal Origins," *J of Econ Lit* (2008)
- Rubin, "Why is the Common Law Efficient?," *J of Legal Studies* (1977).

May 4

Crime

- C&U, ch. 12-13
- Becker, "Crime and Punishment: An Economic Approach," *J of Pol Econ* (1968)
- Posner, "An Economic Theory of the Criminal Law," *Col Law Rev* (1985)

May 11

Antitrust & Competition. **HW4 DUE.**

- Friedman, ch. 16 of Law's Order ([link](#))
- Leegin vs. PSKS
- Apple vs. Samsung

May 18

FINAL EXAM

Course Objectives

Our program has 7 general learning outcomes for students:

1. Ability to understand, evaluate and analyze economic data
2. Ability to understand and interpret statistical evidence from economic data
3. Ability to apply empirical evidence to assessing economic arguments
4. Ability to apply macroeconomic theories to policy discussions
5. Ability to apply microeconomic theories to policy discussions

6: Ability to communicate economic ideas to a broader audience

7: Ability to evaluate the effectiveness of policy programs using sound economic techniques

The learning outcomes that pertain to this course primarily are 5 and 6. Students will also get to develop outcomes 2 and 3 when we study certain applications.

Course Website: Copies of the course syllabus, your grades, and other relevant links and documents will be posted on the course's ELMS/Canvas website. You can access the site via www.elms.umd.edu. You will need to use your University of Maryland "directory ID" and password.

Email: The University has adopted email as the primary means of communication outside the classroom, and I will use it to inform you of important announcements. Students are responsible for updating their current email address via <http://www.registrar.umd.edu/current/> (Under the first major heading of "Online Transactions" there is a link to "Update Contact Information".)

Contact Hours: Three credit master's-level courses at the University of Maryland require a minimum amount of contact between instructors and students. Our courses' 12 weekly meetings only satisfy 80% of the university's contact requirement. The other 20% is satisfied by weekly mandatory and graded online contact. In principle, the contact hours requirement could be satisfied by scheduling 3 additional 150-minute meetings per term, or 6 additional 75-minute meetings, or 10 additional 45-minute meetings. But in practice the contact hours requirement is satisfied by the weekly online discussions. The weekly online discussions are a more flexible way to ensure that our program's courses in DC provide the same level of student-instructor contact as the traditional 15-week face-to-face version of the same course when it is taught on campus in College Park.

Workload: Mastering the material covered in this course requires a significant amount of work outside of class. Students should expect to spend more time outside of class than in class – typically at least twice as much time. The courses in our DC program are 12-week courses that cover all the same material as a traditional semester-long 3-credit course (15 weeks). The compressed schedule makes it possible to complete our degree in just 15 months if you take 2 courses each term. But the compressed schedule also implies an accelerated pace with an average of 25% more work per week in a given course ($15/12 = 1.25$). The normal full-time load in a master's program is 3 courses per semester, or 6 courses per year. The weekly work load when taking 2 of our DC courses per term is equivalent to the load from 2.5 "normal" 15-week courses - so $2.5/3.0=83\%$ of a full-time load. Students who take 2 courses per quarter in our program complete 8 courses per year. So over the course of a year, taking 2 courses per quarter in our DC program is equivalent to 133% of a full-time load ($8/6 = 1.33$).

Academic Integrity: The University of Maryland has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards applicable to all undergraduate and graduate students, and you are responsible for upholding these standards as you complete assignments and take exams in this course. Please make yourself aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For more information see www.studenthonorcouncil.umd.edu.

Student Conduct: Students are expected to treat each other with respect. Disruptive behavior of any kind will not be tolerated. Students who are unable to show civility to one another or myself will be referred to the Office of Student Conduct. You are expected to adhere to the Code of Student Conduct.

Excused Absences: The University of Maryland's policy on excused absences is posted here: <http://www.president.umd.edu/administration/policies/section-v-student-affairs/v-100g>

Please note:

If you miss any class meetings for any reason, you are still responsible for all material covered during the meeting you missed. It is your responsibility—not the instructor's—to get yourself caught up in the course. Instructors routinely facilitate things by posting lecture notes, etc.

If you need to miss an exam or other graded course requirement because of illness, injury, or some other emergency: Follow doctor's orders and get documentation. Get in touch with the instructor as soon as you're able – preferably prior to missing the exam or deadline. Communicate with the instructor to make up the course requirement as soon as possible. You are entitled to recover before you make up the course requirement, but you are not entitled to extra days to study beyond the time the doctor's note says you're incapacitated. If you are incapacitated for more than a week or so beyond the end of the term, your grade in the course will be an "Incomplete". In such cases you must negotiate a plan with your instructor for completing the course requirements. Once you make up the course requirement the instructor will change your "I" to the appropriate letter grade.

School Closings and Delays: Information regarding official University closing and delays can be found on the campus website and the snow phone line: (301) 405-SNOW (405-7669). Since our program is an evening program in downtown Washington, DC, rather than a day program in College Park, we do not always cancel classes on the same days as the College Park campus. The program director will always announce cancellation information to the program as an announcement on the program's ELMS/Canvas site. This will generally be done by 1:00 p.m. on days when weather or other factors are an issue.

UMD Counseling Center: Sometimes students experience academic, personal and/or emotional distress. The UMD Counseling Center in Shoemaker Hall provides comprehensive support services that promote personal, social, and academic success. The cost of these services is

covered by the fees you already paid when you registered for classes, and there is no additional charge if you use the services. Proactively explore the range of services available, including the Counseling Service, Accessibility and Disability Service, Learning Assistance Service, and the Testing Office, all described at <http://www.counseling.umd.edu/>

Students with Disabilities: The University of Maryland does not discriminate based on differences in age, race, ethnicity, sex, religion, disability, sexual orientation, class, political affiliation, or national origin. Reasonable accommodations will be arranged for students with documented disabilities. Students who have an accommodations letter from the Accessibility and Disability Service (ADS) should meet with me during the first week of the term to discuss and plan for the implementation of your accommodations. If you require reasonable accommodations but have not yet registered with ADS, please contact the Accessibility and Disability Service at 301-314-7682 or adsfrontdesk@umd.edu.

Academic Progress: The UMD Graduate School requires that students maintain a GPA of at least 3.0. Students whose cumulative GPA falls below 3.0 will be placed on academic probation by the graduate school. Students on academic probation must ask the program's director to petition the graduate school if they want to remain enrolled in the program. The petition must include a plan for getting the student's GPA up to at least 3.0. Students who do not live up to their plan can have their enrollment in the program terminated without having earned the degree. Note: a grade of "B" corresponds to a GPA of 3.0. A grade of "B-" corresponds to a GPA of 2.7.