

**ECON 674: Economic Analysis of Law — Spring 2022 Syllabus**  
**Master of Science in Applied Economics Program**  
**University of Maryland, College Park – DC location**

**Instructor:** David Burk, [dburk@umd.edu](mailto:dburk@umd.edu)

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

**TA:** Wantian Huang ([WHuang11@umd.edu](mailto:WHuang11@umd.edu))

**TA Office hours:** Wednesday, 5:15-6:15 over Zoom (see ELMS for link)

**Class Time:** Thursdays, 6:45-9:30 PM with a 15-minute break at some point around 8:00 PM.

**Key Dates**

- Because of the spring break, there is no class March 24. A make-up class is planned for Saturday, March 19. Once the course begins, we will choose the best time for that make-up class.
- The midterm exam will be April 7.
- The final exam will be May 19.

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

**Grading:** Students' grades will be a function of their performance on six 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.

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., Thursday).

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.

**Textbook and Other Readings:** Robert Cooter and Thomas Ulen's *Law and Economics* is the required textbook. The 6<sup>th</sup> 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**

#### March 3

Economics Review

Overview of U.S. Legal System

Introduction to Property Law

- Cooter & Ullen, chs. 1-3.

#### March 10

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 17

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 19 (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 31

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 7

#### **MIDTERM EXAM**

Applications of Tort Law

### April 14

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 21

Applications of Contracts. **HW3 DUE.**

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

### April 28

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 5

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 12

Antitrust & Competition. **HW4 DUE.**

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

May 19

## **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.

### **Other Standard Policies for the Program and the University of Maryland**

Policies related to all graduate courses at the University of Maryland are posted on this page of the Graduate School's website:

<https://gradschool.umd.edu/faculty-and-staff/course-related-policies>

Please familiarize yourself with these policies related academic integrity, non-discrimination policy, accessibility, absences and accommodations, grading, academic standing, grievance procedures, and other important policies.

**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. The University creates an "[@umd.edu](mailto:)" email address for every graduate student. All official UMD communications will be sent to students at their "[@umd.edu](mailto:)" email address. You are responsible for reading your [@umd.edu](mailto:) email address, including ELMS/Canvas Announcements I send to the class. You should make sure ELMS/Canvas Announcements and messages are forwarded to an email address that you check regularly. Failure to check email, errors in forwarding email, and returned email due to "mailbox full" or "user unknown" will not excuse a student from missing announcements or deadlines.

I will do my best to respond to email within 36 hours.

**Course Website:** Copies of the course syllabus, student's grades, and other relevant links and documents will be posted on the course's ELMS/Canvas website. Students can access the site via [www.elms.umd.edu](http://www.elms.umd.edu). They will need to use their University of Maryland "directory ID" and password.

**Work Load:** 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 workload 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. However, the DC program takes just 1 week off between terms. 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 "normal" full-time load in the traditional semester-based program ( $8/6 = 1.33$ ).

**Academic Progress:** The 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 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 be forced to leave the program 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.

**Excused Absences:** If you miss any class meetings for any reason, it is your responsibility to work with the instructor to make sure you catch up on the missed material. 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) The program director will also 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. When classes need to be canceled during the semester, we make every effort to schedule makeup classes.

**UMD Counseling Center:** Sometimes students experience academic, personal and/or emotional distress. The UMD Counseling Center in Shoemaker Hall provides free, comprehensive, and confidential counseling / mental health services that promote personal, social, and academic success. All Counseling Center services are completely free for enrolled students. Proactively explore the range of services available at the Counseling Center, including the Counseling Service and Accessibility and Disability Service described at <http://www.counseling.umd.edu/>

**Graduate Academic Counselor:** The UMD Graduate School also has an academic counselor available to support students who are having difficulty navigating mental health resources on campus, are considering a leave of absence and/or need assistance finding mental health care off campus. The Graduate Academic Counselor also facilitates bi-weekly Graduate Student Circle Sessions which provide an opportunity to learn about resources and connect with other graduate students. Students can learn more about the Graduate Academic Counselor by going to: <https://gradschool.umd.edu/gradcounselor>

**Course Evaluations:** Near the end of the term, you will receive an email inviting you to submit a voluntary and anonymous course evaluation. Your feedback on courses will be very helpful in improving the quality of instruction in our program.

**Building Access:** There is a smartphone app that can be used to enter our building after normal business hours. The program coordinator will provide information about this. We will also provide information about the code for entering the front door of our suite. Please make sure you are receiving the ELMS-Announcements that we send out to the program about these and other important matters.

**COVID Policies:** Up-to date information about UMD COVID-19 policies and guidance are posted at <https://umd.edu/4Maryland>. Given the evolving nature of the pandemic, the guidance and policies are subject to change. The plans are always coordinated with state and county health officials, with additional guidance provided by the University System of Maryland. The focus will always be on the health and well-being of our entire campus community.

We strongly urge all students, staff and faculty to read announcements they receive about COVID related guidance and policy, and to stay familiar with the information. We thank you all for your individual efforts to help protect the collective health of our entire community.