

**ECON 674: Economic Analysis of Law**  
**Fall 2022 Syllabus**  
**University of Maryland-College Park**  
**Department of Economics, Washington, DC location**  
**Master of Science in Applied Economics Program**

**Location:** 1400 16<sup>th</sup> St, NW, suite 140  
**Instructor:** Randy Chugh (rchugh@umd.edu)  
**Office hours:** 5pm-6pm Friday

**TA:** Tri Vu Phu (tvuphu@umd.edu)  
**TA Office hour:** 10am-11am Saturday

**Class Times**

Class will be 12 in-person meetings held each Monday evening from 6:45-9:30, beginning on August 29<sup>th</sup> and ending November 14<sup>th</sup>. There will be no class on September 5<sup>th</sup> in observance of Labor Day. A make-up class will be held on Saturday, September 10<sup>th</sup> from 11:00-1:45. There will be a 15-minute break at some point around 8:00 PM each week.

**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%)
- Online discussion forum (5%)
- Midterm exam (25%)
- Final exam (35%)
- Homework (20%)
- Presentation (10%)

For each category, students will receive a score on a scale of 0 to 100. The weighted average of those scores will determine the final letter grade, with the following cut-offs:

|               |              |              |              |              |              |              |              |              |              |            |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|
| <b>93-100</b> | <b>90-92</b> | <b>80-89</b> | <b>70-79</b> | <b>60-69</b> | <b>50-59</b> | <b>40-49</b> | <b>30-39</b> | <b>20-29</b> | <b>10-19</b> | <b>0-9</b> |
| <b>A</b>      | <b>A-</b>    | <b>B+</b>    | <b>B</b>     | <b>B-</b>    | <b>C+</b>    | <b>C</b>     | <b>C-</b>    | <b>D+</b>    | <b>D</b>     | <b>F</b>   |

There will be weekly online discussions which students are required to contribute to. Those discussions will typically deal with course reading or student presentations. I will provide initial prompts for each week's discussion and facilitate discussion to make sure it is instructive and worthwhile. Students who routinely participate in a meaningful way will receive full credit for this portion of the course.

The homework will consist of four problem sets, each worth 5%. Students may work with others, but they must submit their own solutions. **Submissions must be made online through ELMS and are due no later than 6:00PM on the day they are due.**

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. Draft slides should be e-mailed to me one week prior to the scheduled presentation date. I will provide feedback as soon as possible, typically by Wednesday of that week. Each presentation and discussion should take about 30 minutes. Grades will be based on thoroughness of summary, demonstration of understanding of the law and economics concepts taught in this course, and ability to prompt and lead class discussion. Presentations will begin on September 19<sup>th</sup>.

**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: <https://lawcat.berkeley.edu/record/1127400?ln=en>. Other readings are listed below.

### **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 are: 3, 5, and 6.

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

#### August 29

Economics Review

Overview of U.S. Legal System

Introduction to Property Law

- Cooter & Ullen, chs. 1-3

#### September 5: Labor Day

No class

#### September 10 (Labor Day make-up class)

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)

September 12 - **HW1 DUE**

Applications of Property Law

- 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

September 19

Theory of Tort Law

- C&U, ch. 6

September 26 - **HW2 DUE**

Theory of Tort Law II

- C&U, ch. 7
- BMW v. Gore

October 3

**MIDTERM EXAM**

Applications of Tort Law

- C&U, ch. 7

October 10

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)

October 17 - **HW3 DUE**

Applications of Contracts

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

October 24

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)

October 31

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)

November 7 - HW4 DUE

Antitrust & Competition

- Friedman, ch. 16 of Law's Order
- Leegin vs. PSKS
- Apple vs. Samsung

November 14

**FINAL EXAM**

### **Standard UMD and Program Policies**

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.

**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 discussion boards. 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.

**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 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 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, you are still responsible for all material covered during the meeting you missed. It is your responsibility to work with study partners, the teaching assistant, and 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've been 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 comprehensive and confidential 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, and the Testing Office, all 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.