

University of Missouri
Economics 3367W – Law and Economics
Spring Semester 2020

Economics 3367-01W meets Mondays and Wednesdays at 3:30 in Middlebush Hall 211.

Instructor: Robert Hazel, rahvzr@missouri.edu, Tel: 573-884-4999, Cell: 571-723-3515

Office hours: Mon.-Wed. 2:15-3:30 and by appointment; 326 Professional Building

Course description: Economic analysis of the law, with an emphasis on U.S. law, including an introduction to legal analysis, and application of economic concepts to property, contracts, torts, and criminal law. Examples of the questions covered include: Why do property, contract, and tort law treat damages so differently? How do changes in the law affect the price of vaccines? Why do punitive damage awards vary so widely? Is the common law economically efficient?

Course objectives and learning outcomes: Gain familiarity with application of economic principles to analyze a wide range of legal issues, and better understand the economic consequences of laws and regulations.

Prerequisites: Econ 3251 or Econ 4351, and Stat 2500 (or equivalent).

Required Texts: Ward Farnsworth, *The Legal Analyst, A Toolkit for Thinking About the Law*, University of Chicago Press 2007. (Average chapter length: 10 pages.)

Cooter and Ulen (2016), *Law and Economics; 6th Edition*. The text is available for free download at <https://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=1001&context=books> (Average chapter length: 40 pages.)

Farnsworth is very readable; Cooter is a more typical undergraduate text.

Canvas: This course uses Canvas and students should check the site regularly.

Grading:

Two exams:	Exam 1: 20%, Exam 2: 25%
Class participation:	5%
Written peer reviews:	10%
Two writing assignments:	20% each

Exams are closed book. Any devices with cell or internet connections must be turned off. Students may be asked to show a current student ID with a photo at each exam.

There are no make-up exams, except in the event of a medical or personal emergency. In that case, you will be excused from the exam if and only if you provide me with your justification via e-mail prior to the exam and submit proper documentation in a timely manner. Makeup exams may be substantially different from the original exam.

Class participation will be based on your participation in class discussion. Students should expect to

be called on in class.

Optional (Ungraded) Homework will be assigned about six times over the semester. Homework will not be collected or graded, but we will go over the answers in class. It is intended to help prepare you for the two exams.

Reaction Papers and Peer Reviews: The writing intensive component of this course consists of two short “reaction papers” and four short peer reviews of other students’ papers. You will revise each of your two reaction papers once in response to comments you receive from two peer reviews.

A reaction paper is an analysis of a recent case, law, news story, policy debate, or academic article.. Summarizing what you have read is not sufficient. The goal is to apply the lessons of the course to produce an insightful analysis

You do not need to obtain prior approval of your topic, although you are welcome to discuss your topic with me. You should write your reaction papers with the thought that I am the audience, so you do not need to define basic terms and concepts.

Reaction papers should be at least 4 pages, excluding any tables, graphs, or references. Papers should be double spaced in 12-point font with one-inch margins all around, printed single-sided, and stapled. You should use standard social science conventions for citations and references. For example, use (last name, year) in the text and include the full reference in a list at the end of your paper (see, e.g., <https://www.aeaweb.org/journals/policies/sample-references>).

Reaction papers should be well-structured, well-written, and free of spelling and grammatical errors. You should rewrite and proofread to make your writing better. Poorly written papers will receive a low grade. You are permitted to have your paper reviewed outside of class by a peer who writes well. If you have help, you should acknowledge the reviewer in your first footnote.

Peer reviews are comments by students on other students’ papers that are intended to help the writer to improve his or her paper. The peer reviewer is not expected to have substantive knowledge of the subject of the paper, but to evaluate the paper from the perspective of a careful general reader. Is the paper clearly written and logical? Has the writer defined the subject at the outset and provided the necessary factual background? Are there obvious issues the paper fails to address?

The university policy on plagiarism applies to this class. You should provide the sources for all ideas and facts that are not original to you, as well as for all direct quotes and paraphrasing.

Monitoring of grades on Canvas: Students are responsible for monitoring their grades on Canvas and for promptly reporting any discrepancies between the grade they think they received on an assignment and the grade reported on Canvas. Any complaints received **more than two weeks after the relevant grade is posted** will not be investigated, nor will the relevant grade be changed.

The average grade for students who regularly attend class is substantially higher than for those who do not. In general, the students who do best are curious, persistent, willing to ask for help, and willing to put in time and effort to improve.

Questions from students are welcome before, during and after class. You should not hesitate to seek help from the instructor during office hours.

Econ 3267 – Spring 2020: Class Schedule

Week	Topics	Reading	Paper/Test
Week 1 1/21	Introduction to law and economics Efficiency as a social goal Ex post, ex ante Least cost avoider	WF 1-3, CU 1-2	
Week 2 1/27 & 1/29	Introduction to law and economics Coase theorem Legal institutions Common law versus civil law How law evolves	WF 4-8, CU 3	
Week 3 2/3 & 2/5	Economics of property law Property rules and liability rules Gifts but not sales Public goods	WF 11, 16, 20, CU 4	
Week 4 2/10 & 2/12	Intellectual property Patents, trademarks, copyrights Tolerated use	CU pp. 116-25	
Week 5 2/17 & 2/19	Economics of contract law Enforceability and defenses Damage theories Efficient breach	CU 8	
Week 6 2/24 & 2/26	Economics of contract law		
Week 7 3/2 & 3/4	Regulatory economics 1st EXAM IN CLASS ON WEDNESDAY	CU 8	Reaction Paper #1 Draft Due Mon 3/2. 1st Exam in Class on Wed 3/4
Week 8 3/9 & 3/11	Economics of tort law Product liability: negligence versus strict liability Vaccine pricing, mass torts	CU pp 261-74	Peer Reviews due Mon 3/9
Week 9 3/16 & 3/18	Assessing damages Regulatory VSL Punitive damages	WF 31, CU pp. 257-61	Reaction Paper #1 Final due Wed 3/18
3/23 & 3/25	SPRING BREAK		
Week 11 3/30 & 4/1	Juries and their deliberations Judicial review, standards of proof Rules and standards	WF 17, 27, 28, 30	

Week 12 4/6 & 4/8	Legal process Settlement incentives Contingent fees	CU 10	
Week 13 4/13 & 4/15	Economics of criminal law Crimes versus torts Do criminals respond to incentives?	CU 12	
Week 14 4/20 & 4/22	Police and prison Competition law	CU 13	Reaction Paper #2 Draft due Wed 4/22
Week 15 4/27 & 4/29	Behavioral law and economics Privacy law and economics	WF 22-26	Peer reviews due Wed 4/29
Week 16 5/4 & 5/6	Review on Tuesday 2nd EXAM IN CLASS ON THURSDAY		2nd Exam in class on Wed 5/6 Reaction Paper #2 Final Due Fri 5/8

Academic Integrity

Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor.

Accommodation of Disabilities

If you anticipate barriers related to the format or requirements of this course, if you have emergency medical information to share with me, or if you need to make arrangements in case the building must be evacuated, please let me know as soon as possible. If disability related accommodations are necessary (for example, a note taker, extended time on exams, captioning), please register with the Disability Center, S5 Memorial Union, 882-4696, and then notify me of your eligibility for reasonable accommodations. For other MU resources for students with disabilities, click on "Disability Resources" on the MU homepage.

Intellectual Pluralism

The University community welcomes intellectual diversity and respects student rights. Students who have questions or concerns regarding the atmosphere in this class (including respect for diverse opinions) may contact the Departmental Chair or Divisional Director; the Director of the Office of Students Rights and Responsibilities (<http://osrr.missouri.edu/>); or the MU Equity Office (<http://equity.missouri.edu/>), or by email at equity@missouri.edu. All students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.

Academic Inquiry, Course Discussion and Privacy

University of Missouri System Executive Order No. 38 lays out principles regarding the sanctity of classroom discussions at the university. The policy is described fully in Section 200.015 of the Collected Rules and Regulations. In this class, students may make audio or video recordings of course activity unless specifically prohibited by the faculty member. However, the redistribution of audio or video recordings of statements or

comments from the course to individuals who are not students in the course is prohibited without the express permission of the faculty member and of any students who are recorded. Students found to have violated this policy are subject to discipline in accordance with provisions of section 200.020 of the Collected Rules and Regulations of the University of Missouri pertaining to student conduct matters.

Title IX

University of Missouri policies prohibit discrimination on the basis of race, color, national origin, ancestry, religion, sex, gender, gender identity, gender expression, sexual orientation, pregnancy, age, genetic information, disability, and protected veteran status. Discrimination includes any form of unequal treatment such as denial of opportunities, harassment, and violence. Sex-based violence includes rape, sexual assault, unwanted touching, stalking, dating/interpersonal violence, and sexual exploitation. If you experience discrimination, you are encouraged (but not required) to report the incident to the MU Office for Civil Rights & Title IX. Learn more about your rights and options at civilrights.missouri.edu or call 573- 882-3880. You also may make an anonymous report online. Students may also contact the Relationship & Sexual Violence Prevention (RSVP) Center, a confidential resource, for advocacy and other support related to rape or power-based personal violence at rsvp@missouri.edu or 573-882-6638, or go to rsvp.missouri.edu. Both the Office for Civil Rights & Title IX and the RSVP Center can provide assistance to students who need help with academics, housing, or other issues.