

University of Missouri
Economics 3367W – Law and Economics
Fall Semester 2021

Economics 3367-01W meets Tuesdays and Thursdays 9:30AM - 10:45AM online via Zoom. This is a live synchronous class – students are expected to participate in the live scheduled Zoom classes.

Instructor: Robert Hazel, rahvzr@missouri.edu; Cell: 571-723-3515

Office hours: Please don't hesitate to request a Zoom meeting.

Course description: Economic analysis of the law and introduction to legal reasoning, with an emphasis on U.S. law. What is the economic rationale for, and what incentives are created by, different laws? Why do property, contract, and tort law treat damages differently? Why do punitive damage awards vary so widely? What is the role of presumptions and evidentiary burdens? What is the economic theory of criminal law?

Course objectives and learning outcomes: Gain an understanding of U.S. law using economics as an organizing principle, and better understand the economic consequences of laws and regulations.

Prerequisites: ECONOM 1014 and STAT 1200 (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://lawcat.berkeley.edu/record/1127400?ln=en> (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:	35% (1 st exam – 15%, 2 nd exam – 20%)
Two problem sets:	5%
Class participation:	10%
Two reaction papers:	45% (1 st paper – 20%, 2 nd paper – 25%)
Peer reviews:	5%

In determining your raw score for the course, do not rely on the Grade Total column in Canvas because it does not weight assignments correctly. Take the raw scores from Canvas and then weight them based on the syllabus weightings.

Exams will be held during the scheduled class time and are closed book. There are no make-up exams.

Problem sets: There is one open-book problem set before each exam, which is intended to help prepare you for the exam.

Class participation will be based on participation during Zoom class sessions. Students should expect

to participate with their videos on, and to be called on. All students start with 10 participation points and get three “free” class absences. After that, one point is deducted for each missed class.

The instructor reserves the right to raise the grade of students who make a substantial contribution to class discussions.

Reaction papers: Students will write and revise two “reaction” papers. With permission from the instructor, students who wish to delve more deeply into a single topic may combine their two reaction papers into one longer paper.

- A reaction paper is an economic analysis of a case, law, news story, policy debate, or academic article. Most reaction papers ask about the incentives created by particular laws or legal decisions. You should provide your reaction to the law or legal decision – a summary is not sufficient. The goal is to use the principles learned in this course to produce an insightful analysis.
- The title or subtitle of your papers will be “An Economic Analysis of [the topic you choose].”
- I am looking for a short explanation of the subject, including a summary of different perspectives if applicable, and then your own analysis and opinion. You can write your paper as a traditional research paper with an introduction, body, and conclusion or as an OpEd you would find in a major newspaper such as the Wall Street Journal.
- You must obtain prior approval of your topic by emailing me. I will respond promptly and approve most proposed topics. In picking a topic, you should ask whether you could have written the paper without taking this class – if so, it is probably not a good topic. Examples of topics that will not be approved are general macroeconomics topics, including the effect of government spending and taxes, and the impact of price controls and subsidies.
- 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 5 pages, excluding any tables, graphs, or references. Papers should be double spaced in 12-point font with one-inch margins all around. Papers will be submitted electronically via Canvas. 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 or by a Writing Intensive Tutor at the Writing Center.
- Draft reaction papers need not be the full length of the final paper, but must reflect substantial effort and be at least 4 pages.
- Paper grading criteria: (1) Quality of economic analysis; (2) quality of writing; (3) creativity/insight.

Peer reviews: For your first paper, I will provide comments on your draft. **For your second paper,** you will provide comments on the drafts of two other students. Specifically, you will provide 1–2-page written comments intended to help the writer to improve his or her paper. Does the paper meet the requirements for a reaction paper? Is the paper clearly written and logical? Most importantly, is the paper an economic analysis? You are not expected to be an expert on the subjects of the two other papers but are expected to evaluate the papers from the perspective of a careful general reader.

Late submissions are unfair to your classmates and will be marked down by one grade per day. The university policy on plagiarism applies to this class.

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.

Questions from students are welcome before, during and after class.

Econ 3267 – Fall 2021 Class Schedule

Week	Topics	Reading	Paper/Exam
Week 1 8/24 & 8/26	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 8/31 & 9/2	Introduction to law and economics Coase theorem Rules and standards Legal institutions Common law versus civil law How law evolves	WF 4-8, 17, CU 3	
Week 3 9/7 & 9/9	Economics of property law Property rules and liability rules Gifts but not sales Public goods	WF 11, 16, 20, CU 4	
Week 4 9/14 & 9/16	Intellectual property Patents, trademarks, copyrights Tolerated use	CU pp. 116-25	
Week 5 9/21 & 9/23	Economics of contract law Enforceability and defenses Damage theories Efficient breach	CU 8	
Week 6 9/28 & 9/30	Economics of contract law		

Week 7 10/5 & 10/7	Regulatory economics 1st EXAM DURING CLASS ON THURSDAY		Reaction Paper #1 Draft Due Tues 10/5. 1st Exam on Thurs 10/7
Week 8 10/12 & 10/14	Economics of tort law Product liability: negligence versus strict liability Vaccines, mass torts	CU 6, pp 261-74	Professor comments provided by Tues 10/12
Week 9 10/19 & 10/21	Assessing damages Regulatory VSL Punitive damages	WF 31, CU pp. 257-61	Reaction Paper #1 Final due Thurs 10/21
Week 10 10/26 & 10/28	Economics of criminal law Crimes versus torts Do criminals respond to incentives?	CU 12	
Week 11 11/2 & 11/4	Economics of criminal law	CU 13	
Week 12 11/9 & 11/11	Juries and their deliberations Judicial review, standards of proof	WF 27, 28, 30	
Week 13 11/16 & 11/18	Legal process Settlement incentives Contingent fees	CU 10	Reaction Paper #2 Draft due Thurs 11/18
11/23 & 11/25	Thanksgiving break		
Week 14 11/30 & 12/2	Behavioral law and economics	WF 22-26	Peer reviews due Tues 11/30
Week 15 12/7 & 12/9	Review on Tuesday 2nd EXAM DURING CLASS ON THURSDAY		2nd Exam on Thurs 12/9 Reaction Paper #2 Final Due Fri 12/10

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.