

University of Missouri
Economics 3367W – Law and Economics
Spring Semester 2023

Economics 3367-01W meets Tuesdays and Thursdays 2:00 PM - 3:15P CT 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: I will stay online at the end of each class. Also, 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:	50% (1 st paper – 25%, 2 nd paper – 25%)

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. There are no make-up exams. An unexcused absence from an exam will receive a score of 0 on that exam.

Problem sets: There is one open-book problem set before each exam, which is intended to help prepare you for the exam. Late problem sets receive a score of 0.

Class participation will be based on video-on participation during Zoom class sessions. Students are expected 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. Log-ins with video off do not count towards class participation.

Final course grades will be assigned to undergraduates as follows:

A+ = 97-100+	B- = 80-82	D = 63-66
A = 93-96	C+ = 77-79	D- = 60-62
A- = 90-92	C = 73-76	F = 59 and lower
B+ = 87-89	C- = 70-72	
B = 83-86	D+ = 67-69	

The graduate school grading scheme does not include D grades.

I reserve 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 – submitting draft and final versions of each. 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 should write your reaction papers with the thought that I am the audience, so you do not need to define basic terms and concepts.
- You must obtain prior approval of your topic by emailing me. I will respond promptly and usually 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.
- I will provide comments on your draft paper, and you will have time to consider those comments in making revisions before submitting your final paper.
- Reaction papers should be at least 5 pages (approximately 1500 words), 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.
- Late drafts – 1 point/day deduction. Late final papers – 3 points/day deduction.
- Paper grading criteria: (1) Quality of economic analysis; (2) quality of writing; (3) creativity/insight.

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. 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 – Spring 2023 Class Schedule

Week beginning	Topics	Reading	Paper/Exam
Week 1 1/16	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 1/23	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 1/30	Economics of property law Property rules and liability rules Gifts but not sales Public goods	WF 11, 16, 20, CU 4	
Week 4 2/6	Economics of property law Intellectual property Patents, trademarks, copyrights Tolerated use	CU pp. 116-25	
Week 5 2/13	Intellectual property	Canvas	
Week 6 2/20	Economics of contract law Enforceability and defenses Damage theories	CU 8	

	Efficient breach		
Week 7 2/27	Economics of contract law		Reaction Paper #1 Draft Due Tues 2/28
Week 8 3/6	1st EXAM DURING CLASS ON TUES Economics of tort law Product liability: negligence versus strict liability Vaccines, mass torts	CU 6, pp 261-74	1st Exam on Tues 3/7 Professor comments provided by Tues 3/7
Week 9 3/13	Assessing damages Regulatory VSL Punitive damages	WF 31, CU pp. 257-61	Reaction Paper #1 Final due Thurs 3/16
Week 10 3/20	Economics of criminal law Crimes versus torts Do criminals respond to incentives?	CU 12	
Week 11 3/27	SPRING BREAK		
Week 12 4/3	Economics of criminal law	CU 13	
Week 13 4/10	Juries and their deliberations Judicial review, standards of proof	WF 27, 28, 30	
Week 14 4/17	Legal process Settlement incentives Contingent fees	CU 10	Reaction Paper #2 Draft due Tues 4/18
Week 15 4/24	Behavioral law and economics	WF 22-26	Professor comments due Tues 4/25
Week 16 5/1	Review on Tuesday 2nd EXAM DURING CLASS ON THURSDAY 5/4		2nd Exam on Thurs 5/4 Reaction Paper #2 Final Due Fri 5/5

ADMINISTRATIVE MATTERS

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.

[Standard of Conduct for Academic Integrity](#)

In addition, students are expected to adhere to this honor pledge on all graded work whether or not they are explicitly asked in advance to do so: "I strive to uphold the University values of respect, responsibility, discovery,

and excellence. On my honor, I pledge that I have neither given nor received unauthorized assistance on this work.”

Students with 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 establish an accommodation plan with the [MU Disability Center](#), S5 Memorial Union, 573-882-4696, and then notify me of your eligibility for reasonable accommodations. For other MU resources for persons with disabilities, click on "Disability Resources" on the MU homepage.

Acceptable Use

The University of Missouri's Acceptable Use Policy (AUP) for information technology applies to Mizzou websites. The AUP addresses federal and state laws, university regulations, intellectual-property rights, software-licensing requirements and prohibitions against plagiarism and obscenity. This policy applies to all users including faculty, staff, students, and guest users of University of Missouri computer networks, equipment, or connecting resources. [UM System Acceptable Use Policy](#)

Copyright

This section helps you understand copyright in course materials, student work and pages published on Mizzou websites. [UM System Copyright Information](#)

Executive Order No. 38

When you record something that happens in a course (a lecture, class discussions, meetings, etc.) it has an impact on the rights of the people captured in that recording. For example, your instructor and the University may have rights to the intellectual property contained in that recording. At the same time, another student who may have been recorded has the right to privacy. In order to protect these rights, MU employs a policy (called “Executive Order No. 38”) to govern both situations you may encounter while taking a course--when your instructor allows recordings and when he or she does not allow them.

[Executive Order No. 38](#)

FERPA

The University of Missouri maintains educational records of students in accordance with the Family Educational Rights and Privacy Act of 1974 (FERPA). Related topics include privacy policies at MU, display of student directory information, and details about how MU manages FERPA-protected information.

[Family Educational Rights and Privacy Act \(FERPA\)](#)

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, or the MU Equity Office.

[Statement on Intellectual Pluralism](#)

Statement of Nondiscrimination

The University of Missouri does not discriminate on the basis of race, color, religion, national origin, sex, sexual orientation, gender identity, age, genetics information, disability, or status as a protected veteran.

[MU Statement of Nondiscrimination](#)

If you experience discrimination or sexual violence, you are encouraged (but not required) to report the incident to the MU Office of Institutional Equity. Learn more about your rights and options at the [Office of Institutional Equity](#) or by calling 573-882-3880. You also may make an anonymous report online.

If you are a survivor, or someone concerned about a survivor, and need immediate information on what to do, see [RSVP resources page](#). Both the Office of Institutional Equity and the RSVP Center can provide assistance to students who need help with academics, housing, or other issues.

In the event that you choose to write or speak about having experienced any of these forms of prohibited discrimination or harassment, Mizzou policies require that, as your instructor, I share this information with the MU Office of Institutional Equity. They will contact you to offer information about resources, as well as your rights and options as a member of our campus community.

Mental Health

The University of Missouri is committed to supporting student well-being through an integrated network of care, with a wide range of services to help students succeed. The MU Counseling Center offers professional mental health care, and can help you find the best approach to treatment based on your needs. Call to make an appointment at 573-882-6601. Any student in crisis may call or go to the MU Counseling Center between 8:00-5:00 M-F. After hours phone support is available at 573-882-6601.

Visit our website at <https://wellbeing.missouri.edu/> to take an online mental health screening, find out about workshops and resources that can help you thrive, or learn how to support a friend. Download Sanvello, a phone app that teaches skills and strategies to help you maintain good mental health. Log in with your Mizzou e-mail to unlock all the tools available through Sanvello at no additional cost to you.

Last date of attendance and impact on financial aid

Federal regulations for financial aid require the student financial aid office to document the attendance of students who have received federal financial aid if they do not successfully complete any courses during the term. As a result, the last day of attendance (or activity) for any student receiving an F, U, or FN in this course will be recorded in the grade roster and reported to the financial aid office. Based on the last day of attendance, students may be required to repay a portion of their financial aid award for the semester.

A student's last day of attendance (or activity) is the last day on which a student participates in an academically-related activity at the University. These include:

- Attendance in class, lab, or an instructor's office hours
- The completion of an assignment or examination
- An appointment with a professor or e-mail correspondence regarding course material
- (Online courses only) For online courses, the last day a student submits an assignment or exam. Only logging into an online class without participating is not acceptable for last day of attendance

Please note that discussing a course withdrawal or notifying the instructor of an absence in class does not constitute participation for financial aid purposes. Moreover, any office hour visits or email correspondence must be related to the course material.

Netiquette

Your instructor and fellow students wish to foster a safe online learning environment. All opinions and experiences, no matter how different or controversial they may be perceived, must be respected in the tolerant spirit of academic discourse. You are encouraged to comment, question, or critique an idea but you are not to attack an individual. Our differences, some of which are outlined in the University's nondiscrimination statement, will add richness to this learning experience. Please consider that sarcasm and humor can be misconstrued in online interactions and generate unintended disruptions. Working as a community of learners, we can build a polite and respectful course ambiance.

Religious Holidays & Accommodations

Many religious faiths are represented in the student body. The University of Missouri does not restrict student free exercise of religion, unless 1) the restriction is in the form of a rule of general applicability, and does not discriminate against religion or among religions; and 2) it can be demonstrated that the application of the restriction is essential to furthering a compelling university interest, and is not unduly restrictive considering the relevant circumstance. The policy of the University attempts to strike a reasonable balance between accommodating the religious practice of students and meeting academic needs and standard.

Consult IDE's [Guide to Religions](#) for the form that can be used to notify an instructor of an absence associated with religious practice. Students are expected to notify their instructor(s) by completing and submitting this form in a manner that is consistent with the procedure outlined in the university's policy on student religious accommodation. Providing false information regarding sincerely held religious practice is a violation of the university's Standard of Conduct and will not be tolerated.