

ECON 415
Law and Economics
Fall 2014 - 3 Credit Hours
Thursday 7:20-10:00pm – Robinson Hall B 111

Contact Information

Instructor: Brad Akin

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Office Hours: immediately following class, or by appointment

Course Overview

Course Prerequisites: ECON 306

You should have completed Intermediate Microeconomics, in addition to having a working understanding of basic mathematics – which was prerequisite to ECON 306 though it is not explicitly listed in the catalog for this course. No prior knowledge of the law is required.

Course Description: Economic analysis of the law. Topics include introduction to legal institutions and legal analysis; application of economic concepts to the law of property, contracts and torts, crime, economic efficiency of common law; and public choice perspective on the evolution of the law.

Required Texts:

- A. Mitchell Polinsky, *An Introduction to Law and Economics*, 4e
- David Friedman, *Law's Order: What Economics Has to do with Law and Why it Matters*

Further readings will be assigned for class, and made available on the class blackboard page.

All assignments will be posted to the class blackboard page.

Grading Scale:

A+	100-97	B	86-83	C-	72-70
A	96-93	B-	82-80	D	66-60
A-	92-90	C+	79-77	F	59-0
B+	89-87	C	76-73		

Grading:

Assignment:	Weight:
Participation	10%
Response Essays (5)	(5*10)= 50%
Final Exam	40%

Your grade in this course will be based on several factors. During five indicated weeks of class, you will be required to submit an essay in response to one or more of the papers listed on the syllabus. In these essays, not to exceed five pages, you will criticize and discuss the author's arguments and conclusions, take a position with respect to those arguments and conclusions, and support your position with evidence. Your active participation in class discussions will also count as a portion of your grade. There will also be a final exam.

Schedule:**8/28:** Introduction, Economics Review, Public Choice

- Friedman, chs. 1 & 2, Polinsky, chs. 1 & 2
- Posner, *The Law and Economics Movement*
- Buchanan, *Public Choice: Politics Without Romance*
- Rowley, *Social Sciences and the Law: The Relevance of Legal Theories*

9/4: Property

- Friedman, ch. 10,
- Demsetz, *Toward a Theory of Property Rights*
- Alchain and Demsetz, *The Property Rights Paradigm*
- Anderson and Hill: *The Evolution of Property Rights*
- Calabresi and Melamed, *Property Rules, Liability Rules, and Inalienability*

9/11: Property II, **ESSAY 1 DUE**

- Friedman, chs. 5 & 11,
- Anderson and Tollison, *Life in the Gulag: A Property Rights Perspective*
- Brian Wright, *The Economics of Invention Incentives*
- Klein and Robinson, *Property: A Bundle of Rights?*
- Ellickson, *Two Cheers for the Bundle-of-Sticks Metaphor, Three Cheers for Merrill and Smith*

9/18: The Coase Theorem

- Friedman, chs. 3 & 4, Polinsky, ch. 3
- Coase, *The Problem of Social Cost*
- Ellickson, *Of Coase and Cattle*
- Farnsworth, *Do Parties to Nuisance Cases Bargain After Judgment?*
- Wolfers, *Did Unilateral Divorce Raise Divorce Rates?*

9/25: Legal Institutions

- Posner, *Utilitarianism, Economics, and Legal Theory*
- Helland and Tabarrok, *The Effect of Electoral Institutions on Tort Awards*
- Landes and Posner, *The Independent Judiciary in an Interest Group Perspective*
- Acemoglu, Johnson, and Robinson, *Institutions as the Fundamental Cause of Long Run Growth*

10/2: Commons and Anticommons, **ESSAY 2 DUE**

- Hardin, *Tragedy of the Commons*
- Heller, *Tragedy of the Anticommons*
- Epstein, *Holdouts, Externalities, and the Single Owner*
- Hannesson, *The Privatization of the Oceans*, excerpt

10/9: Contracts

- Friedman, chs. 12 & 13, Polinsky, chs. 5 & 8
- Brining, *Rings and Promises*
- Klein, *Transaction Cost Determinants of Unfair Contractual Arrangements*
- Williamson, *Credible Commitments: Using Hostages to Support Exchange*
- Shavell, *Damage Measures for Breach of Contract*

10/16: Torts

- Friedman, chs. 9 & 14, Polinsky, chs. 4, 6, 7, & 9
- White, *Asbestos and the Future of Mass Torts*
- Landes and Posner, *The Positive Economic Theory of Tort Law*
- Bishop, *The Contract-Tort Boundary and the Economics of Insurance*
- Shavell, *Liability for Harm Versus Regulation for Safety*

10/23: Antitrust and Corporate Liability, **ESSAY 3 DUE**

- Friedman, ch. 16, Polinsky, ch. 13
- Crandall and Whinston, *Does Antitrust Improve Consumer Welfare?*
- Klein and Leffler, *The Role of Market Forces in Assuring Contractual Performance*
- Ringleb and Wiggins, *Liability and Large Scale, Long-Term Hazards*
- Weinstein, *Share Price Changes and the Arrival of Limited Liability in California*

10/30: The Legal Process

- Friedman, Intermezzo, Polinsky, ch. 16
- Kahneman, Schkade, and Sunstein, *Shared Outrage and Erratic Awards*
- Cooter, *Economic Analysis of Punitive Damages*
- Ehrlich and Posner, *An Economic Analysis of Legal Rulemaking*
- Helland and Tabarrok, *Contingency Fees, Settlement Delay, and Low-Quality Litigation*

11/6: The Common Law, Legal History, and Jurisprudence

- Friedman, ch. 17,
- Cooter, *Structural Adjudication and the New Law Merchant*
- Klerman, *Jurisdictional Competition and the Evolution of the Common Law*
- Landes, *An Economic Analysis of the Courts*
- Cooter and Rubinfeld, *Economic Analysis of Legal Disputes and Their Resolution*

11/13: Crime, **ESSAY 4 DUE**

- Friedman, ch. 18, Polinsky, ch. 10
- Becker, *Crime and Punishment: An Economic Approach*
- Lott and Mustard, *Crime, Deterrence, and Right-to-Carry Concealed Handguns*
- Levitt, *Understanding Why Crime Fell in the 1990s*
- Ayres and Levitt, *Measuring the Positive Externalities from Unobservable Victim Precaution*

11/20: Crime II

- Friedman, ch. 15, Polinsky, ch.11
- Helland and Tabarrok, *Does Three Strikes Deter: A Non-Parametric Investigation*
- Levitt, *The Effect of Prison Population Size on Crime Rates*
- Levitt, *Using Electoral Cycles in Police Hiring to Estimate the Effect of Police on Crime*
- Klick and Tabarrok, *Using Terror Alert Levels to Estimate the Effect of Police on Crime*

11/27: No class due to Thanksgiving

12/4: Efficiency and the Law, **ESSAY 5 DUE**

- Friedman, ch. 19, Polinsky, chs. 17, 18
- Buchanan, *Good Economics – Bad Law*
- Priest, *The Common Law Process and the Selection of Efficient Rules*
- Rubin, *Why is the Common Law Efficient?*
- Luppi and Parisi, *Litigation and Legal Evolution: Does Procedure Matter?*

12/11: Final Exam – Note that the exam period is 7:30-10:15pm, not 7:20-10:00pm as normal.

Academic Policies

University Policies:

The University Catalog, <http://catalog.gmu.edu>, is the central resource for university policies regarding student, faculty, and staff conduct in university academic affairs. Other policies are available at <http://universitypolicy.gmu.edu/>. All members of the university community are responsible for knowing and following established policies.

Electronic Devices:

So as to minimize any disruption to class, please ensure that any electronic devices you bring with you to class are set to not produce any sounds during class. This includes setting cell phones to vibrate or silent and muting the speakers on laptops.

Communication:

Mason uses only Mason e-mail accounts to communicate with enrolled students. Students must activate their Mason e-mail account, use it to communicate with their department and other administrative units, and check it regularly for important university information including messages related to this class. See <http://masonlive.gmu.edu> for more information.

Honor Code:

George Mason University has an Honor Code, which requires all members of this community to maintain the highest standards of academic honesty and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. All violations of the Honor Code will be reported to the Honor Committee. See honorcode.gmu.edu for more detailed information.

Enrollment:

Students are responsible for verifying their enrollment in this class. Schedule adjustments should be made by the deadlines published in the Schedule of Classes (registrar.gmu.edu).

Last day to add: 9/2/2014

Last day to drop: 9/26/2014

After the last day to drop a class, withdrawing from this class requires the approval of the dean and is only allowed for nonacademic reasons. Undergraduate students may choose to exercise a selective withdrawal. See the Schedule of Classes for selective withdrawal procedures.

Disabilities:

If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Resources at 703-993-2474. All academic accommodations must be arranged through that office.

Other useful campus resources:

Writing Center: A114 Robinson Hall; (703) 993-1200; <http://writingcenter.gmu.edu>

University Libraries' "Ask a Librarian": <http://library.gmu.edu/mudge/IM/IMRef.html>

Counseling and Psychological Services (CAPS): (703) 993-2380; <http://caps.gmu.edu>