

Economics 415 - Law & Economics
Mr. Jon Murphy
Spring 2019
Robinson B368
MW 9:00AM-10:15AM
jmurph23@gmu.edu
Office Hours: M 10:30-12:30, F 4:30-6:30, or by appointment
Office Location: Buchanan Hall D150
December 19, 2018

1 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, criminal and anti-trust law; economic efficiency of common law; and public choice perspective on the evolution of the law. **This syllabus is tentative.** Any changes I make will be announced in class and an updated syllabus will be uploaded to Blackboard. Therefore, if you wish to be absolutely sure of something, look at the syllabus posted on Blackboard. Any material on Blackboard are the most up-to-date.

2 Course Outline

This course will be comprised of lecture, three in-class quizzes, three written opinions, and a final exam. Additionally, students may volunteer to present a weekly reading (no more than 10 minute presentation) for extra credit. Additional homework assignments may be assigned at my discretion. I expect students to have come to class having done the assigned readings and be ready to discuss and apply them to current events.

3 Prerequisites

ECON 306 or permission of instructor. As such, familiarity with microeconomic models and basic algebra will be taken as given. If you need a review, I recommend *Universal Economics* by Armen Alchian and William Allen (*Exchange and Production*, an earlier version of this textbook, is available in the library).

4 Textbook

Required

- *Issues in Law and Economics* by Harold Winter. ISBN: 978-0226249629. This book is available from the bookstore or Amazon.
- *Law & Economics (6th Edition)* by Robert Cooter and Thomas Ulen. ISBN: 978-0132540650 (Print Edition). This book is available free here: <https://scholarship.law.berkeley.edu/books/2/>

Recommended but not Required

- *The Firm, The Market, and The Law* by Ronald Coase. ISBN: 978-0226111018. This book is available from Amazon.

5 Office Hours

Office Hours are Monday from 10:30-12:30 and Friday from 4:30-6:30, or by appointment. Please give me at least 24 hours advance notice so I can plan. My office is Buchanan Hall D150.

6 Grading

6.1 Grading Weights

Class Participation 5%, 13% per Quiz and opinion, 17% final.

6.2 Grade Breakdown

I will use the following grading scheme:

A	90-100
B	80-89
C	70-79
D	60-69
F	0-59

6.3 Assignment Late Policy

My policy is to not accept late assignments with exceptions made only pursuant to University policy. If homework is assigned, its due date will be non-negotiable, but will not be less than one calendar week from the date of assignment. These will not be accepted late as well except as required by University policy.

6.4 Quizzes and Final

Quizzes will be given three times during the semester and will cover all material (lecture and mandatory readings) between the last quiz and the current quiz. Quizzes may consist of multiple choice and short-answer questions. All quizzes are open book and open note.

The final exam will be cumulative. It will consist of multiple choice and short answer questions. All material (lecture and mandatory) readings will be covered. **The exam will take place on May 14, 2019 from 7:30AM-10:15 AM in Robinson Hall B368.**

6.5 Class Participation

Economics is a social science. Therefore, you will need to be social to fully engage with the material. Participation includes (but is not limited to): asking questions in class, helping to answer other students' questions, and comments/questions during the lecture periods.

7 Defended Opinions

Three times you will write a defense of your opinions on a legal topic. The assigned topics will be unusual, in order to encourage you to think them through yourself, rather than looking up what others have said. Limit your writing to two pages. I will grade on how many relevant points you can make clear. The opinions will be due on the dates listed in Section 9 and below. **All Opinions will be handed in on Blackboard. What will be graded will be whatever is on Blackboard when the assignment closes, so make**

sure what you upload is indeed what you want me to grade.

Defended Opinion topics:

1. Property: Who gets orbits, asteroid mining rights, and sunlight access rights in outer space? (Due: 3/6/2019)
2. Contract: Under what conditions should a person be excused from a contract that they signed because that contract is complex? (Due: 4/10/2019)
3. Crime: Should private bounty hunters detect and prosecute crime? (Due: 5/1/2019)

8 Extra Credit

Students may present, either individually or as a group of no more than 2, one of the extra weekly readings for extra credit. This extra credit will be a bump up half a letter grade on your final grade for the semester. For example, if you have a B in the class and you have done the extra credit, you will end with an B+. The extra credit is not cumulative. You may do more than one presentation if you wish, but you will only earn extra credit for one.

9 Important Dates

First Day of Class	1/23/2019
Last Day to Drop	2/5/2019
Quiz 1	2/11/2019
Quiz 2 & 1st Opinion	3/6/2019
Spring Break	3/11-3/17
Quiz 3 & 2nd Opinion	4/10/2019
3rd Opinion	5/1/2019
Final Exam	5/14/19, 7:30AM-10:15AM

10 Audio Recording & Electronic Devices

Recordings of my lectures is allowed. Computers and tablets are allowed for note-taking purposes, or accessing class materials (eg e-books, readings, etc). The use of the machine for other purposes (emailing, gaming, chatting with friends, Facebooking, etc) is not allowed. Other devices (cell-phones, pagers, etc.) are strictly not allowed. All devices should be in airplane mode and/or silent mode before the start of class.

11 Honor Code

Mason is an Honor Code university; please see the Office for Academic Integrity for a full description of the code and the honor committee process. The principle of academic integrity is taken very seriously and violations are treated gravely. What does academic integrity mean in this course? Essentially this: when you are responsible for a task, you will perform that task. When you rely on someone else's work in an aspect of the performance of that task, you will give full credit in the proper, accepted form. Another aspect of academic integrity is the free play of ideas. Vigorous discussion and debate are encouraged in this course, with the firm expectation that all aspects of the class will be conducted with civility and respect for differing ideas, perspectives, and traditions. When in doubt (of any kind) please ask for guidance and clarification.

12 Special Accommodations

If you have a documented learning disability or other condition that may affect academic performance you should: 1) make sure this documentation is on file with Disability Services (SUB I, Rm. 4205; 993-2474; <http://ds.gmu.edu>) to determine the accommodations you need; and 2) talk with me to discuss your accommodation needs as soon as possible.

13 Communication

Students must use their MasonLive email account to receive important University information, including communications related to this class. All course information will be relayed through MasonLive email and Blackboard. I will not respond to messages sent from or send messages to a non-Mason email address.

14 Absence

I will take attendance in class. If you are absent from class for any reason, you are responsible for the missed material.

15 Final Thoughts and Keys to Success

This course will be an intense semester, but I hope to make it fun. To that end, class participation is absolutely necessary. No one wants to hear me rambling on for the class period and economics requires lots of discussion and consideration. We will use this material to engage in popular discussions of law & economics and evaluate them through the economic way of thinking.

This syllabus is **tentative**. It is subject to change, but changes will, to the extent possible, be a class discussion. However, I do reserve the right to unilaterally change the syllabus should conditions warrant.

Economists are a weird bunch (come to one of our seminars on campus and you'll see). We have opinions on things no one cares about. We say things that are counterintuitive. Economics can be strange. ***If you are struggling, if something doesn't make sense, if you have any questions, ask!*** I love economics and I want to help you engage with it.

Finally, learning is a team sport. Except where otherwise noted, I encourage collaboration with your classmates. Talk with one another, work with one another, proofread each other's works. I heartily encourage collaboration. it will help you be successful in this class and the world.

A Lecture Plan

Date	Lecture
Week 1 (23 January)	Introduction
Week 2 (28 & 30 January)	Property Rights
Week 3 (4 & 6 February)	Property Rights, Cont.
Week 4 (11 & 13 February)	Tort
Week 5 (18 & 20 February)	Tort, Cont.
Week 6 (25 & 27 February)	Contract Law
Week 7 (4 & 6 March)	Contract Law, Cont.
Week 8 (18 & 20 March)	Legal Institutions
Week 9 (25 & 27 March)	Legal Institutions, Cont
Week 10 (1 & 3 April)	Criminal Law
Week 11 (8 & 10 April)	Criminal Law, Cont
Week 12 (15 & 17 April)	Antitrust/Regulation Law
Week 13 (22 & 24 April)	Environmental Law
Week 14 (29 April & 1 May)	Law, Economics, and Justice
Week 15 (6 May)	Final Exam Study Session

B Reading List

Bolded Readings are mandatory. All others will be supplemental.

B.1 Introduction to Law and Economics

- **Cooter & Ulen: Chapters 1 & 2**
- **Winter: Introduction**
- Coase: Chapter 1

B.2 Property Rights

- **Cooter & Ulen Chapter 4 & 5**
- **Winter Chapters 1 and 2**
- *Toward a Theory of Property Rights* by Harold Demsetz. American Economic Review, 1967
- *The Problem of Social Cost* by Ronald Coase. The Journal of Law & Economics, 1960
- Coase Chapter 6 (available as e-reserve on Blackboard)
- *The Problem of Externality* by Carl Dahlman. The Journal of Law & Economics, 1979
- *The Property Rights Paradigm* by Armen Alchian and Harold Demsetz. The Journal of Economic History, 1973

B.3 Tort Law

- **Cooter & Ulen Chapter 6 & 7**
- **Winter Chapters 7 & 8**

- *The Effect of Electoral Institutions on Tort Awards* by Eric Helland and Alex Tabarrok. The American Law and Economics Review, 2002
- *When Does the Rule of Liability Matter?* by Harold Demsetz. The Journal of Legal Studies, 1972

B.4 Contract Law

- Cooter & Ulen Chapters 8 & 9
- Winter Chapters 5 & 6

B.5 Legal Institutions

- Cooter & Ulen Chapters 10 & 11

B.6 Criminal Law

- Cooter & Ulen Chapters 12 & 13
- Winter Chapter 10 & 13
- *Crime and Punishment: An Economic Approach* by Gary Becker NBER, 1974
- *Does Punishment Deter Crime?* by Gordon Tullock. National Affairs, 1974.

B.7 Antitrust/Regulation

- *Predatory Price Cutting: The Standard Oil (N.J.) Case* by John McGee. The Journal of Law & Economics, 1958
- *Why Regulate Utilities?* by Harold Demsetz. The Journal of Law & Economics, 1968
- *Microsoft and Standard Oil: Radical Lessons for Antitrust Reform* by Donald Boudreaux and Burton Folsom. The Antitrust Bulletin, 1999
- *The Lighthouse in Economics* by Ronald Coase. The Journal of Law & Economics, 1974
- *The Theory of Perfect Competition is Wholly Misleading* by Donald J Boudreaux. The American Institute for Economic Research, 2018

B.8 Environmental Law: Readings TBA

B.9 Law, Economics, and Justice: Readings TBA