

BOSTON COLLEGE

S U M M E R S E S S I O N

Law and Economics
ECON3338.01 (Three Credits)
Summer Session 2019 (May 14, 2018-June 21, 2018)
Monday/Wednesday 6:00PM-9:15PM.
O'Neil Library 257

*Tentative Syllabus—Drawn Heavily from Professor Robert Pritchard's Syllabus for Summer 2018,
(Specifics of Course outline and grading rubric subject to slight change)*

Professor: Andrew Copland—BC Economics Department
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Office Hours: (Tentatively) Monday/Wednesday 4:00PM-5:15PM + By Appointment
386C Maloney Hall

Required Text:

Cooter, Robert and Thomas Ulen. 2011. Law and Economics. Sixth Edition. Boston: Pearson Addison Wesley. [Fifth edition is fine and available free of charge via the following link:
http://works.bepress.com/robert_cooter/56/]

Other Texts:

[All other readings will be available via Canvas.]

DeSerpa, Allan C. 2005. Economics and the Common Law: Cases and Analysis. Mason, OH: Thomson South-Western.

Polinsky, A. Mitchell. 2011. An Introduction to Law and Economics. Fourth Edition. New York: Aspen Publishers.

Posner, Richard A. 2007. Economic Analysis of Law. Seventh Edition. Boston: Little, Brown and Company.

Other Useful Resources:

Friedman, David 2000. Law's Order: What Economics Has to Do with Law and Why it Matters, New York: Princeton University Press.

Full version available for free viewing:

http://www.daviddfriedman.com/Laws_Order_draft/laws_order_ToC.htm.

Wittman, D. (ed) 2003. Economic Analysis of the Law: Selected Readings, New York: Blackwell. A pdf of the book is available at: <http://people.ucsc.edu/~wittman/book.pdf>

Bouckaert, B. and G. De Geest (2000) The Encyclopedia of Law and Economics, Edward Elgar.
Published on the web at: <http://encyclo.findlaw.com/>

A number of leading figures in the field keep blogs (although they are not confined to law and economics):

David Friedman <http://davidfriedman.blogspot.com/>

Steven Landsburg <http://www.thebigquestions.com/blog/>

Richard Posner and Gary Becker <http://www.becker-posner-blog.com/> (terminated in 2014 but some blogs remain from 2014 with links)

Other Course Requirements:

Grading will be based upon:

Two Exams (25% each):

Monday June 4, 2018; and,

Wednesday June 20, 2018.

One Paper (40% total: Two Parts 20% each)

Economic Issue in Law and Economics: Wednesday May 30, 2018; and,

Law and Economics Quantitative Analysis: Wednesday June 13, 2018.

Class Participation (10%).

Each student's final course grade will be based on a final course score calculated from the scores of the five grading opportunities (three exams, one paper and class participation) and the weightings listed above. The statistical mean and standard deviation of the class scores will be calculated and used to rank order and qualitatively assess each student's relative and absolute performance. A "B" is a good grade and represents above-average work. An "A" represents impressive, superlative work across all areas. Average work falls in the B/B+ range.

Exams

If school is canceled (e.g. snow day) on the day of a scheduled exam, the exam will be given the next class meeting. **There are no make-up exams.** Absences may be excused on a case-by-case basis due to illness, family emergency or other unforeseen and unavoidable circumstances; please contact me as soon as possible and be prepared to present documentation. If there is an excused absence from an exam, the other grading opportunities (other exams and papers) will be reweighted to include the weight of the excused exam.

Term Paper

One major term paper (prepared in two parts) is required; as above, due dates are May 30, 2018 and June 13, 2018. The papers must be handed in (Hard copy; no-emails will be considered) by the beginning of class on the due date. Missing class DOES NOT waive or extend the deadline for submitting an assignment. No late papers will be accepted without a pre-approved valid excuse. Academic writing style is required for both parts of the paper; be sure to use in-text citation and bibliography (please see one of the following style guides: Chicago, MLA, APA, etc.). Also, papers are expected to be proof-read and free of typos and poor grammar.

The first part should be five to seven pages double-spaced, typed and proof-read. Please identify and describe an economic issue (sic, efficiency and/or equity) of social importance in Law and Economics:

included in this description is the economic theory composing the issue, how and why the issue is important (who is affected and how?) and an assessment of remedial policies or programs to address the issue. Five to seven sources should be presented and discussed (i.e. a literature review). The second part should be five to seven pages double-spaced, typed and proof-read. A quantitative analysis of the issue identified in the first part should be presented based on empirical analyses and conclusion of leading economists; data for the analysis are from empirical studies (sic, a meta-analysis) and should answer a valid social science question (for example, conclude there an issue and/or which remedial policy is best); the analysis should be a critical assessment. This term paper projects account for 40% of the course grade.

Method:

This course is designed for active participation on a class-by-class basis. Although traditional lecture method will be used, students should be prepared to discuss lecture materials and thoughts about readings and independent research results. Developing writing skills and critical thinking are important objectives of a course of studies in economics and this course requires each student to prepare and submit one major writing assignment and to discuss them in class.

Academic Integrity:

I expect all students to do only their own work on exams and papers. Any breach of academic integrity (i.e. cheating on an exam or plagiarism in the writing assignment) will result in a failure for the *entire course* and relevant officials of the university will be notified.

Prerequisites:

The prerequisites for ECON3338 is Microeconomic Theory (as well as both micro and macro principles and calculus). Hence, an understanding of the basic mathematical techniques is important: marginal and total quantities, identifying pareto efficient allocations, maximizing utility and profit functions, finding equilibria of basic games (e.g. prisoners' dilemma), and statistics. Chapter 2 of Cooter and Ulen is a review of needed economic tools and principles.

Course Objective:

Law and economics is a dynamic area of applied microeconomics. Using standard microeconomic tools and concepts (scarcity, choice, preferences, incentives, supply and demand), Law and Economics helps to explain legal and political rules, social conventions and norms, firms and contracts, government organizations, and other institutions. Looking through the lens of an economist, understanding of these institutions can be developed with a direct reference to individual choice.

After taking Law and Economics, the student should be able to:

- View and critique law from an economist's vantage point;
- Understand how legal institutions frame market outcomes;
- Use economic analysis to assess the law-making process; and,
- Comprehend how laws affect economic agents' decision-making.

Course Topic Overview

Topic One: Introduction to Law and Economics
Economic analysis of law and the metric of efficiency; introduction of examples; principles and theories; intellectual history; efficiency and equity

Readings: Cooter and Ulen, Chapter One; Polinsky Chapters One-Three; [DeSerpa Chapter One]; Rowley; and Colandar.

Topic Two: An Introduction to Law, Legal Institutions and the Legal Process
Civil law and common law, institutions of the court system, the nature of legal dispute, evolution of legal rules, the formation of law, legal terminology. Why sue? Information exchange, settlement bargaining, trial and appeal, empirical assessment of legal process.

Readings: Cooter and Ulen Chapter Three and Nine; Polinsky Chapter 16; [Dixit 2009; Williamson 1973]; and Three Supreme Court Decisions.

Topic Three: Applied Microeconomic Theory
Preferences, consumer choice and demand, theory of supply, game theory, general equilibrium and welfare, uncertainty; institutions; governance.

Readings: Cooter and Ulen Chapter Two; Dixit 1982; Nasar; and Posner Chapters One and Nine.

Topic Four: An Economic Theory of Property
Legal concept of property, bargaining theory, protection of property, public versus private goods, the Coase theorem.

Readings: Cooter and Ulen, Chapter Four [and Five]; Polinsky Chapter Four; DeSerpa Chapters Two-Five.

Topic Five: An Economic Theory of Contract
Bargaining theory with contract, an economic theory of contract.

Readings: Polinsky Chapter Five; Cooter and Ulen Chapter Six; DeSerpa Six-Nine.

Topic Six: An Economic Theory of Tort Law
Defining tort law, economics and tort liability.

Readings: Cooter and Ulen Chapter Eight; Polinsky Chapters Six and Seven; DeSerpa Chapter Ten.

Topic Seven: Crime and Punishment
Defining criminal deterrence and effective punishment, explain declining crime and efficient law enforcement and administration.

Readings: Cooter and Ulen Chapter 10; Polinsky Chapter Ten-Eleven.

Topic Eight: Special Topics in Law and Economics
Theories of the economics of antitrust and optimal enforcement; Introduction to information economics (information aggregation, jury theories, etc.); Reexamination of assumptions for rational behavior (and what happens when they're relaxed)

Readings: To Be Determined

(Tentative) Course Schedule

Week	Dates	Activity
1	May 15	Introduction to Law and Economics; Introduction to Legal Process
2	May 20	Law Institutions and Processes, Applied Microeconomic Theory
	May 22	More Economics Review, Introduction to Game Theory, Bargaining Theory, and Decision Theory
3	May 27	MEMORIAL DAY—NO CLASS
	May 29	Economic Theory of Property
4	June 3	Exam #1
	June 5	Economic Theory of Contracts and Torts
5	June 10	Legal Analysis and Economics of Contracts and Torts (Guest Lecturer)
	June 12	Special Topics: Antitrust, Information Economics and Law, Behavioral Economics and Law
6	June 17	Economic Theory of Crime and Punishment
	June 19	Exam #2

Week	Monday	Wednesday
1 05-12	No Class	
2 05-19		
3 05-26	No Class	Paper #1
4 06-02	Exam #1	
5 06-09		Paper #2
6 06-16		Exam #2