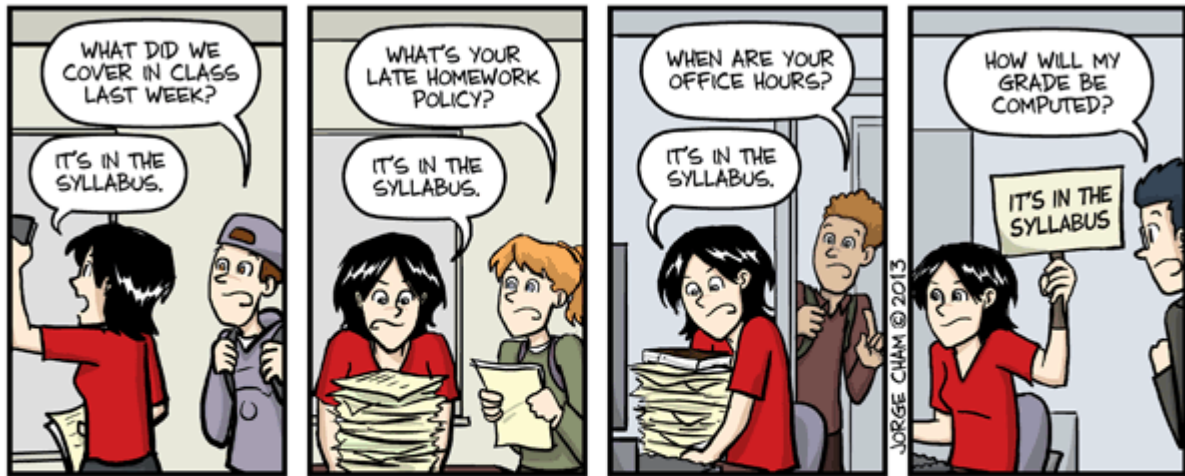


**Topics in Economics
Law and Economics
ECON 3151 - 0001
Spring 2017**

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Location: Friday 107
Class Time: Tu & Th - 8:00 AM - 9:15 AM
Office Hours: Tu & Th - 11:00 AM - 1:00 PM
(and by appointment)



IT'S IN THE SYLLABUS

This message brought to you by every instructor that ever lived.

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"The question is not whether judges make law, but when and how and how much."
Supreme Court Justice Felix Frankfurter

"The [umpire] metaphor might suggest to some people that law is a kind of robotic enterprise, there there's a kind of automatic quality to it. Judges do, in many of these cases, have to exercise judgment. They're not easy calls."

Supreme Court Justice Elena Kagan

"I can't remember [of a good regulation]. Regulation of transport, regulation of agriculture—agriculture is a, zoning is z. You know, you go from a to z, they are all bad. There were so many studies, and the result was quite universal: The effects were bad."

Ronald H. Coase

"If you put the federal government in charge of the Sahara Desert, in 5 years there'd be a shortage of sand."

Milton Friedman

"The law of property determines who owns something, but the market determines how it will be used."

Ronald H. Coase

"The most important single central fact about a free market is that no exchange takes place unless both parties benefit."

Milton Friedman

"For the rational study of the law the blackletter (technical legal rules to be applied in a particular area, which are most often well-established and no longer subject to reasonable dispute, for example, the definition of a contract) man may be the man of the present, but the man of the future is the man of statistics and the master of economics."

Oliver Wendell Homes, Jr.

"When everybody owns something, nobody owns it, and nobody has a direct interest in maintaining or improving its condition. That is why buildings in the Soviet Union -- like public housing in the United States -- look decrepit within a year or two of their construction..."

Milton Friedman

"Now here's somebody who wants to smoke a marijuana cigarette. If he's caught, he goes to jail. Now is that moral? Is that proper? I think it's absolutely disgraceful that our government, supposed to be our government, should be in the position of converting people who are not harming others into criminals, of destroying their lives, putting them in jail. That's the issue to me. The economic issue comes in only for explaining why it has those effects. But the economic reasons are not the reasons."

Milton Friedman

"Were efficiency to be the sole goal of the law, some activities currently illegal - prostitution and cocaine trafficking would likely be legal. Yet, they remain illegal because the law, in contrast to economic theory does not take efficiency as the lone proxy for social welfare. A complete explanation of why these activities are illegal must address moral as well as economic reasons. This is not to say, however, that the efficiency goals of economic theory is itself with no moral basis."

Judge Richard A. Posner

Deliverables:

Case Briefs: I will assign each student in the class to prepare and "lead" the class discussion on three (3) to four (4) particular cases during the semester. **If you are designated as "lead" or "co-lead" on a case, you must prepare a "case brief" that is to be submitted to me at the beginning of class and be present in class the day the case is presented. (This does not mean that the rest**

of the class will not be responsible for preparing their own case briefs to facilitate discussion of the case). You will not be allowed to "pass" when you are asked questions. In addition, you may be asked questions about the case that are not covered in your briefs. In other words, you are responsible for mastering the entire case, including how it is in keeping with, or contrary to, basic economic theory.

There may also be other written homework assignments during the course.

Case briefs and homework assignments, if any, must be typed, using Times New Roman font (size 12), with one-inch margins on all sides and relatively concise (1 - 2 pages).

Case briefs should following the format posted on Canvas.

Case briefs are to be submitted in person to me and are due at the beginning of class - before I begin the day's discussion - any assignment submitted to me by any other means will not be considered for any credit!

Although arduous at first, case brief preparation will get much easier with practice. Furthermore, preparing case briefs will significantly enhance your understanding of the material, facilitate your participation in the class discussion, and enable you to prepare more easily for the midterm and final examinations.

Note: Case briefs for many of the cases we will be discussing are available online. Resist the temptation to use them - **the use of an online case brief for a written assignment constitutes plagiarism!**

Examinations

Midterm Exam: Class 15, Tuesday, February 28, 2017
(Closed Book, Closed Notes)

Final Exam: (Tentative) Tuesday, May 9, 2017 8:00AM - 10:30 AM
(Closed Book, Closed Notes)

The Midterm and Final Exam will consist of multiple choice, true/false, short answer and essay questions.

3. General Information

Course Description: ECON 3151. This is a special topics, not a survey course. The primary objective of this course is to apply economics to the law, with an emphasis on examining the impact of laws on resource use, with the goal of using resources efficiently. Consider: What is the law intended to achieve? What effect does it actually have? How might it be improved to make better use of scarce resources? The emphasis will be on property, contract, tort (accident), criminal law, antitrust and environmental law. In addition to the text and cases posted on Canvas, there may be additional reading material, such as newspaper, journal, or Internet articles. The class is taught by examination of

actual cases in the style of a first-year law school “Socratic method,” thus, individual class participation is essential. Prerequisite: ECON 2102 with a grade of C or above.

Text: Daniel Cole and Peter Grossman (C&W), Principles of Law and Economics, Pearson Prentice Hall, 2nd edition, 2011.

Course Objectives:

- 1) Learn the theory and practice of law and economics: the rationale (or lack thereof) for laws and policies, and the economic impact of laws and policies.
- 2) Understand the historical evolution of economic analysis to the law.
- 3) Develop an understanding of the fundamental principles of property, contract, tort (accident), criminal law, antitrust and environmental law.
- 4) Substantially evaluate case law from a traditional common law perspective, as well as from an economics perspective.

Your responsibilities:

- 1) **This is not a lecture-format class - you must read the assigned material before class. Further, because law, as well as success in the business world, requires well-honed speaking skills you must be prepared to participate actively in the class discussion of the reading assignments.** (Well honed speaking skills are not as hard to develop as you may perceive, and will make the class more interesting for you, your classmates and me.)
- 2) Hand in assigned case briefs, and homework, if any, on time.
- 3) Take a midterm and final examination.

Grading:

| | |
|--------------|-----|
| Homework | 30% |
| Midterm Exam | 30% |
| Final Exam: | 40% |

As noted in "Attendance" (below) class attendance is mandatory and grades will be adjusted based on class attendance.

Each examination is graded on a curve, by adjusting the highest grade to 100%, and adding the amount of that adjustment to other student's grades.

Final grades will be based on a curve with numerical distributions, approximately as follows:

Percent of Students Grade

| | |
|-------------|---|
| Top 35% | A |
| Next 40% | B |
| Next 20% | C |
| Next 2.5% | D |
| Lowest 2.5% | F |

A curve of this nature ensures that the best students (in the highest percentiles) will receive an A. That said, I have no difficulty giving all "A's" on any assignment, if all are exemplary. F's may be given to those whose performance falls significantly below that of other members of the class or who fail to achieve a minimum performance level of 60%.

I will hand back each case brief, and homework assignment, if any, with a numerical grade.

Attendance: Class attendance is mandatory! Be on time and stay for the duration of the class.

I will provide an attendance sign-in sheet for each class.

As I have learned over my three careers, 95% of life is just "showing-up." With that in mind **if, from the time of your enrollment in the class, you attend all classes you will have 40 (4%) points added to your final grade.**

You may miss three (3) classes without penalty from the time of your enrollment in the class. You do not need to provide an excuse for these first three (3) absences.

If, from the time of your enrollment in the class, you miss more than three (3) classes that are not "excused absences," you will lose 30 points (3%) from your final grade!

If you miss more than seven (7) classes (one-fourth of the course) that are not excused, there will be a one letter deduction in your final grade (i.e., A to B; B to C; C to D; D to F).

"Excused absences" are those in which you provide written documentation, in a "timely manner," of a genuine "valid rationale," for failing to attend class. For example, if you are ill, a note from the doctor; if an immediate family member (nuclear family; grandparents) dies, the obituary notice.

"Valid rationales" are those that are beyond your control and that absolutely prohibit you from attending class - including, but not limited to, death of an immediate relative (nuclear family; grandparents), serious physical injury or illness, participation in a university sponsored/sanctioned event that conflicts with the class period. Invalid rationales include: oversleeping; non-emergency medical appointments that could only be scheduled during class; parking problems; speeding tickets; work requirements; previously scheduled social events, including family reunions and concerts.

A "timely manner" generally means you contacted me via email (using the contact information listed above) at least 24-hours prior to the missed class (exceptions will be made for absences arising from events that occurred within the 24-hour period with documentation after that fact that clearly establishes that you were physically and/or mentally incapable of providing adequate prior notice).

The UNC Charlotte Code of Student Academic Integrity applies.

Class structure: As previously noted, **this is not a lecture-format class and requires your active participation. You must come to class having read the assigned material and fully prepared to discuss it in response to the questions posed during class.** Active participation also includes actively listening to me and your fellow classmates. In other words, when you are not actively

participating in the class discussion, you must be taking notes and/or listening to the recognized speaker (not the person sitting next to you). This also assumes that you will not create any disturbances that might interfere with your classmates' abilities to listen and discuss. **Beyond preparation and actively listening, you must also actively participate in the class discussions. Cogent, articulate, and informed contributions are expected as part of your class participation grade. You will not be allowed to "pass" when you are asked a question.**

Also note that this is not a class where you can succeed simply by memorizing the material and regurgitating it back on an exam. It is a course where you are expected to think about the material you have read and that we have discussed in class and form and convey to your colleagues your own opinions as part of the class discussion.

The students who will succeed in this course will have:

- (1) Read the reading the material prior to class,**
- (2) Regularly attended class,**
- (3) Asked questions and actively participated, and**
- (4) Taken notes during class (although I will be teaching from PowerPoint slides, students who attempt to rely solely on the PowerPoint slides will experience considerable difficulty in the taking examinations).**

General Rules

Communication: Communication with those outside of class while class is in progress is not acceptable. (In other words, turn off all communication devices prior to the start of class.) Check your UNC Charlotte e-mail (username@uncc.edu) for correspondence and updates.

Note Taking:

Although I will be using PowerPoint slides, I strongly encourage you to take notes as there are too many PowerPoint slides for you to substitute the slides for notes. Simply put, why waste the time in class by not taking notes?

After prolonged consideration, I **have decided to ban laptops from this class**. The reason is that a [2003 study](#) found that laptops make it harder for students to remember what they had just learned in lecture. A [2014 study](#) showed that students are less likely to understand complex ideas when they take notes by computer instead of by hand. In a [big, new experiment](#) from economists at West Point, who randomly banned computers from some sections of a popular economics course the students who were allowed to use laptops scored worse on the final exam. The smartest students seemed to be harmed the most! <https://www.washingtonpost.com/news/wonk/wp/2016/05/16/why-smart-kids-shouldnt-use-laptops-in-class/>.

Questions:

Your first source of reference on dates, deliverables, rules and procedures is the syllabus and the material posted on Canvas. As to academics, if you have a question, ask it! When it comes to comprehending the material, there is no such thing as a stupid question or said another way, "the only dumb question is the one you did not ask." If you find that I am going too fast for you to take notes, do not hesitate to ask me to slow down.

Academic Integrity: Academic misconduct (cheating) will NOT be tolerated. In addition, you have the responsibility to know and observe the requirements of University Policy 40 (The Code of Student Academic Integrity). This code forbids cheating, fabrication or falsification of information, multiple submissions of academic work, plagiarism, abuse of academic materials, and complicity in academic dishonesty. Academic evaluations in this course include a judgment that your work is free from academic dishonesty of any type; and grades in this course therefore should be and will be adversely affected by academic dishonesty. Students who violate the code can be expelled from UNC Charlotte. The normal penalty for a first offense is zero credit on the work involving dishonesty and further substantial reduction of the course grade. In almost all cases, the course grade is reduced to U. Copies of the code can be obtained from the Dean of Students Office. Standards of academic integrity will be enforced in this course. You are expected to report cases of academic dishonesty to me.

Statement on Diversity: The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.

Disability Services. UNCC is committed to access to education. If you have a disability and need academic accommodations, please provide a letter of accommodation from Disability Services early in the semester. For more information on accommodations, contact the Office of Disability Services at 704-687-0040 or visit their office at Fretwell 230.

Tentative Course Schedule

Below is a tentative schedule (as noted, there is no guarantee that we follow the schedule precisely). We may deviate from the schedule as the course progresses depending on time and it is your responsibility to keep up with adjustments made throughout the course.

Classes 1 (January 10) - **Introduction**

Posted on Canvas: How To Brief A Case and Sample Case Briefing Form

Class 2 (January 12) - C&W Chapter 1 - **Economic Concepts and Institutions**

Class 3 (January 17) - C&W Chapter 2 - **An Introduction to the American Legal System**

Classes 4 & 5 (January 19 & 24) - C&W Chapter 3 - **Putting Law and Economics Together: Frameworks, History & Perspectives**

Classes 6, 7 & 8 (January 26 & 31, Feb 2) - C&W Chapter 4 - **"The Problem of Social Cost" and Modern Law and Economics**

Additional Reading Assignment: "The Problem of Social Cost," Ronald H. Coase, The Journal of Law and Economics, Vol. 3, (1960)

<http://www.law.uchicago.edu/files/file/coase-problem.pdf>

Case Assignments (Canvas): *Butterfield v. Forrester* and *Davies v. Mann*

Note: Class 6 and part of Class 7 will cover "The Problem of Social Cost," the remainder of Class 7 and Class 8 will cover C&W Chapter 4 and the two case assignments. (Case assignments are due at the beginning of class 7 on January 31.)

Classes 9 & 10 (February 7 & 10) - C&W Chapter 5 - **Property I: Acquisition**

Case Assignments (Canvas): *Haslem v. Lockwood*; *Pierson v. Post*; *Flood v. Kuhn*; and, *Naab v. Nolan*.

Classes 11 & 12 (February 11 & 12) - C&W Chapter 6 - **Property II: Protection**

Case Assignments (Canvas): *Vanna White v. Samsung*; *Fontainbleau Hotel v. Forty-Five Twenty-Five*; and, *Vincent v. Lake Erie*

Classes 13 & 14 (February 21 & 23) - C&W Chapter 7 - **Property III: Limits**

Case Assignments (Canvas): *Poletown v. City of Detroit* and *Kello v. City of New London*
Class 15 (February 28) - Midterm Examination (Closed Book, Closed Notes)

Classes 16 & 17 (March 2 & 14): - C&W Chapter 8 - **Contracts I: Formation and Enforcement**

Case Assignments (Canvas): *Riggs v. Palmer* and *Curtis v. Anderson*

No classes March 4 - 12 - Student Recess

Classes 18 and 19 (March 16 & 21) - C&W Chapter 9 - **Contracts II: Remedies**

Case Assignments (Canvas): *Enomoto v. Space Adventures, LTD*, *Alcoa v. Essex*; and, *Texaco v. Pennzoil*.

Classes 20 and 21 (March 23 & 28) - C&W Chapter 10 - **Torts I: Negligence**

Case Assignments (Canvas): *Palsgraf v. Long Island RR*; *United States v. Carroll Towing*; and, *McCarty v. Pheasant Run, Inc.*

Note - No classes March 30 - 31 Spring Weekend

Classes 22 & 23 (April 4 & 6) - C&W Chapter 11 - **Torts II: Strict Liability**

Case Assignments (Canvas): *Fischer v. Red Lions Inns; Helling v. Carey; Escola v. Coca Cola Bottling; and, Klein v. Pyrodyne Corp.*

Classes 24 & 25 (April 11 and 13) - C&W Chapter 12 - **Torts III: Reform**

Case Assignments (Canvas): *Liebeck v. McDonald's; Torres v. Reardon; and, Desert Cab v. Marino.*

Classes 26 & 27 (April 18 & 20) - C&W Chapter 13 - **Crime and Punishment**

Classes 28 & 29 (April 25 & 27) - C&W Chapter 14 - **Antitrust and Regulated Industries**

Class 29 (May 2) - C&W Chapter 15 - **Environmental Protection**

Final Exam: (Tentative) Friday, May 6, 2016 8:00AM - 10:30 AM
(Closed Book, Closed Notes)