

ECON 4080: LAW & ECONOMICS

TR 11-12:15 pm, Monroe 110

Instructor: Maria Westerfield, Monroe 219.
Office Hours: TR 2:30-3:15, 4:50-5:30
 Extra office hours before tests and homeworks TBA.
Phone: (434) 924-3177 Economics Department, Monroe Hall
E-mail: mam2p@virginia.edu (office)
maria.westerfield@yahoo.com (home)

Required Textbooks: Law and Economics, 6e, Cooter & Ulen
 Additional readings on Collab under “Resources”
 Notes Outline, available on Collab under “Resources”

Notes Outline: An outline of the notes will be available on Collab. Please print them out and bring them to class and take your notes on these. It would be helpful to put them in a binder. You will find that taking notes using the outlines will organize your notes and facilitate and expedite the note-taking process. These will be posted periodically during the course of the semester. Please check before coming to class to make sure you have the most recent postings. **Laptops will not be allowed in class.**

Course Description: This course will apply the principles of microeconomic reasoning to legal rules and institutions from two points of view: the impact of economics on law, in which we will examine the importance of economic forces in the development of legal rules and policies, and the impact of laws on the allocation of resources. This analysis will be applied to the areas of tort, contract, and property laws, using a mix of both traditional economic presentations as well as the case method.

Lectures & Attendance There will be two lectures a week of one hour and fifteen minutes each; these will not parrot the reading. You are strongly encouraged to attend and participate every day in class. You will receive a point for attendance each day for the Question of the Day (see below), which will allow you to accrue some extra credit. You will also be graded on participation during your On-Call days (see below). Experience has shown that there is a strong correlation between attendance and performance. **Please be on time, and please stay the duration of the class.** Late entry into and early exit from the classroom are very disruptive. Please **turn off** cell phones when in class. **No texting in class, please.** Anyone texting will have their On-Call grade lowered. http://records.ureg.virginia.edu/content.php?catoid=27&navoid=703#atte_in_clas
 Students missing a substantial number of classes unexcused may receive a grade of W up to the withdrawal deadline; thereafter an F.

Grades (posted on Collab)

Final grade = 20% Midterm + 15% HW + 20% Paper + 5% Questions of the Day + 5% On-Call + 35% Final = 100%
 Grade distribution: A: 90-100; B: 80-89; C: 70-79; D: 60-69; F: below 60. +/- grades will be distributed within these brackets (ie, 86.7-89.9 = B+, 90-93.3 = A-, 93.4 – 96.6 = A, 96.7 – 100 = A+). There is no rounding for the final grade. **Final grades will only be changed if there has been an error in the calculation. Course work cannot be regraded to get extra points once final grades have been submitted.**

Tests: There will be one midterm and a final. The **midterm** is **Thursday, March 2, 2015** during the regularly scheduled class time and will count 20% towards the final grade. The **final exam** is scheduled for **Thursday, May 4, 9-12 pm** in Monroe 110 (our regular classroom), and will count 35% towards the final grade. The final exam will be from the material from parts II and III (since the midterm), with some overview questions on part I. I am not authorized to change the final exam schedule. Only students who have 3 tests within a 24-hour period will be authorized to take the final at a different time, and must receive permission through the dean’s office. Tests will be comprised of a mix of multiple choice, true/false/explain, matching, short answer, long answer, and math problems. Students need to bring a calculator with exponential functions (no formulas saved). Notes and books will not be permitted. http://records.ureg.virginia.edu/content.php?catoid=27&navoid=703#fina_exam

Homework: There will be 3 homework assignments given, with the average from the 3 homeworks to count 15% toward the final grade (or 5% each). **Homework will be posted on my website no later than 1 week before the due date.** Please work in groups of 2-3 people and turn in ONE homework for the group, with everyone’s name on the assignment. Copies of the graded homework will be made and returned to each student. Homework is due within the first 10 minutes of the class on the date on which they are due. Any homework handed in later (including at the end of the class) will be considered late. You may turn your homework in early if you expect to be out of town. You may turn in a late homework the day after the homework is due by 5 p.m. for a *5% deduction*, but you will need to scan your homework and email it to me. Or, you may turn it in 2 days late by 5 p.m. with a *10% deduction*. **ABSOLUTELY NO** homework will be accepted after 2 days. Do not slip the homework under the door of my office or put it in my mailbox. It is your responsibility to ensure that homework is turned in on time; do not count on other students to turn your homework in. Homework #1 is due **Thursday, February 23, 2017**.

Homework #2 is due **Thursday, April 6, 2017**. Homework #3 is due **Thursday, April 27, 2017**. Homework may be a combination of multiple choice, matching, true/false/explain, short answer, and problems.

Make-up Test/Homework: If you have prior information about missing a class, homework, or test (such as for athletics, religious holidays, field trips), please contact me as soon as possible about an alternate date to take the test or turn in a homework, or to complete a make-up test or homework. For any excused absence, students must satisfy all three of the following conditions in order to be able to turn in a rescheduled homework or test, or take a make-up test and/or homework without penalty: 1) **excused absence:** a student must have a valid excuse (see http://college.artsandsciences.virginia.edu/absence_regulations for a list of approved excuses); 2) **proof:** a student must provide proof of the valid excuse (obituary, athletic schedule, confirmation of visit to health care provider/doctor's note for illness or *pledged* note regarding your illness) within one week of the last date of absence; and 3) **notification:** To be excused the student must notify me in writing (acknowledged e-mail message is acceptable) prior to the date of absence if such notification is feasible. In cases where advance notification is not feasible (e.g. accident, or emergency), please provide notification as soon as feasible. If a student satisfies the three conditions, he/she will be allowed to reschedule or take the make-up test/homework to count for the missed grade. If a student does not satisfy one or more of the conditions, the student will not be allowed to reschedule or take the makeup and will receive a grade of zero for the missed test/homework. Students should contact me about an appropriate time to take the make-up test/homework.

Paper: You will be required to write one 5-7 page paper on a part II Property topic. You will also prepare 2 questions/critiques on a paper written by another student. The paper and questions/critique will count 20% toward the final grade. You will be given a choice of paper topics, or may choose one of your own. More information on the paper topic and grading method will be posted on Collab under Assignments. The paper is due **Thursday, April 13, 2015**. The questions/critiques of the other student's paper is due **Tuesday, April 18, 2017**.

Question of the Day: At the beginning or end of each class, you will answer a question pertaining to the previous class material or the current class material. Questions will then be immediately graded, and you will also receive one point for a correct answer and one point for attendance. There will be no QOD (Question of the Day) on days that assignments (homework, paper, tests) are due. The denominator for calculating this grade will be less than the sum total of possible points to be earned, so that it is possible to earn extra credit. QOD will count 5% towards your final grade.

On-Call: You will be assigned (in alphabetic order) days throughout the semester, approximately every 2 weeks, in which you and several other students will be "on call." The On-Call schedule will then be posted on Collab. You should be prepared to answer questions in class on the material for that week. You will be graded on your participation and preparedness for those days. On-Call will count 5% towards your final grade. Other students who are not "on call" for a given day are also welcome to engage in classroom discussions and ask questions.

Collab: Homework will be posted under "Assignments" on Collab no later than one week before it is due. Grades will also be posted on Collab. Grades will normally be posted within two weeks of the homework or test. Please do not email me to ask me when grades will be posted, or to calculate your grade for you, but feel free to email me if you think there is any error with your grade, or if you have any questions on any of the material. You should email me at both addresses.

How to Calculate Your Grade: Express your grades as a decimal (78% = .78).
 $(\text{HW\#1} _____ \times 5 \text{ pts.}) + (\text{HW\#2} _____ \times 5 \text{ pts.}) + (\text{HW\#3} _____ \times 5 \text{ pts.}) + (\text{Midterm} _____ \times 20 \text{ pts.}) + (\text{paper} _____ \times 20 \text{ pts.}) + (\text{QOD} _____ \times 5 \text{ pts.}) + (\text{On-Call} _____ \times 5 \text{ pts.}) + (\text{FINAL} _____ \times 35 \text{ pts.}) = _____ / (\text{Total possible pts earned so far} _____) \times 100 = \text{GRADE}$

Extra Credit: There will be **no** extra credit assignment.

Final Grade: Your final grade will be comprised of your average of your 3 homeworks, midterm exam, daily quiz average, on-call grade, paper, and final. Your letter grade is assigned depending on how it falls within the distribution outlined above. Once your final grade has been calculated, I cannot and do not change grades unless there is an error in the calculation. I do not offer extra credit to one student that is not offered to the entire class as a whole during the course of the semester.
http://records.ureg.virginia.edu/content.php?catoid=27&navoid=703#grad_syst

Extensions/Incompletes: Unless authorized by the dean's office, students must complete all course work before taking the final examination. **Instructors are not authorized to extend the time for completion of course work without the dean's approval.**
http://artsandsciences.virginia.edu/college/grade/grade_system.html#a4

Extra Help: I encourage you to see me as early as possible if you feel you are falling behind. Tutors are also available through the Economics Department. <http://artsandsciences.virginia.edu/economics/undergrad/tutoring/index.html>

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. For more specific information about services and policies, including guidelines and forms for documentation, see the SDAC website at <http://www.virginia.edu/studenthealth/sdac/sdac.html>. The SDAC can be reached by telephone at: 434-243-5180 (voice); 434-465-6579 (video phone); and 434-243-5188 (fax).

http://records.ureg.virginia.edu/content.php?catoid=27&navoid=703#acco_for_stud

Honor Code: Students may work together on homework, which does not need to be pledged. Tests, papers, and the Question of the Day should be each student's individual effort, and will be pledged. For additional information, please visit:

<http://records.ureg.virginia.edu/content.php?catoid=27&navoid=700>.

For more information on plagiarism, please visit:

<http://www.virginia.edu/honor/documents/PlagiarismSupplementFINAL.pdf>

Pledge: On all tests & papers, the student shall sign the following: "On my honor as a student at UVA, I have neither given nor received aid on this exam/paper."

Tips for success: Economics is considered quite a difficult course because it involves abstract thinking. You will need to spend considerable time preparing for class, reviewing your notes, and practicing problems.

How do you know when you know the material?

- 1) **The standard of "knowing" is the ability to explain to others, not to just understand.**
- 2) Deep knowledge means understanding the facts and conclusions (the forest and the trees) and how they are interrelated.
- 3) Strive for flexible knowledge over rote memorization.
- 4) Don't just be *familiar* with the subjects and vocabulary; develop an ability to precisely recall the material.

How to study:

- 1) Don't cram. Study over time by keeping up with the reading and exercises.
- 2) Read or skim chapters before coming to class, then reread after class.
- 3) Read actively, by taking notes and making an outline, and questioning yourself as you read. Note what you don't understand.
- 4) Stay focused and take good notes in class, and try to follow the logic of the explanations.
- 5) Review your notes after class, and before the next class.
- 6) Memorize vocabulary, but make sure you understand and can apply it.
- 7) Be able to replicate graphs (shapes, labeling) and understand them, and apply them when a variable changes.
- 8) Work through lots of problems such as chapter problems and homework, and ALWAYS draw a picture/graph when you can!
- 9) Find a study partner or study group and explain concepts to each other.
- 10) Ask me questions, both in class and at office hours, or via email. **There is no such thing as a dumb question.**

What you can expect in class:

This class, because it also combines case law, will have a greater amount of reading than a typical economics class. You will have an opportunity to engage in discussion and classroom examples, but will also be taking notes and learning models. Students who are "on call" should be prepared to answer facts about cases, how the cases are related to the economic material for the day's topic, vocabulary, and have a preliminary understanding of graphs from the textbook. Other students who are not "on call" are also welcome to engage in classroom discussions and ask questions. You will take notes on the notes outline from Power Point slides, my explanations, and from student answers.

APPROXIMATE COURSE SCHEDULE (MAY BE SUBJECT TO CHANGE)

*Starred items will be on Collab under "Resources."

I. An Introduction to Law & Economics (Lectures 1-10)

Date	Lecture	Topic	Readings
Thurs 1/19	1	Intro to Law & Econ	C&U Ch. 1 http://Isolum.typepad.com/legal_theory_lexicon/2003/09/legal_theory_le_2.html http://Isolum.typepad.com/legal_theory_lexicon/2003/10/legal_theory_le_3.html http://Isolum.typepad.com/legal_theory_lexicon/2003/12/legal_theory_le.html
Tues 1/24	2	Review of Micro Market Failure: Monopoly, Monopolistic Competition, Oligopoly, Game Theory Externalities	Review On Your Own: C&U Ch 2 pp. 11- 29 & Notes Outline Review Monopoly & Game Theory: C&U Ch 2 pp 29 – 37 http://Isolum.typepad.com/legal_theory_lexicon/2003/10/legal_theory_le.html
Thurs 1/26	3	Market Failure: Public Goods & Imperfect Information	C&U Ch 2 pp 37-51 http://Isolum.typepad.com/legal_theory_lexicon/2004/03/legal_theory_le.html
Tues 1/31	4	Market Failure: Imperfect Information & Behavioral Economics	C&U Ch 2 pp. 41 – 51 http://Isolum.typepad.com/legal_theory_lexicon/2003/11/legal_theory_le_4.html
Wed 2/1		Last day to add course	
Thurs 2/2	5	Last Day to Drop a Class Principle-Agent	http://www.forbes.com/sites/timworstall/2013/03/01/solving-the-principal-agent-problem-apple-insists-that-executives-must-hold-company-stock/
Tues 2/7	6	Efficiency vs. Equity	C&U Ch 2 pp 38 (GE), 42-43 *Polinsky ch. 2 (<i>Equity vs. Efficiency</i>) *Polinsky ch 15 http://Isolum.typepad.com/legal_theory_lexicon/2004/02/legal_theory_le.html http://Isolum.typepad.com/legal_theory_lexicon/2003/11/legal_theory_le_4.html http://Isolum.typepad.com/legal_theory_lexicon/2006/10/legal_theory_le_1.html
Thurs 2/9	7	Measuring Costs & Benefits, Some Problems Present Discounted Value Intro to Law & Legal Institutions: How to Structure Laws	*Polinsky, ch. 17 *"Disputed New Role for Poles" http://www.deepwaterhorizonsettlements.com/Economic/SettlementAgreement.aspx PDV: C&U, Ch. 2 p 27 *Epstein "All Quiet on the Eastern Front" pp555-64 *Polinsky, ch. 16
Tues 2/14	8	Structure of Government Who Makes Law? The Nature of a Legal Dispute Judge-Made Law: Common Law	C&U Ch 3 pp 55 – 69 C&U Ch 3 pp 62 – 69 <u>Butterfield v. Forrester</u> (C&U pp 64-5) <u>Davies v. Mann</u> (C&U pp 66-7) http://Isolum.typepad.com/legal_theory_lexicon/2003/10/legal_theory_le_2.html http://Isolum.typepad.com/legal_theory_lexicon/2004/05/legal_theory_le_3.html http://Isolum.typepad.com/legal_theory_lexicon/2008/05/legal-theory-le.html
Thurs 2/16	9	Judge-Made Law: Interpreting Statutes	* <u>Flood v. Kuhn</u> http://onlyagame.wbur.org/2015/01/17/mlb-antitrust-status-history https://www.nytimes.com/2017/03/20/opinion/gorsuchs-collision-course-with-the-administrative-state.html?action=click&pgtype=Homepage&clickSource=story-heading&module=opinion-c-col-right-region&region=opinion-c-col-right-region&WT.nav=opinion-c-col-right-region&_r=0
Tues 2/21	10	Judge-Made Law: Interpreting Statutes	* <u>Rector of Holy Trinity Church v. US</u> * <u>Debunking the Canons of Statutory Interpretation</u> http://www.bostonmagazine.com/news/blog/2017/03/15/oxford-comma-maine-labor-dispute/

II. Property (Lectures 11-18)

Date	Lecture	Topic	Readings
Thurs 2/23	11	What is property? What can be privately owned? Why should property rights be private? HW 1 Due	C&U Ch 4, pp. 73-74 *Demsetz, "Toward a Theory of Property Rights" *Hardin, "The Tragedy of the Commons"
Tues 2/28	12	How are ownership rights established?	C&U Ch 5 pp. 143-50 * <u>Hammonds v. Central Kentucky</u>
Thurs 3/2			Midterm on Part I material
3/7-9		Relax! ☺	Spring Break!
Tues 3/14	13	How are ownership rights established? First in Time (capture, conquest, creation)	C&U Ch 5 pp. 143-50 * <u>Hammonds v. Central Kentucky</u> * <u>Pierson v. Post</u> http://lawsforattorneys.com/2010/08/17/shock-permeates-legal-world-as-pierson-v-post-overturned/ * <u>Cheney Brothers v. Doris Silk Corp.</u> C&U Ch 5 pp.112-42
Wed 3/15		Last Day to Withdraw (W)	
Thurs 3/16	14	How are ownership rights established? Find, Adverse Possession, Theft	C&U Ch 5 pp 151-56 * <u>Paset v. Old Orchard Bank & Trust Co.:</u> * <u>Van Valkenburg v. Lutz</u>
Tues 3/21	15	Adverse Possession of Chattel How are ownership rights established? Voluntary Transfer (Sale, Bequests)	* <u>O'Keefe v. Snyder</u> C&U Ch 5 pp 150-51, 156-66
Thurs 3/23	16	How are ownership rights protected?	C&U Ch 4 * "The Problem of Social Cost" Ronald Coase * <u>Landsburg, "Why I am not an environmentalist"</u> http://lsolum.typepad.com/legal_theory_lexicon/2003/09/legal_theory_le_1.html
Tues 3/28	17	How are ownership rights protected? What are remedies?	* <u>Carpenter v. Double B Cattle Co.</u> * <u>Polinsky, ch. 15</u> C&U Ch 4 C&U Ch 5 pp 166-74 * <u>Calabresi & Melamed, "Property Rules, Liability Rules, and Inalienability: One View of the Cathedral"</u> * <u>Whalen v. Union Bag & Paper Co.</u> http://lsolum.typepad.com/legal_theory_lexicon/2006/08/property_rules_.html
Thurs 3/30	18	What are remedies?	<u>Boomer v. Atlantic Cement</u> (C&U pp 170-71) * <u>Spur Industries v. Del E. Webb Development Co</u>

III. Torts & Contracts (Lectures 19-28)

Date	Lecture	Topic	Readings
Tues 4/4	19	Elements of a Tort: Classical Theory Economic Analysis of Torts	C&U Ch 6 pp187-201. 213-17 http://solum.typepad.com/legal_theory_lexicon/2004/01/legal_theory_le.html
Thurs 4/6	20	HW 2 Due Incentives under different rules	C&U Ch 6 pp 201-13 * <i>US v. Carroll Towing Co.</i> http://www.learnedhand.com/ * <i>The TJ Hooper</i>
Tues 4/11	21	Incentives under different rules Relaxing Core Assumptions (Rationality, Regulations)	* <i>Helling v Carey</i> C&U Ch 7 pp 248-50 <i>Li v. Yellow Cab Co. of CA</i> (in class) * <i>Scott v. Apha Beta Company</i> C&U Ch 7 pp 230-44 C&U Ch 7 pp 253-61
Thurs 4/13	22	Relaxing Core Assumptions (Rationality, Regulations) Computing Damages Paper Due	C&U Ch 7 pp 230-44 C&U Ch 7 pp 253-61 Paper Due
Tues 4/18	23	Paper Questions/Critiques Due Strict Liability, Modern Products Liability & Tort Reform	<i>C&U Ch 6 pp 223-227</i> <i>C&U Ch 7 pp 251-53, 261-74</i> * <i>Escola v. Coca-Cola Bottling Co.</i> * <i>Shepard v. Superior Court of Alameda County</i> * <i>Doe v. Miles Laboratories, Inc.</i> * <i>Mathias v. Accor Economy Lodging, Inc</i>
Thurs 4/20	24	Introduction to Contracts	C&U Ch 8 pp 276-87 * <i>Batsakis v. Demotsis</i> * <i>Hamer v. Sidway</i>
Tues 4/25	25	Contract Failure & Breach of Contract	C&U Ch 8 pp 291-99 C&U Ch 9 pp 341-72 * <i>Sherwood v. Walker (in book)</i> * <i>Obde v. Schlemeyer</i>
Thurs 4/27	26	HW 3 Due Contract Failure & Breach of Contract	C&U Ch 8 pp 291-99 C&U Ch 9 pp 341-72 * <i>Williams v. Walker-Thomas Furniture Co.</i>
Tues 5/2	27	Remedies for Breach of Contract Landlord-Tenant Case Study	C&U Ch 9 pp 307-40 * <i>Landlord-Tenant Case Study</i> Handout
Thurs 5/4		Econ 4080 Final Exam, 9-12	