

EC 337 – Economic Analysis of Legal Issues

Spring 2013: Mondays, Wednesdays, and Fridays, 2:00-3:00pm, CAS 313

Instructor: Jeremy Smith

Office: 264 Bay State Road, room 515

Office Hours: Mondays and Tuesdays, 5:00-6:30pm

E-mail: jersmith@bu.edu

Phone Number: 617-353-4124

Website: <http://people.bu.edu/jersmith/ec337.html>

Description: The purpose of this course is to use economic tools and thinking to critically evaluate various aspects of the American legal system. How will individuals respond when a set of laws restricts behavior in certain ways? Could welfare be improved by removing certain existing laws or enacting certain new laws? The basic microeconomic toolbox gives us the means to answer such questions. The focus of the course will be more on the application of general tools rather than the development of specialized tools. By the end of the semester, I hope that you will have cultivated, through examples and practice, the ability to apply basic economic principles to the assessment of all facets of the law and the legal system.

Prerequisites: The formal prerequisite for this course is the core intermediate microeconomics course or its equivalent. This is a serious requirement, as this is first and foremost an economics class, and a certain familiarity with the tools developed in intermediate microeconomics is presumed. No legal training is required and, while any necessary vocabulary will be developed as we go, neither does the course purport to offer any formal legal training. Some parts of the course may discuss statistical evidence, but no econometric or statistical training is necessary, and again, any necessary vocabulary will be developed along the way. I do not intend to use any calculus, though the principle of utility maximization will be discussed and used at least at a conceptual level.

Reading: The textbook is *Law and Economics* (2008) by Jeffrey L. Harrison and Jules Theeuwes, which I have listed as a “required” resource. It should definitely be available from the university bookstore, and it may also be available from other sources. While we will cover many of the topics discussed in the book to some degree, the lectures and classroom discussion will not necessarily be built around the book. Nonetheless, I consider it to be an essential supporting resource. You are responsible for reading the corresponding chapters as we work through a given major unit in the classroom.

Grading: The final percentage grade will be comprised of the final exam score (49%) and three mid-term test scores (17% each).

Tests and Exams: Each of the tests will cover only the corresponding units indicated in the schedule below, with more specific details announced as necessary. The final exam will cover material from the entire semester, with approximately equal weight devoted to all topics discussed during the semester. All of the tests and exams will be made up primarily of short numerical questions. My intention is to present you with hypothetical scenarios or actual cases and ask you specific questions about the associated economic issues. Successful responses will

draw on the tools and analysis demonstrated in lectures and the insights you have taken away from the readings and classroom discussions. I will post a few practice questions about a week before each test. It is strictly forbidden to look at any notes, class material, or external materials of any kind during all tests and exams. It is further strictly forbidden to use any electronic devices, including calculators, during all tests and exams.

Letter Grades: I assign letter grades at the end of the semester based solely on my assessment of how well you have understood the material that has been covered. I try to design grading schemes and exams so that your overall percentage grade at the end of the semester is an accurate indication of your level of understanding of the material covered, but it inevitably turns out to be a noisy signal of your true level of understanding. It is therefore very difficult for me to predict at the beginning of the semester how percentage grades will end up corresponding to letter grades. The ranges of percentage grades to which I *usually* end up assigning letter grades are *approximately*: 93%+ – A; 89-93% – A-; 84-89% – B+; 76-84% – B; 72-76% – B-; 68-72% – C+; 65-68% – C; 60-65% – C-; 55-60% – D; less than 55% – F. I offer this as rough guidance only, and will not commit to adhering to this or any other such concordance.

Attendance: I will not take attendance formally in class, but I will know if you are not present. I am required to report frequent absences to the College of Arts and Sciences. More to the point, you will perform better in the class if you attend regularly, due to the consequent exposure to and participation in analysis and discussion that cannot be replicated outside the classroom. If you miss a class for any reason, it is your responsibility to catch up as best as you can, first by consulting with fellow classmates, and, only thereafter, by consulting with me in office hours.

Missed Tests and Exams: If any test or exam is missed without prior official notification of a medical, religious or other valid, university-sanctioned reason, the student will receive a grade of zero on that test or exam. Students unable to write the final exam at the scheduled time for a valid reason will be allowed to write an equivalent exam at an agreed-upon alternative time. Students unable to write one of the tests at the scheduled time for a valid reason will have the weight shifted to the final exam in the grading scheme. Travel arrangements and busy schedules do not constitute valid reasons.

Communication: I will occasionally send e-mail to the class to make general announcements or alert you that I have posted something on the website. In order to receive these messages, you should make sure that you are officially registered for the course, that the university has your e-mail address recorded correctly, and that you check your BU e-mail address regularly. I will generally respond briefly to e-mail questions within 24 hours, but will refer you to office hours if a lengthy response is necessary. I will generally not be available by phone outside office hours, so sending me an e-mail is the best way to get in touch with me. However, you should not assume that I will be able to respond to your questions immediately. It is strictly forbidden to attempt to contact me through any phone numbers or e-mail addresses besides the ones provided in this syllabus.

Academic Conduct: The most recent version of the Boston University Academic Conduct Code is presently available at <http://www.bu.edu/academics/resources/academic-conduct-code/>. You are responsible for familiarizing yourself with and abiding by the Code, including any revisions

and updates that the university chooses to make. Please show respect for your institution, your fellow students and yourself by doing so and behaving honestly and honorably in this and all classes. Note that any violation of the exam rules stated above or of any other rules imposed at the time any exam is administered will be deemed a violation of the Academic Conduct Code under Section III.A. of the current version, and will be dealt with, along with any other violation, in strict accordance with the Code.

Schedule:

Unit One – Introduction [Preface and Chapter 1]

Unit Two – Property Law [Chapters 4, 5, and 8]

Test I: Wednesday, February 20

Unit Three – Contract Law [Chapters 9 and 12]

Test II: Wednesday, March 27

Unit Four – Tort Law [Chapter 13]

Test III: Thursday, April 18

Unit Five – Selected Topics in Criminal Law and the Litigation System

Final Exam: Wednesday, May 8, 3:00-5:00pm*

*** This is taken from the standardized final exam matrix, and could change before the Registrar's Office releases the official exam schedule. You are responsible for checking your own final exam schedule.**