Course Number: ECON 4370

Course Title: Law and Economics

Course Credit: 3 semester hours

Prerequisites: ECON 2100 or ECON 2101 or ECON 2106

Course Schedule: Tuesday/Thursday, 1:35 – 2:55 p.m., Skiles 170

Instructor: Dr. David N. Laband, e-mail: [david.laband@econ.gatech.edu](mailto:david.laband@econ.gatech.edu), office: 385-4145

Office hours: by appointment

Required Reading: Articles distributed by instructor.

Recommended: The ***Wall Street Journal***, Richard A. Posner, ***Economic Analysis of Law***, Aspen Law & Business.

Objective: To introduce students to economic aspects of legal decision-making and to develop students’ ability to critically analyze the purposes and efficiency of legal decision-making from an economic perspective.

Learning Outcomes: Students have the ability to describe how historical economic and political

conditions affect the emergence and extent of legal institutions such as

publicly-enforced property rights.

Students will demonstrate an ability to critically analyze various facets of legal

decision-making (e.g., property rights, torts, contracts, anti-trust, regulation) from

an economic perspective.

Students will demonstrate an understanding of how economic and political

incentives influence individual and group behavior, thereby affecting wealth

distribution and social welfare.

Class Policies: Attendance is expected. Professional courtesy is expected. If you know in advance that you will be late for class or need to leave class early, please let me know. Students are expected to be attentive and encouraged to contribute to classroom discussions. Do not carry on private conversations, read newspapers, sleep, etc. during class. Use of portable electronic devices (laptop computers, smart phones, e-tablets, etc.) is strictly forbidden at all times.

I encourage you to contact me outside of class, for questions and/or more involved

discussion of class-related or personal issues you may be dealing with.

Students are responsible for assigned readings even if not discussed explicitly in class. The relative weights of graded exercises are listed below. All graded assignments are cumulative; the final exam will cover material from the entire course. There will be no make-up exams without permission from the instructor prior to the regularly scheduled graded exercise.

Students with disabilities:Georgia Tech offers accommodations to students with disabilities. If you need a classroom accommodation, please make an appointment with the ADAPTS office

(www.adapts.gatech.edu). If you have an accommodation letter from the ADAPTS office and

require accommodations, please see me in my office during office hours or by setting up an

appointment with me.

Academic Honesty:Cheating is **unacceptable**. You are hereby reminded that you have pledged to uphold the honor code as follows:

*Having read the Georgia Institute of Technology Academic Honor code, I understand and accept*

*my responsibility as a member of the Georgia Tech community to uphold the Honor Code at all*

*times. In addition, I understand my options for reporting honor violations as detailed in the code.*

Should you be caught cheating in this class you will be prosecuted according to the honor code

and policies and procedures established by the Honor Advisory Council. Should you have any

questions about this do not hesitate to contact me.

Graded Assignments:

Test 1 20 percent

Test 2 25 percent

Test 3 25 percent

Final exam 30 percent

Total 100 percent

Grading Scale: 90 - 100 percent A

80 - 89 percent B

70 - 79 percent C

60 - 69 percent D

below 60 percent F

Topics and Reading Assignments

1/6 No Class

1/8 No Class

1/13 **Introduction**

Readings: B.A.D.D.; Carmakers lose either way with air bags; To Guzzle or Not; High

Time for Congress to Close Loophole on Gas Guzzlers; California

Congressman Proposes $1 Billion Prize for 100 Mpg Car; I Recycle!; Will

Buyers Ante up for Mileage Gains? Can Environmentalists Think? The

ObamaCare Con Job; The ObamaCare Awakening; How ObamaCare Rips Off

the ‘Young Healthies’

1/15 **The Law/Economics Nexus -- Historical Examples**

Readings: Laying Down the Law; How Democracy Saved the World; A Nation Adrift

from the Rule of Law

1/20 **The Economic Rationale for Law -- The Importance of Property Rights**

Readings: Business Discovers Property Rights; Arkansas women fight to claim $1

million lotto ticket

1/22 **More on Property Rights; Externalities**

Readings: The Commons: Tragedy or Triumph?; Making ‘The Deadliest Catch’ Less

Deadly; Privatization Prevents Collapse of Fish Stocks; A Carrot to Save the

Wolf; Who Pays for Wolves?

1/27 **Property Rights and Public Policy**

Readings: Regulating Biodiversity; How Adam Smith Revived America’s Oil Patch

1/29 **Eminent Domain/regulatory takings**

Readings: Whose Property Is It Anyway?; Property and Constitutional Principles;

Mississippi Churning; Supreme Court Strikes a Blow for Property Rights;

Poletown’s Revenge; Eminent-Domain Uproar Imperils Projects; That’s Not

Blight. It’s New Jersey; Don’t Kelo My House; Let There Be ‘Blight’; The

Anti-Kelo; Alabaster Officials Abuse Fifth Amendment; Officials Violate

Spirit of Eminent Domain; Rent Control Hits the Supreme Court; Supreme

Court says government seizure of raisins is unconstitutional

2/3 Test 1

2/5 **Standing to Sue**

Readings: Is a Chimp a ‘Person’ With a Legal Right to a Lawyer in Court?; Clinton Seeks

to Give Parents Standing to Create Basis for Discrimination Suits; States

Rebuffed Over Spill Damages; Colorado lawmakers want status of dogs,

cats to be companions; Judge Dismisses some Claims in Monsanto Trial

2/10 **Torts**

Readings: Woman Sues McDonalds over Happy Meals; Litigation Abuse is Destroying

My Company; We’re Reaping What We Sue; Pseudo-Tort Alert; Just Say No to

Tort Blackmail; Plaintiffs Lawyers Take Aim at Democracy; Court Finds Firm

Liable for Worker Driving Drunk; Sued If You Do…; Small Businesses Face

Problem From Crime Lawsuits

2/12 **More on Torts**

Readings: Court Says No to Cutting Boundary Line Tree; Waters Stops for Illegal Aliens?;

Top Court Agrees to Rule on Air-Bag-Suit Issue; Supreme Court to Review

Award to Workers Over Fear of Asbestos; Jury Awards $2.22 million, mostly

for emotional damage from turbulence; Woman widowed in Atlanta Shooting

Spree sues Day Trading Firm

2/17 **Forensic Economics**

Readings: French Man Ordered to Pay Ex-Wife Nearly $12,000 in Damages for Lack

of Sex

2/19 **Contract Law**

Readings: Policyholders at State Farm Win Parts Case; Former UNC athlete sues school over academic scandal

2/24 **Market mechanisms that facilitate exchange**

Readings: There are No Markets Without Trust

2/26 **Contractual exchange and policy**

Readings: Saving Private Wetlands; Environmental Group Buys Timber Rights

3/3 Test 2

3/5 **The Making of Statutory Law -- Public versus Private Interests**

Readings: Farmers Harvest Bumper Crop of Subsidies; To the Campaign

Contributors Go the Tax-Cut Spoils; Corporate Carve-Out Revolt; The

Millionaire Subsidy Elimination Act; Liberals Love the 1%; About That

‘Christmas Tree Tax’; The Corporate Welfare State; Corporate Cronyism

Harms America; How Government is Making Solar Billionaires

3/10 **Antitrust**

Readings: Oh Horrors! A Beverage-Can Oligopoly; No Justice for Cellphone Users;

The New Antitrust Era; Summary of Major Anti-trust Provisions

3/12 **Antitrust**

Readings: United States v. Aluminum Company of America; Utah Pie Co. v. Continental

Baking Co.; A Judge Convicts Apple of Competition; Smile and Say Price

Fixing

3/17-19 Spring break

3/24 **The Economics and Political Economy of Regulation**

Readings: Dream On; Brother Acuna; Steve Jobs's Advice for Obama; Google

Speaks Truth to Power; Dairy Farmers vs. Consumers; The Stunning Triumph

of Cost-Benefit Analysis; Sugar farming subsidies are just too sweet to kill;

The Ethanol Enforcers; The Iowa Caucuses Have a Winner

3/26 **The Economic Impact of Regulation (price controls, subsidies, etc.)**

Readings: Job Slayers; How to Make the Poor Poorer; Minimum Wage

Hikes Help Politicians, Not the Poor; A Bad Canadian Law Heads South;

A Mandate to Raise Food Prices; Spirit Airlines adding ‘unintended

consequences’ fee; How Raising the Minimum Wage Would Help the

Economy

3/31 **Law, Economics, and Personal Relations**

Readings: Florida Woman Sues Dating Service; Paying the (Very) High Price for Love;

Courts Favor Ancient Paternity Rule Over DNA Tests; Paternity Case Marks

Progress for Defrauded Fathers; Love May be a Battlefield but it can’t be

Stolen; Pennsylvania Court Says Diamonds Not Forever; Chinese man sues

wife over ugly child – and wins $120,000; Court Denies In-Vitro Benefits;

Florida Man Owes $10,000 for child who’s not his; Our founders never conceived this; ‘Irresistible’ worker fired in Iowa; Georgia court orders man pay

one-time fiancé $50,000 for breaking promise to marry her; Judge rules Sterling's

mistress owes his wife $2.6 million

4/2 Test 3

4/7 **Transfer Pricing**

Readings: Addressing Base Erosion and Profit Shifting; Transfer pricing: Keeping it at arm’s

length; Arm’s Length Principle; How transfer mispricing works; More

Profits Parked Offshore; Pacquaio Wins, Uncle Sam Loses

4/9 **Transfer Pricing**

Readings: Transfer Pricing Legislation – A Suggested Approach (OECD) - optional

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4/14 **Transfer Pricing – case study**

4/16 **Transfer Pricing – case study**

4/21 **Current topic: Driving while texting, Drunk driving**

Readings: DUI Laws Flawed; A MADD Law

4/23 **Current topic: The War on Drugs**

Readings: Why the Drug Wars Go On; Can we afford to give up the Drug War?

4/30 **Final Examination** (cumulative)

2:50 – 5:40 p.m.