

ECON 141 COURSE SYLLABUS Fall 2011

Economics 141
Law & Economics
San José State University
Tuesdays 6:30 – 9:15 p.m.
Classroom: DMH 348
Online: www.sjsu.desire2learn.com

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Office Hours:

Except for travel days or special events, I am almost always in my office after class on Mondays and Wednesdays, from 3:00 to about 4:00 p.m., and Fridays from 1:30-3:00 p.m. You can stop by during those times and try to catch me, or you can email me in advance to guarantee a block of time at your convenience.

Course Description:

SJSU Catalog Description: Effects on resource use of existing and proposed laws concerning contracts, tort liability, crime, water resources, antitrust, real property, the environment and corporations.

Learning Objectives:

My goals: to stimulate students intellectually so that you may grasp the interrelationships of economics and various legal systems. Throughout this course you'll develop skills to increasingly understand and evaluate information about the legal system in the U.S. and abroad, in current times and in past.

Your goals (learning hallmarks): to develop and apply knowledge and understanding of core concepts in the field of law & economics, including:

The dyadic relationship between law and economics: the law is a field of inquiry for testing economic theory; economics provides a framework for the objective study of how the law works and the subjective values for how the law should work.

Competing and Complementary Origins of Law: public law and private law, emergent and constructivist law, external regulation and self-regulation.

Efficiency and Legal Systems: economic and social properties of alternative legal systems.

Course Materials:

Textbook (required)

1. David D. Friedman, *Law's Order: What Economics has to do with the Law and Why it Matters*, © 2000 ISBN-10 0691090092 or ISBN-13 978-0691090092 (also available "free" online at http://www.daviddfriedman.com/laws_order/index.shtml)

Other materials:

You should get yourself a copy of the U. S. Constitution that you can bring to class. A copy of Frederic Bastiat's *The Law* will also come in handy—it's abundantly available. I'll occasionally distribute readings on emerging events throughout the semester.

Availability/Accessibility: Every document that pertains to this course will be posted in accessible format on the course blog (see URL above).

Attendance:

I don't take attendance but you should consider it mandatory. Don't skip class. Doing so will reduce your grade because you'll be less prepared for homework, writing assignments, and exams. If you have to miss a class, then you have to find out from a fellow student what you missed, and then you need to catch up—*quickly!* The surest way to get a bad grade in this (or any) class is to fall behind. When you miss class you automatically put yourself behind. So don't skip class. As for coming to class, it's important to be on time. If you're frequently late, you'll get a warning. If you keep coming late, then I'll start taking points off your grade.

Missing exams is not allowed except for valid medical excuses (with documentation) or a death in your family. You need to let me know ahead of time. No make-ups for letting me know after.

Ground Rules for Class:

Do's:

Stay **curious**, stay **current**, stay **connected**.

Come to class ready for discussion and bring copies of the readings.

Bring a soft drink if you want, but no food (see below).

Bring your tablet, smartphone or laptop, too. We'll look things up together during class.

Re-write your notes after class— ideally within one day. It's the best study habit ever invented.

Don'ts:

No beeping. Bring your phone, but turn off the ringer & buzzer.

No headphones.

No random texting, browsing, or working on other classes. You're either in here or you're not.

No eating in class. Sorry, it has always distracted me.

Grading:

Your letter grade will be defined by your numerical grade as follows:

| | | | | |
|--------------|-------------|-------------|-------------|------------|
| 97-100%...A+ | 87-89%...B+ | 77-79%...C+ | 67-69%...D+ | |
| 94-96%...A | 84-86%...B | 74-76%...C | 64-66%...D | |
| 90-93%...A- | 80-83%...B- | 70-73%...C- | 60-63%...D- | 0-59%...F. |

Your numerical grade will break down as follows:

| | |
|---------------------------------|-----|
| Class Participation | 10% |
| Issue Brief (about 1,000 words) | 20% |
| Midterm Exam #1 (take home) | 20% |
| Midterm Exam #2 (in class) | 20% |
| Final Exam (comprehensive) | 30% |

Class participation counts as a full letter grade because this class works best when it is driven by group involvement and discussion. Therefore it's appropriate to give students a strong incentive to attend class, be on time, and contribute meaningfully to class discussion by preparing for the material in advance.

The Issue Brief is a paper assignment on an ongoing topic that has implications for law & economics. We'll discuss potential topics as a group in class, and the assignment sheet will be available soon thereafter on D2L.

Exam questions will be a blend of problems and written/essay questions. The Final will have one question from each of the prior two exams and will be longer than the Midterms.

Extra credit opportunities will come up during the semester.

Curious, Current, and Connected:

There is a simple 3-step formula to making this your best class ever and getting an excellent grade:

Stay curious about the world: Economics is about understanding how the social world works. You wouldn't try to learn how to swim without getting in the water, would you? So jump right in! My teaching website (URL above) has lots of tools for staying current on economics. And we will be constantly discussing and analyzing real-world examples in class. Talk to each other about what you see going on in the world. Start and add to discussion forums on D2L.

Stay current with the work: Three steps: 1) read before class; 2) take good notes and ask good questions in class; 3) re-write your class notes at least once a week (the greatest study habit ever invented, please take advantage of it). *Warning:* There is a lot of reading in this class. It's too much to let yourself fall behind and expect that you can catch up later (because the time you're spending catching up on last week is making you fall behind on next week!). You need to have chunks of time blocked off during your week, set aside only for reading in this class. Most students can probably do the readings for this class in 2-3 hours. My advice to you is, set aside 4 hours a week for reading only, and then adjust down as needed. Just don't fall behind!

Stay connected: Make some friends in class. Study together, which helps because it requires you to explain material and concepts to each other. Bring the readings with you to class. And take advantage of me. I am your most important resource for doing well in this class. See my Office Hours above. And use them. Don't wait until it's too late!

Academic Integrity (this is serious!):

You need to know the SJSU Policy on Academic Dishonesty (<http://www.sjsu.edu/senate/S04-12.pdf>), which includes the following statement:

“Your own commitment to learning, as evidenced by your enrollment at San Jose State University and the University's Academic Integrity Policy requires you to be honest in all your academic course work. Faculty are required to report all infractions to the Office of Judicial Affairs.”

Furthermore, the Department of Economics Academic Fairness Standards states:

“An individual instructor who discovers, or is presented with, conclusive evidence of cheating shall assign a course grade of ‘F’ and inform the Chairperson of the Department of the reasons for the grade and for further disciplinary action.”

I'm not at all reluctant to enforce these standards even though it can be unpleasant. Do bear in mind that cheating and plagiarism can occur without the student's knowledge or intent. So be careful! Read the policies and keep them in mind.

Registration:

“Students are responsible for understanding the policies and procedures about add/drops, academic renewal, etc. Information on [add/drops](http://info.sjsu.edu/web-dbgen/narr/soc-fall/rec-298.html) are available at <http://info.sjsu.edu/web-dbgen/narr/soc-fall/rec-298.html>. Information about [late drop](http://www.sjsu.edu/sac/advising/latedrops/policy/) is available at <http://www.sjsu.edu/sac/advising/latedrops/policy/>. Students should be aware of the current deadlines and penalties for adding and dropping classes.”

Disabilities:

Presidential Directive 97-03 requires that students with disabilities register with DRC. A student requiring accommodation should make this need known to the instructor during the first two weeks of class. Every reasonable effort will be made to accommodate the student's particular needs.

COURSE SCHEDULE

| We ek | Date | Topic | Reading Assignments |
|------------------------|---------|--|--|
| 1 | Aug. 24 | Introduction to Law & Econ | Friedman: Introduction, Ch's 1 and 2 |
| 2 | Sep. 1 | Rule of Law | Skaaning, Svend-Erik, " Measuring the Rule of Law. " <i>Political Research Quarterly</i> , 2010 (access through library.sjsu.edu) Mahoney, Paul G. " The Common Law and Economic Growth: Hayek Might Be Right " (pdf) Holcombe, Randall " Economic Freedom and Economic Growth. " <i>The Freeman</i> 1998 Gwartney, Hall & Lawson, " Economic Freedom of the World, 2008 " Chapter 1 (pdf) |
| 3 | Sep. 7 | Externalities, Coase Theorem, Logic of Collective Action | Friedman Ch's 3-4 Hazlett, Tom, " Looking for Results: Interview With Ronald Coase. " <i>Reason</i> , Jan. 1997 Dixit & Nalebuff, " Game Theory " Tyler Cowen, " Public Goods " |
| 4 | Sep. 14 | Economic Theory of Property | Friedman Ch. 10 Elinor Ostrom, Governing the Commons , Ch.1 (pp.1-28) [D2L] |
| Midterm Exam #1 | | | Distributed today, due by 10pm Sep. 18 |
| 5 | Sep. 21 | Takings (Eminent Domain) | Friedman Ch.8 Miceli & Segerson The Economics of Eminent Domain (only pp.275-98) Bruce Benson, " The Evolution of Eminent Domain " |
| 6 | Sep. 28 | Common Pool Resources | Ostrom, Elinor " Beyond Markets and States: Polycentric Governance of Complex Economic Systems. " Nobel Lecture Video: Rob Harmon http://www.youtube.com/watch?v=LV3ZjORGwoI |
| 7 | Oct. 5 | Climate Policy | Greg Mankiw, " Open Invitation to Join Pigou Club " John Nye, " The Pigou Problem " Parry & Small, " Response to Nye " Matt Kahn, " Climatology " (video) Paul Romer, " Charter Cities " (video) Michael Strong, " Free Cities " Newt Gingrich " Free Cities " |
| 8 | Oct. 12 | Spectrum & Wireless | David Henderson, " Ronald Coase " (short bio) <i>[Further readings TBA]</i> |
| 9 | Oct. 19 | Midterm Exam #2 | In class 6:30-9:15 p.m. |

| We ek | Date | Topic | Reading Assignments |
|-------|---------|---|---|
| 10 | Oct. 26 | Intellectual Property | Friedman Ch. 11 Landes & Posner, “Indefinitely Renewable Copyright” (pp.1-22) Boldrin & Levine, “Against Intellectual Monopoly” Chapter 1: Introduction Case: Satava v. Lowry 323 F.3d 805 |
| 11 | Nov. 2 | Fashion and Magic | Ellis, Sara. “Copyrighting Couture” [SSRN] (pp.185 & forward) Raustiala and Sprigman, “The Piracy Paradox” [SSRN] (pp.1688-1735) Lopez, “Fashion Design and Copyright” [The Freeman] Ray Fisman, “The Highest Form of Flattery” [Slate.com] Loshin, “Secrets Revealed: How Magicians Protect Intellectual Property Without Law” [SSRN] |
| 12 | Nov. 9 | Open Source | Overview of Open Source - Wikipedia Entry, “Open Source” Overview of Creative Commons Licensing - http://wiki.creativecommons.org/Cultivating the Public Domain The Sun/Oracle merger (Guest Lecture by Robert Dixon Crouch, MA Candidate, SJSU Department of Economics) - Chris Chiappinelli Analysis - Antitrust Division response to EC - Sebastian Rupley Analysis |
| 13 | Nov. 16 | Piracy and Other Interesting Emerging Cases <i>[“TBD” means I will assign readings for the topic 1-2 weeks prior.]</i> | Music and Film Piracy RIAA & ASCAP cases [TBD] Likeness: Kardashian v. Gap/Old Navy [TBD] Midler v. Ford Motor Co. 849 F. 2 nd 460 (1988) Patent Frontiers Google v. Patents [Eric Clemons Aug 11, 2011] Apple & Microsoft, v. Google [TBD] Gene Patents [Wired story 03/29/2010 and this good background] |
| 14 | Nov. 23 | Thanksgiving Holiday | No class on Wed Nov. 23 per SJSU Academic Calendar |
| 15 | Nov. 30 | Election Law | - Lopez, Campaign Finance , <i>Encyc. of Pub. Ch.</i> , (2003) - <i>Citizens United v. FEC</i> (Wikipedia summary) 130 S.Ct. 876 (2009) - <i>Buckley v. Valeo</i> (Wikipedia summary), 424 US 1 (1974) |
| 16 | Dec. 7 | Legal Institutions Throughout Time | Friedman Ch. 17 TPOJ Ch.9 (by Barton) [D2L] |
| 17 | Dec. 15 | Final Exam | |
| | | Wed. Dec. 14 | 7:45-10:00 p.m. in regular classroom <i>I'll post final course grades to my.sjsu.edu by midnight Dec 21.</i> |

By taking this course you're making an investment in your human capital. Don't waste it!