

## **Economics for Lawyers – Law 108-003**

Tuesdays & Thursdays, 1:50-3:15 pm (1 hour & 25 minutes)

*Antonin Scalia Law School, George Mason University, Fall 2021*

**Professor John M. Yun.** Office: Hazel Hall 450F · jyun9@gmu.edu · (703) 993-8537

**Office Hours.** Wed. 12:30 – 2:30 pm (in-person) & by appt. (including virtual)

**Welcome.** This course is an introduction to a diverse set of materials designed to improve your ability to analyze legal problems using the tools of microeconomic theory. We will develop both the mechanics and subtleties of these tools—as this will better equip you to understand a dispute, craft an argument, and prepare a witness. Background knowledge is neither assumed nor required to perform well in the course.

Learning Outcome: By the end of the course, students will be able to comprehend, apply, and analyze the economic concepts developed over the semester. Students will be able to perform problem solving involving economics including its intersection with the law.

### **Texts & Readings.**

- HENRY N. BUTLER, CHRISTOPHER R. DRAHOZAL, & JOANNA SHEPHERD, ECONOMIC ANALYSIS FOR LAWYERS, 3<sup>rd</sup> Edition (pdf on TWEN)
- N. GREGORY MANKIW, PRINCIPLES OF MICROECONOMICS, 6<sup>th</sup> Edition
- All other readings will be made available on TWEN.

### **Course Requirements and Grading.**

Midterm Exam. The midterm exam will be administered in class on **Thursday, October 14**, and will count for **30 percent** of your grade. It will consist of multiple-choice questions. *The exam is closed book and notes.*

Final Exam. The final exam will be administered on **Monday, December 6 @ 12 – 3 pm** and will count for **70 percent** of your grade. (Unlock the “Improvement Bonus”: If you perform better on the final exam compared to the midterm, then I will count your final exam as 100 percent of your grade.) The final exam will consist of multiple-choice questions covering *all* the material in the course. *The final exam is also closed book and notes.*

Grading. This course follows the grading policies outlined in Academic Regulations (AR) 4-5.7, which may be found at ACADEMIC REGULATIONS, <https://www.law.gmu.edu/academics/regulations/>.

Class Participation. Students are expected to have read the assigned readings and to come to class prepared. Your grade is subject to a discretionary class participation and preparation adjustment of 1/3<sup>rd</sup> of a letter grade in either direction (e.g., a B to a B+ or a B-). The course adheres to the attendance policy as outlined in AR 4-1.

Homework Assignments. I will periodically distribute ungraded homework assignments on TWEN. These will help you in reviewing the assigned materials.

Weekly Tutorials. The current plan is to have weekly tutorials—with details to follow. **Andrew Mercado** ([amercad5@gmu.edu](mailto:amercad5@gmu.edu)) is the teaching assistant. It is highly recommended that you attend these sessions.

Honor Code. Students are expected to adhere to the Scalia Law HONOR CODE, which may be found at [https://www.law.gmu.edu/academics/honor\\_code/](https://www.law.gmu.edu/academics/honor_code/).

Tentative Syllabus. We may deviate from the tentative syllabus for reasons including current events, scheduling, new cases, *et cetera*. Please make sure you are signed up to receive updates via TWEN.

Intellectual Property. I own all course content that is created (e.g., slides, handouts), regardless of format (electronic, print, audio, video). You are forbidden to distribute them to anyone other than your classmates in this course. Pursuant to Academic Regulation 4-2.2, no portion of a class session or an examination may be preserved by means of a recording device such as an audio recording device or camera.

## Class Schedule & Assignments

### **1 The Economic Way of Thinking (Tues., Aug. 24)**

- Butler et al., Chapter I (p. 1), I.A (pp. 5-17)
- Mankiw, Chapters 1 (pp. 3-8, 10-13), 2 (pp. 21-24, 29-31, Appendix)

### **2 Price Theory 1: Demand (Thurs., Aug. 26)**

- Butler et al., Chapter II.A (pp. 56-58), G.1 (pp. 109-114)
- Mankiw, Chapters 4 (pp. 65-72), 5 (pp. 89-98)

### **3 Price Theory 2: Supply (Tues., Aug. 31)**

- Butler et al., Chapters II.B (pp. 58-62), G.2-3 (pp. 114-117); IX.A (pp. 481-492)
- Mankiw, Chapters 4 (pp. 73-76), 5 (pp. 98-101), 13

### **4 Price Theory 3: Market Equilibrium & Efficiency (Thurs., Sep. 2)**

- Butler et al., Chapters I.E (pp. 45-46, 51-53); II.C-D.2 (pp. 62-69), E-F (pp. 89-99, 106-109), H (pp. 120-123)
  - Sedmak v. Charlie's Chevrolet (1981)
  - Comp. Enterprise Institute v. NHTSA (1992)
- Mankiw, Chapters 4 (pp. 77-84), 6 (pp. 112-119), 7
- L. B. Solum, *Legal Theory Lexicon: Efficiency, Pareto, and Kaldor-Hicks*
- State of Florida v. Medina, Complaint

### **5 Price Theory 4: Excise Taxes & App Stores (Tue., Sep. 7)**

- Mankiw, Chapter 6 (pp. 121-127)
- Bruce H. Kobayashi & Joshua D. Wright, *What's Next in Apple Inc. v. Pepper: The Indirect-Purchaser Rule and the Economics of Pass-Through*, 2018 CATO SUP. CT. REV. 249 (2018/19).

### **6 Price Theory 5: Competition (Thurs., Sep. 9)**

- Butler et al., Chapter IX.B.1 (pp. 492-503)
- Mankiw, Chapter 14

**7 Price Theory 6: Monopoly & Monopolistic Competition (Tues., Sep. 14)**

- Butler et al., Chapter IX.B.2 (pp. 503-508, 517-520), B.3 (pp. 523-526)
- Mankiw, Chapters 15 (pp. 299-313), 16
- Benjamin Klein, *Brand Names*, in THE CONCISE ENCYCLOPEDIA OF ECONOMICS

**8 Price Theory 7: Price Discrim. & Tying/Bundling (Thurs., Sep. 16)**

- Butler et al., Chapter IX.B.2.c (pp. 513-515)
- Mankiw, Chapter 15 (pp. 314-318)
- Hal Varian, *Differential Pricing and Efficiency*, 1 FIRST MONDAY 1 (1996)

**9 Special Guest Lecture: Prof. Joshua D. Wright on Modern Antitrust (Tues., Sep. 21)**

**10 Labor Markets & Non-Competes (Thurs., Sep. 23)**

- Butler et al., Chapter VIII.A.1 (pp. 421-424), A.3 (p. 425), B.1 (pp. 426-431), C.1 (pp. 453-455)
- Mankiw, Chapter 18 (pp. 375-389, 392)
- Global Antitrust Institute, *Noncompete Clauses Used in Employment Contracts*, GMU Law & Econ. Research Paper Series 20-04 (2020) (pp. 1-18)

**11 Basic Probability Theory & Uncertainty (Tues., Sep. 28)**

- Complete the readings and exercises from the ONLINESTATBOOK:  
[http://onlinestatbook.com/2/probability/probability\\_intro.html](http://onlinestatbook.com/2/probability/probability_intro.html)
  - Introduction (V.2)
  - Basic Concepts (V.3)
- Butler et al., Chapter VI.A.1-A.3 (pp. 291-298)

**12 Decision-Making Under Uncertainty & Risk (Thurs., Sep. 30)**

- Butler et al., Chapters VI.B (pp. 298-300, 304, 314); X.A (pp. 565-566), X.B (pp. 569-573), X.C (pp. 591-592, 595-597)

**13 Game Theory & Bargaining (Tues., Oct. 5)**

- Butler et al., Chapter I.D (pp. 39-45)

- Page v. United States (1989)
- Randal C. Picker, *An Introduction to Game Theory and the Law*, Coase-Sandor Institute for Law & Economics Working Paper No. 22 (1994) (pp. 1-15)
- Dov Rothman & David Toniatti, *A Primer on Bargaining: How Mergers May Affect Negotiated Prices*, ANTITRUST SOURCE (Apr. 2018)

**14 Network Effects & Multi-Sided Platforms (Thurs., Oct. 7)**

- Catherine Tucker, *What Have We Learned in the Last Decade? Network Effects and Market Power*, 32 ANTITRUST 77 (2018)
- John M. Yun, *Overview of Network Effects & Platforms in Digital Markets*, GLOBAL ANTITRUST INSTITUTE DIGITAL REPORT 1 (2020)

**15 No Class – Observe Monday Schedule (Tues., Oct. 12)**

**16 In-Class Midterm (Thurs., Oct. 14)**

**17 Property Rights, Externalities, & Coase (I) (Tues., Oct. 19)**

- Butler et al., Chapters I.B (pp. 17-21, 30-33); IV (pp. 185-189, 195-198, 205-207, 217-220)
  - Fontainebleau Hotel Corp. v. Forty-Five Twenty-Five (1959)
- Mankiw, Chapter 10

**18 Property Rights, Externalities, & Coase (II) (Thurs., Oct. 21)**

- Butler et al., Chapter IV (pp. 213-217)
  - Spur Industries, Inc. v. Del E. Webb Development Co. (1972)
- Harold Demsetz, *Toward a Theory of Property Rights*, 57 AM. ECON. REV. 347 (1967)
- Ronald H. Coase, *The Problem of Social Cost*, 3 J. L. & ECON. 1 (1960) (pp. 1-8, 15-19, 28-29, 42-44)

**19 Property Rights, Externalities, & Coase (III) (Tues., Oct. 26)**

**20 Private Provision of Public Goods (Thurs., Oct. 28)**

- Butler et al., Chapter I.B (pp. 21-22, 24-28)
- Mankiw, Chapter 11
- Feist Publications v. Rural Telephone Service, 499 U.S. 340 (1991)

**21 Economics of Information (Tues., Nov. 2)**

- Butler et al., Chapter V.A-B (pp. 231-242)
- Harold Demsetz, *Information and Efficiency: Another Viewpoint*, 12 J. L. & ECON. 22 (1969) (pp. 1-14)

**22 Economics of Privacy (Thurs., Nov. 4)**

- Alex Marthews & Catherine Tucker, *Privacy Policy and Competition*, ECON. STUD. BROOKINGS (Dec. 2019)

**23 Intellectual Property (Tues., Nov. 9, \*Zoom\*)**

- Butler et al., Chapter I.C (pp. 33-39)
  - Eldred v. Ashcroft (2003)
- Richard A. Posner, *Intellectual Property: The Law and Economics Approach*, 19 J. ECON. PERSP. 57 (2005)

**24 Economics of Tort Law (Thurs., Nov. 11, \*Zoom\*)**

- Butler et al., Chapter VI.D.1-3 (pp. 327-339)
  - United States v. Carroll Towing Co. (1947)
  - Greenman v. Yuba Power Products (1963)

**25 Efficient Breach, Optimal Deterrence, & Damages (Tues., Nov. 16)**

- Butler et al., Chapter VI.D.4 (pp. 351-358)
  - Mathias v. Accor Economy Lodging (2003)

**26 Economics of Crime (Thurs., Nov. 18)**

- Butler et al., Chapter VII (pp. 383-393, 399-402, 404-409)
  - U.S. v. Gupta (2012)

**27 Final Exam Review Session (Tues., Nov. 23)**

**28 Final Exam (Mon., Dec. 6, 12 - 3 pm)**