

Economics For Lawyers Law 108

Fall 2022
Tuesday & Thursday, 1:50-3:15pm

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OVERVIEW: This class will provide first-year law students with an introduction to the basic tools of microeconomic analysis (including supply and demand, game theory, the economics of information, and some basic statistical concepts), and an application of these tools to various areas of the law. This course will prepare students to think critically about the economic implications of legal rules, which will provide them with a valuable resource in their future practice of the law. Prior knowledge of economics is neither assumed nor required to perform well in this class.

LEARNING OUTCOMES: By the end of the course, students will:

- Understand the fundamental microeconomic theory of consumer and firm behavior
- Understand basic statistical concepts, such as probability, expected value and variance
- Understand basic economic analysis of asymmetric information and competition
- Be able to think critically about the economic implications of legal rules

BASIS OF EVALUATION: Your final course grade will be determined by two examinations, class participation, and homework:

- **The Midterm examination** will take place during class on **Thursday, October 13**. The Midterm Examination will be worth 30% of your grade, and it will consist of multiple choice questions comprising **only** the material that has been covered in class to that point.
- **The Final Examination** will take place from 12pm-3pm on **December 8**. The Final Examination will comprise the remaining 70% of your grade, and it will consist of multiple choice covering ALL of the material in the course. If you perform better on your Final Examination than on your Midterm Examination, the Midterm Examination **will not count** toward

your final class grade, and your Final Examination grade will count for **100%** of your final class grade.

- **Participation and homework:** I expect students to be prepared to discuss assigned readings in class. Consistently outstanding class participation or consistently demonstrated lack of preparation may result in 1/3 letter-grade adjustment to your final grade (e.g., B to a B+ or a B-). I also will assign homework problems from time to time that I will expect to be turned in electronically via TWEN on time. Failure to turn in assignments that demonstrate your best efforts will result in 1/3 letter-grade deduction from your final grade.

OFFICE HOURS: Wednesday 12pm-2pm, and by appointment. I encourage you to email me questions that may arise as you study and prepare for class. I typically respond quickly.

TEXT: The primary casebook is: [HENRY N. BUTLER, JOANNA SHEPHERD BAILEY, & CHRISTOPHER R. DRAHOZAL, ECONOMIC ANALYSIS FOR LAWYERS](#) (3rd Edition) (referred to as “BDS”). This book is supplied to students free of charge as a PDF file that can be read electronically or printed out. I also require N. GREGORY MANKIW, *PRINCIPLES OF MICROECONOMICS* (6th Ed. 2012), which should be available online used for around \$20. I will post additional readings on TWEN. The preliminary reading schedule is listed below, but likely will be adjusted as the semester progresses. I have highlighted the cases that we will discuss in detail for each class.

ATTENDANCE: Regular and punctual attendance are required to earn academic credit. Attendance requirements for academic credit will follow the policies set forth in Academic Regulation 4-1. Should circumstances occur where you anticipate the possibility of missing a substantial number of class sessions (e.g. a serious illness), you should immediately contact the Assistant Dean, Student Academic Affairs.

INTELLECTUAL PROPERTY: I own all course content that I create (e.g. PPT slides), regardless of form (electronic, print, audio/ video, etc.), including recordings of class sessions, office hours, and other meetings. You are forbidden to use them with, or distribute them to, anyone other than your classmates in this course.

CLASS RECORDING: 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. Any exceptions to this policy must be expressly permitted in writing by me.

ACADEMIC INTEGRITY: It is expected that students adhere to the Antonin Scalia Law School Honor Code. The Honor Code prohibits lying, cheating, or stealing. This includes a student obligation to never represent the work of another as their own, and to never provide or accept unauthorized assistance on any school related assignment. The Honor Code is available here: <https://sls.gmu.edu/honor/>.

Course Assignments and Schedule

Date	Topic
August 23	Introduction to Law & Economics and the Economic Way of Thinking: <ul style="list-style-type: none"> • BDS – Chapter I.A,C, E • Mankiw – Chapters 1 & 2 Case: <ul style="list-style-type: none"> • <i>Peevyhouse v. Garland Coal & Mining Co.</i> (BDS p.69)
August 25	Price Theory: Demand <ul style="list-style-type: none"> • BDS – Chapter II.A, G.1 • Mankiw – Chapters 4 (pp. 65-71); 5 (pp.89-97); 7 (pp.135-140)
August 30	Demand Continued
September 1	Price Theory: Supply <ul style="list-style-type: none"> • Mankiw – Chapter 4 (pp.73-75); 5 (pp. 98-100); 7 (pp.141-144); 13

September 6	Price Theory: Market Equilibrium & Elasticity: <ul style="list-style-type: none"> • BDS – Chapter II.C, D.1-2, E • Mankiw – Chapters 4 (pp.77-84); 5(pp.101-06); 6; 7 (pp.145-50); 8 Cases: <ul style="list-style-type: none"> • <i>Sedmak v. Charlie's Chevrolet, Inc.</i> • <i>Competitive Enterprise Institute v. NHTSA</i>
September 8	Price Theory: Price Controls: <ul style="list-style-type: none"> • BDS—Chapter II.F. Cases: <ul style="list-style-type: none"> • <i>State of Florida v Medina</i> (Circuit Court - 11th Judicial Circuit, Miami-Dade County, FL)(Available on TWEN) • <i>M. Krause & Bros, Inc. v. United States</i>
September 13	Competition & Monopoly: <ul style="list-style-type: none"> • BDS – Chapter IX.B.1-2 • Mankiw – Chapters 14 & 15 Case: <ul style="list-style-type: none"> • <i>Verizon Comm'ns Inc. v. Law Offices of Curtis V. Trinko, LLP</i>
September 15	Competition & Monopoly Continued
September 20	Risk & Uncertainty: <ul style="list-style-type: none"> • BDS – Chapter VI.A-C
September 22	Risk & Uncertainty Continued
September 27	Game Theory: <ul style="list-style-type: none"> • BDS – Chapter I.D • Randy Picker, An Introduction to Game Theory and the Law Case: <ul style="list-style-type: none"> • <i>Page v. United States</i>
September 29	Game Theory Continued

October 4	Property Rights, Externalities, and Coase: <ul style="list-style-type: none"> • BDS – Chapters I.B; IV <p>Cases:</p> <ul style="list-style-type: none"> • <i>Fontainebleau Hotel Corp. v. Forty-Five Twenty-Five, Inc.</i> • <i>Spur Industries v. Del E. Webb Development Co.</i>
October 6	Catch Up and Midterm Review
October 11	NO CLASS – FOLLOW MONDAY SCHEDULE
October 13	MIDTERM EXAMINATION
October 18	Property Rights, Externalities, and Coase Continued
October 20	Intellectual Property: <p>Cases:</p> <ul style="list-style-type: none"> • <i>Eldred v. Ashcroft</i> • <i>MGM Studios, Inc. v. Grokster, Ltd</i> (Available on TWEN)
October 25	Economics of Information: <ul style="list-style-type: none"> • BDS – Chapter V.A-B. <p>Cases:</p> <ul style="list-style-type: none"> • <i>Virginia St. Bd. of Pharmacy v. Virginia Citizens Consumer Council</i>, 425 U.S. 748 (1976) (Available on TWEN) • <i>Hadley v. Baxendale</i>, 9 Ex. 341 (Ct. of Exchequer 1854) (Available on TWEN)
October 27	Economics of Information Continued
November 1	Economics of Contract Law: <ul style="list-style-type: none"> • BDS – Chapter II.D.3; Chapter V.C. <p>Cases:</p> <ul style="list-style-type: none"> • <i>Eastern Air Lines, Inc. v. Gulf Oil Corp.</i> • <i>Alaska Packers Ass’n v. Domenico</i> • <i>Lake River Corp. v. Carborundum Co.</i>
November 3	Economics of Contract Law Continued

November 8	Economics of Tort Law: <ul style="list-style-type: none"> • BDS – Chapter VI.D Cases: <ul style="list-style-type: none"> • <i>United States v. Carroll Towing Co.</i> • <i>Greenman v. Yuba Power Products, Inc.</i>
November 10	Economics of Tort Law Continued
November 15	Economics of Crime <ul style="list-style-type: none"> • BDS Chapter VII Case: <ul style="list-style-type: none"> • <i>United States v. Gupta</i>
November 17	No Class: Complete final exam review problem set
November 22	Catch up and Final Review
DECEMBER 8 (12pm-3pm)	FINAL EXAM
