

Economics For Lawyers Law 108

Fall 2025

Tuesday & Thursday, 9:50 -11:15 am

Professor Henry N. Butler

703-993-8644

hnbutler@gmu.edu

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 the role of market imperfections as a justification for government intervention;
- Understand basic economic analysis of asymmetric information, externalities, and competition;
- Understand basic statistical concepts, such as probability, expected value and variance; and
- 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 2**. 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 Exam is both closed book and closed notes.
- **The Final Examination** will take place on Friday, December 5 from noon to

3:00 pm. 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. The exam is closed book and closed notes.

- **Improvement Bonus!** 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: Thursday 2:00 to 4:00 pm, 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, & JAMES C. COOPER, ECONOMIC ANALYSIS FOR LAWYERS (4th Edition 2024) (referred to as "Butler, Chapter ____"). I may 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. I will not be recording class sessions on Zoom. Recorded sessions will not be available for those who are absent from class.

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: [Academic Standards](#).

Course Assignments and Schedule

Date	Topic
Tuesday, August 19	Incentives Matter! Reading Assignment: Butler, Chapter 1 (skim entire chapter)
Thursday, August 21	The Economic Way of Thinking Reading Assignment: Butler, Chapter 1.A.B Case: <ul style="list-style-type: none">• <i>Matsushita Elec. Indus. Co. v Zenith Radio Corp.</i>
Tuesday, August 26	In the beginning, there were markets & !!!! Reading Assignment: Butler, Chapter 1.C Case: <ul style="list-style-type: none">• <i>In re Aluminum Phosphide Antitrust Litigation</i>
Thursday, August 28	A Preliminary Look at Market Imperfections: Externalities, Information Asymmetries, Monopolies, Public Goods Reading Assignment: Butler, Chapter 2.H and Chapter 9.A Article: Fred S. McChesney, Money for Nothing Case: <ul style="list-style-type: none">• <i>City of Columbia v. Omni Outdoor Advertising, Inc.</i>
Tuesday, September 2	Demand Reading Assignment: Butler, Chapter 2.A Case: <ul style="list-style-type: none">• <i>Peevyhouse v. Garland Coal & Mining Co.</i> (Available on TWEN)
Thursday, September 4	Supply Reading Assignment: Butler, Chapter 2.B

Tuesday, September 9	The Role of Prices in Coordinating Actions Reading Assignment: Butler, Chapter 2.C-F Cases: <ul style="list-style-type: none"> • <i>Gonzales v. Raich</i> • <i>Competitive Enterprise Institute v. NHTSA</i>
Thursday, September 11	Price Controls: Price Ceilings and Price Floors Reading Assignment: Butler, Chapter 2.G-H and Chapter 10.A Cases: <ul style="list-style-type: none"> • <i>M.Krause & Bros, Inc. v. United States</i> • <i>State of Florida v. Medina</i>
Tuesday, September 16	Economics of Property Rights and Public Goods Reading Assignment: Butler, Chapter 3.A-C Cases: <ul style="list-style-type: none"> • <i>Starbound LLC v. Gutierrez</i> • <i>Matthews v. Wozencraft</i> • <i>Eldred v. Ashcroft</i>
Thursday, September 18	Externalities Reading Assignment: Butler, Chapter 4.A-B Case: <ul style="list-style-type: none"> • <i>Orchard View Farms, Inc. Martin Marietta Aluminum, Inc.</i>
Tuesday, September 23	Property Rights, Externalities, and Coase Reading Assignment: Butler, Chapter 4.C-D Cases: <ul style="list-style-type: none"> • <i>Fontainebleau Hotel Corp. v. Forty-Five Twenty-Five,</i> • <i>Boomer v. Atlantic Cement Co.</i>
Thursday, September 25	Excise Taxes and Other Responses to Externalities Reading Assignments: Butler, Chapter 2.G. (pp. 106-109) and Chapter 4.D

Tuesday, September 30 **Catch Up & Review**

Thursday, October 2 ***In-Class Midterm***

Tuesday, October 7 **Asymmetric Information and Market Responses**

Reading Assignments:

Butler, Chapter 5.A

Cases:

- *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council*
- *Housman v. Dare*

Thursday, October 9 **NO CLASS – FALL BREAK**

Tuesday, October 14 **Transaction Costs and Principal-Agent Contracting**

Reading Assignments:

Butler, Chapter 5.B

Cases:

- *Lake River Corp. v. Carborundum Co.*
- *Corenswet, Inc. v. Amana Refrigeration, Inc.*

Thursday, October 16

Risk and Insurance

Reading Assignments:

Butler, Chapter 6.A&B

Case:

- *Atwater Creamery Co. v. Western National Mutual Insurance Co.*

Tuesday, October 21 **Risk and Market Prices**

Reading Assignments:

Butler, Chapter 6.C

Cases:

- *Avram Wisna v. New York University*
- *JN Contemporary Art LLC v. Phillips Auctioneers LLC*

Thursday, October 23

Tort Law & Incentives

Reading Assignments:

Butler, Chapter 6.D

Cases:

- *United States v. Carroll Towing Co.*

- *Greeman v. Yuba Power Products, Inc.*
- *Mathias v. Accor Economy Lodging, Inc.*

Tuesday, October 28 Competition & Monopoly:

Reading Assignments:

Butler, Chapter 8.A-B

Cases:

- *United States v. Microsoft Corp.*
- *Verizon Comm'ns Inc. v. Law Offices of Curtis V. Trinko, LLP*

Thursday, October 30

The Social Costs of Theft, Tariffs, and Monopoly,

Reading Assignments:

- Butler, Chapter 9.A (McChesney, Money for Nothing)

Case:

- *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*

Tuesday, November 4

NO CLASS – ELECTION DAY

Thursday, November 6

More Nuanced Models of Competition (Vertical Restraints)

Reading Assignment:

- Butler, Chapter 8.C.1

Case:

- *Leegan Creative Leather Products, Inc. v. PSKS, Inc*

Tuesday, November 11

Jurisdictional Competition in the Market for Corporate Charters

Reading Assignment:

- Henry N. Butler, Nineteenth-Century Jurisdictional Competition in the Granting of Corporate Privileges, 14 Journal of Legal Studies 129 (1985). Available on TWEN.
- Henry N. Butler, Smith v. Van Gorkom, Jurisdictional Competition, and the Role of Random Mutations in the Evolution of Corporate Law, 45 Washburn Law Review 267 (2006). Available on TWEN.

Thursday, November 13

Corporate Governance

Reading Assignments:

- Butler, Chapter 5.C
- Henry N. Butler, The Contractual Theory of the Corporation, 11 George Mason University Law Review 99 (1989). Available on TWEN.

Case:

- *Kamin v. American Express Co.*

Tuesday, November 18

Labor Markets

Reading Assignment:

Butler, Chapter 10.B.C.

Cases:

- *Landmark Technology, Inc. v. Canales*
- *Garcia v. Kankakee County Housing Authority*
- *O'Brien v. O'Brien*
- *In re Doering*

Thursday, November 20

Catch Up and Review

Friday, December 5

FINAL EXAM

12:00 to 3:00 pm
