Economics for Lawyers – Law 108
TuTh, 9:50 am – 11:15 am
Antonin Scalia Law School, George Mason University, Fall 2024

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

Office Hours. Wed. 1-3 pm & by appt.

Welcome. This course is 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. The goal is to 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, 4th edition
- N. GREGORY MANKIW, PRINCIPLES OF MICROECONOMICS, 6th 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 3**, 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 **Friday, December 6 @ 12 – 3 pm** and will count for **70 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*.
- 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.

Grading. This course follows the grading policies outlined in Academic Regulations (AR) 4-6.7 & 4-6.8, 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 1/3rd 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.

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/.

Tentative Syllabus. We may deviate from the tentative syllabus for reasons including current events, scheduling, new cases, _et cetera_.

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 AR 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 (Thu., Aug. 22)

- ☐ Butler et al., Chapter 1 (p. 3), 1.A (pp. 5-13), 1.B (pp. 21-22), 1.C (pp. 23-24)
- ☐ Mankiw, Chapters 1 (pp. 3-8, 10-13); 2 (pp. 21-24, 29-31, Appendix)

2   Price Theory 1: Demand (Tue., Aug. 27)

- ☐ Butler et al., Chapter 2.A (pp. 35-51)
- ☐ Mankiw, Chapters 4 (pp. 65-72); 5 (pp. 89-98)

3   Price Theory 2: Supply (Thu., Aug. 29)

- ☐ Butler et al., Chapter 2.B (pp. 51-64)
- ☐ Mankiw, Chapters 4 (pp. 73-76); 5 (pp. 98-101); 13

4   Price Theory 3: Market Equilibrium & Efficiency (Tue., Sep. 3)

- ☐ Butler et al., Chapters 1.C (pp. 31-33); 2.C (pp. 64-66), 2.D (pp. 73-75), 2.E (pp. 75-83), 2.F (pp. 83-88), 2.G (pp. 92-99, 104-106)
    - ☐ Comp. Enterprise Institute v. NHTSA (1992)
    - ☐ State of Florida v. David Medina (2005)
- ☐ Mankiw, Chapters 4 (pp. 77-84); 6 (pp. 112-119); 7
- ☐ L. B. Solum, *Legal Theory Lexicon: Efficiency, Pareto, and Kaldor-Hicks*

5   Price Theory 4: Excise Taxes (Thu., Sep. 5)

- ☐ Butler et al., Chapter 2.G (pp. 106-109)
- ☐ Mankiw, Chapter 6 (pp. 121-127)

6   Price Theory 5: Competition (Tue., Sep. 10)

- ☐ Butler et al., Chapters 2.H (p. 110); 8.A (pp. 491-498)
- ☐ Mankiw, Chapter 14

7   Price Theory 6: Monopoly & Monopolistic Competition (Thu., Sep. 12)

- ☐ Butler et al., Chapter 8.B (pp. 498-505, 508-509), 8.C (pp. 519-522)
- ☐ Mankiw, Chapters 15 (pp. 299-313); 16
- ☐ Benjamin Klein, *Brand Names*, *in* THE CONCISE ENCYCLOPEDIA OF ECONOMICS

8   Price Theory 7: Price Discrimination (Tue., Sep. 17)

☐ Butler et al., Chapter 8.B (pp. 515-517)
  ☐ ProCD, Inc. v. Zeidenberg (7th Cir. 1996)
☐ Mankiw, Chapter 15 (pp. 314-318)
☐ Hal Varian, *Differential Pricing and Efficiency*, 1 FIRST MONDAY 1 (1996)

9 Labor Markets (Thu., Sep. 19)

☐ Butler et al., Chapter 10.A (pp. 639-643, 644-645), 10.B (pp. 646-653), 10.C (pp. 674-677)
☐ Mankiw, Chapter 18 (pp. 375-389, 392)

10 Basic Probability Theory & Uncertainty (Tue., Sep. 24)

☐ Complete the readings and exercises from the ONLINESTATBOOK: http://onlinestatbook.com/2/probability/probability_intro.html
  ☐ Introduction (V.2)
  ☐ Basic Concepts (V.3)
☐ Butler et al., Chapter 6.A (269-278)

11 Decision-Making Under Uncertainty & Risk (Thu., Sep. 26)

☐ Butler et al., Chapters 6.B (pp. 278-280, 285, 298); 11.A (pp. 709-710), 11.B (pp. 714-720), 11.C (pp. 742, 746-748)

12 Catch Up & Review (Tue., Oct. 1)

13 *In-Class Midterm* (Thu., Oct. 3)

14 Game Theory & Bargaining (Tue., Oct. 8)

☐ Butler et al., Chapters 7.B (pp. 426-430); 8.C (pp. 535-537)
  ☐ 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)

15 Property Rights, Externalities, & Coase (I) (*Thu., Oct. 10*)
[No in-class meeting; a recorded lecture will be distributed]

☐ Butler et al., Chapters 3.A (pp. 111-113), 3.B (pp. 122-124); 4.A (pp. 135-139), 4.B (pp. 139-143), 4.C (pp. 152-161); 5.B (pp. 207-209)
  ☐ Fontainebleau Hotel Corp. v. Forty-Five Twenty-Five (1959)
☐ Mankiw, Chapter 10

16 <u>Property Rights, Externalities, & Coase (II)</u> (Tue., Oct. 15)

☐ Butler et al., Chapter 4.C (pp. 161-171), 4.D (pp. 171-172)
   ☐ Boomer v. Atlantic Cement Company (1970)
☐ 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)
☐ Jeremy Kidd, *Kindergarten Coase*, 18 JURIS POIESIS 160 (2015) [optional]

17 <u>Property Rights, Externalities, & Coase (III)</u> (Thu., Oct. 17)

18 <u>Private Provision of Public Goods</u> (Tue., Oct. 22)

☐ Butler et al., Chapter 3.C (pp. 124-125)
☐ Mankiw, Chapter 11
☐ Feist Publications v. Rural Telephone Service, 499 U.S. 340 (1991)

19 <u>Economics of Information</u> (Thu., Oct. 24)

☐ Butler et al., Chapter 5.A (pp. 181-185, 193-203)
☐ Hadley v. Baxendale, 9 Exch. 341, 156 Eng. Rep. 145 (1854)

20 <u>Intellectual Property Rights</u> (Tue., Oct. 29)

☐ Butler et al., Chapter 3.C (pp. 126-133)
   ☐ Eldred v. Ashcroft (2003)
☐ Richard A. Posner, *Intellectual Property: The Law and Economics Approach*, 19 J. ECON. PERSP. 57 (2005)

21 <u>Economics of Tort Law (I)</u> (Thu., Oct. 31 🎃)

☐ Butler et al., Chapter 6.D (pp. 324-339)
   ☐ United States v. Carroll Towing Co. (1947)
   ☐ Greenman v. Yuba Power Products (1963)

<u>Election Day (No Class)</u> (Tue., Nov. 5)

22 <u>Economics of Tort Law (II)</u> (Thu., Nov. 7)

☐ Central of Georgia Ry. Co. v. Price, 106 Ga. 176 (Ga. 1898)

23 <u>Efficient Breach, Optimal Deterrence, & Damages</u> (*Tue., Nov. 12*) [Virtual – Either live or pre-recorded]

☐ Butler et al., Chapter 6.D (pp. 354-363)

☐ Mathias v. Accor Economy Lodging (2003)

☐ Gregory Klass, *Efficient Breach*, *in* THE PHILOSOPHICAL FOUNDATIONS OF CONTRACT LAW 362, 362-366 (2014)

24 Economics of Crime (*Thu., Nov. 14*)
[Virtual – Either live or pre-recorded]

☐ Butler et al., Chapter 7.A (pp. 399-403, 405, 408-411), 7.B (p. 412, 421-422, 450-453)

    ☐ U.S. v. Gupta (2012)

25 Antitrust (Tue., Nov. 19)

☐ Butler et al., Chapter 8.C (pp. 554-568)

    ☐ Broadcast Music v. CBS (1979)

26 Catch Up & Review (Fri., Nov. 22)

27 Final Exam (Fri., Dec. 6, 12 pm – 3 pm)