

HENRY G. MANNE PROGRAM IN LAW & ECONOMICS STUDIES
LAW & ECONOMICS CENTER, GEORGE MASON UNIVERSITY SCHOOL OF LAW
Twenty-Eighth Economics Institute for Law Professors
Sunday, July 15 through Friday, July 27, 2012

Classes & Hotel: The Stanley Hotel, 333 East Wonderview Avenue, Estes Park, CO 80517

Agenda

Sunday, July 15

Classes held in the Music Room

- 3:00 – 4:00 pm** **Arrival, Check-in, Registration, Lobby** (*outside Music Room*)
- 4:00 – 6:30 pm** **Icebreaker**, *Music Room*
Facilitator: Barry D. Baysinger, Professor of Management, University of Kansas, retired
- 6:30 – 8:30 pm** **Reception and Dinner**, *MacGregor Ballroom*
- Welcome**
Daniel D. Polsby, Dean, George Mason University School of Law
- History of the LEC**
Henry N. Butler, George Mason University Foundation Professor of Law, George Mason University School of Law, and Executive Director, Law & Economics Center

Monday, July 16

Classes held in the Billiard Room

- 7:00 – 7:50 am** **Breakfast**, *Music Room*

Morning Sessions: Economics in Action

- Peter J. Boettke**, Professor of Economics and Deputy Director, James M. Buchanan Center for Political Economy, George Mason University
- 8:00 – 9:15 am** **Session 1: Economics in Action | Boettke**
- Reading Assignment: Mankiw, *Principles of Microeconomics*, 6th ed., South-Western Cengage (2011): Chapters 1 and 2 (copy mailed)
- Supplemental readings:
Boettke, *Living Economics: Yesterday, Today and Tomorrow*, The Independent Institute (2012): Chapters 2, 4 and 16. (This book may be viewed and purchased at: <http://www.independent.org/store/book.asp?id=98>.)
- 9:30 – 10:45 am** **Session 2: Economics in Action | Boettke**
- Reading Assignment: Mankiw, Chapters 3 and 4
- 11:00 am – 12:15 pm** **Session 3: Economics in Action | Boettke**
- Reading Assignment: Boettke, Chapters 1 and 21
- Please watch the two Keynes versus Hayek rap videos:
Round One: <http://www.youtube.com/watch?v=d0nERTFo-Sk>
Round Two: <http://www.youtube.com/watch?v=GTQnarzmTOc>
- 12:15 – 1:00 pm** **Lunch**, *Music Room*

Afternoon Sessions: Introduction to Supply and Demand

Michael R. Baye, Bert Elwert Professor of Business Economics and Public Policy, Kelley School of Business, Indiana University

Joshua D. Wright, Professor of Law, George Mason University School of Law

1:15 – 2:30 pm

Session 4: Introduction to Demand | Baye

Reading Assignment: Mankiw, pp 65-72

2:45 – 4:00 pm

Session 5: Introduction to Supply | Wright

Reading Assignment: Mankiw, pp 72-76

4:15 – 5:30 pm

Session 6: Equilibrium and Applications | Baye & Wright

Reading Assignment: Mankiw, pp 77-84, 111-121

[State of Florida v Medina](#) (Circuit Court – 11th Judicial Circuit, Miami-Dade County, FL)

Dubner & Levitt, “Flesh Trade”, in *New York Times*, July 9, 2006 – available at http://www.nytimes.com/2006/07/09/magazine/09wwln_freak.html?_r=3&n=Top/Features/Magazine/Columns/Freakonomics&pagewanted=all; and

[FTC Press Release](#) on Factors Explaining National Average Gasoline Price Increase During Spring and Summer of 2006, Aug. 30, 2007; [Dissenting Statement of Commissioner Liebowitz](#)

5:30 – 6:30 pm

Reception, Music Room

Tuesday, July 17

Classes held in the Billiard Room

7:00 – 7:50 am

Breakfast, Music Room

Morning Sessions: Consumer Behavior and Demand | Baye and Wright

8:00 – 9:15 am

Session 7: Consumer Surplus | Baye

Reading Assignment: Mankiw, pp 135-141

9:30 – 10:45 am

Session 8: Elasticity of Demand | Baye

Reading Assignment: Mankiw, pp 89-96; and

[Text of the FTC Report to the President on Spring/Summer 2006 Nationwide Gasoline Price Increases](#)

11:00 am – 12:15 pm

Session 9: Substitutes and Complements | Wright

Reading Assignment: Mankiw, pp 97-98; and

Staples-Office Depot Case – available at http://www.oup.com/us/pdf/kwoka/9780195322972_02.pdf

12:15 pm

Adjourn

Wednesday, July 18

Classes held in the Billiard Room

7:00 – 7:50 am **Breakfast**, *Music Room*

Morning Sessions: Cost, Production and Supply | Baye and Wright

8:00 – 9:15 am **Session 10: Producer Surplus** | Wright

Reading Assignment: Mankiw, pp 141-144

9:30 – 10:45 am **Session 11: Production and Cost** | Wright

Reading Assignment: Mankiw, pp 259-274; and

[Alchian, "Costs", *Economic Forces at Work*, Liberty Fund \(1977\): pp 180-201](#)

11:00 am – 12:15 pm **Session 12: Transaction Costs** | Wright

Reading Assignment: [Klein, *Asset Specificity and Holdups*](#)

12:15 pm **Adjourn**

Thursday, July 19

Classes held in the Billiard Room

7:00 – 7:50 am **Breakfast**, *Music Room*

Morning Sessions: Game Theory | Baye

8:00 – 9:15 am **Session 13: Introduction to Games and Strategy** | Baye

Reading Assignment: Mankiw, pp 353-362

9:30 – 10:45 am **Session 14: Collusion** | Baye

Reading Assignment: Baye and Scholten, ["Quoting Convention of NASDAQ Dealers Prompts a Justice Department Probe"](#)

11:00 am – 12:15 pm **Session 15: Games Involving Timing and the Sequencing of Moves** | Baye

12:15 – 1:00 pm **Lunch**, *Music Room*

Afternoon Sessions: Competition, Oligopoly and Monopoly | Wright

1:15 – 2:30 pm **Session 16: Monopoly and Perfect Competition** | Wright

Reading Assignment: Mankiw, pp 279-295, 299-313; and

Baye and Scholten, ["Kodak Appeals to Court to Terminate 1921 and 1954 Decrees that Restrict Pricing Policies"](#)

2:45 – 4:00 pm **Session 17: Oligopoly Models** | Wright

Reading Assignment: Mankiw, pp 329-368; and

Klein, ["Brand Names"](#), from *The Concise Encyclopedia of Economics*

4:15 – 5:30 pm **Session 18: Antitrust** | Wright

Reading Assignment: Mankiw, pp 362-368

7:00 – 9:30 pm **Reception and Dinner**, *MacGregor Ballroom*

Friday, July 20

Classes held in the Billiard Room

7:00 – 7:50 am **Breakfast**, *Music Room*

Morning Sessions: Property Rights, Economics and the Coase Theorem

Terry L. Anderson, Executive Director, Property and Environment Research Center (PERC), Senior Fellow, Hoover Institution, Stanford University

8:00 – 9:15 am **Session 19: Free Market Environmentalism: Hats Matter | Anderson**

Reading Assignment: Mankiw, Chapters 10 and 11; and

Anderson & Huggins, *Property Rights: A Practical Guide to Freedom and Prosperity*, Hoover Institution (2009) – available to read online at <http://www.hoover.org/publications/books/8353>

9:30 – 10:45 am **Session 20: Entrepreneurship, Property Rights, and Markets | Anderson**

Reading Assignment: Asquith, [Bees and Barbed Wire for Water](#), PERC Reports, Vol. 24, No. 4 (Winter 2006)

11:00 am – 12:15 pm **Session 21: The Evolution of Property Rights | Anderson**

Reading Assignment: Scarborough and Lund, [Saving Our Streams: Harnessing Water Markets](#), PERC (2007)

12:15 pm **Adjourn**

Saturday, July 21

Classes held in the Billiard Room

7:00 – 7:50 am **Breakfast**, *Music Room*

Morning Sessions: Environmental Economics | Anderson

8:00 – 9:15 am **Session 22: Coase vs. Pigou: Transaction Costs or ‘Technical Difficulties’ | Anderson**

9:30 – 10:45 am **Session 23: There Ain’t No Such Thing as an Externality | Anderson**

Reading Assignment: Anderson, “[Donning Coase-coloured Glasses: A Property Rights View of Natural Resource Economics](#)”, *The Australian Journal of Agricultural and Resource Economics*, 483, 445-462 (2004)

11:00 am – 12:15 pm **Session 24: Real Markets vs. Trading Schemes | Anderson**

Reading Assignment: Leal, Alessi & Baker, [Beyond IFQs in Marine Fisheries](#), PERC (2008)

12:15 pm **Adjourn**

Sunday, July 22

No Scheduled Events

Monday, July 23

Classes held in the Billiard Room

7:00 – 7:50 am **Breakfast**, *Music Room*

Morning Session: Agency Costs, Transaction Costs, and Theory of the Firm

Scott E. Masten, Professor of Business Economics and Public Policy, Ross School of Business, University of Michigan

8:00 – 9:15 am

Session 25: Agency Costs, Transaction Costs, and Theory of the Firm | Masten

Reading Assignment: Masten, [excerpts from "Introduction,"](#) *Case Studies in Contracting and Organization* (1996), pp 3-25.

[Practice Exercise: Efficient Breach](#)

[Lake River Corp. v Carborundum. Co.](#); plus [Lake River Work Sheet](#);

Ronald H. Coase, [excerpts from *The Nature of the Firm*](#) (1937);

Williamson, [excerpts from "The Limits of Firms: Incentive and Bureaucratic Features,"](#) Chapter 6 in *The Economic Institutions of Capitalism* (1985), pp 131-62; and

Masten, "[The Organization of Production: Evidence from the Aerospace Industry.](#)" *Journal of Law and Economics*, 27, October 1984, pp 403-417.

Additional references and readings: P. Milgrom and J. Roberts, "[Risk Sharing and Incentive Contracts.](#)" Chapter 7 in *Economics, Organizations and Management* (1992), pp 206-32; and

Lafontaine and Slade, "[Vertical Integration and Firm Boundaries: The Evidence.](#)" *Journal of Economic Literature*, Vol. XLV (September 2007), pp 629–685.

9:30 – 10:45 am

Session 26: Agency Costs, Transaction Costs, and Theory of the Firm | Masten

11:00 am – 12:15 pm

Session 27: Agency Costs, Transaction Costs, and Theory of the Firm | Masten

12:15 – 1:00 pm

Lunch, Music Room

Afternoon Session: Crime and Punishment

Joanna Shepherd Bailey, Associate Professor of Law, Emory University School of Law

1:15 – 2:30 pm

Session 28: Crime and Punishment | Shepherd Bailey

Reading Assignment: Posner, [An Economic Theory of the Criminal Law](#), 85 *Columbia Law Review* 1193 (1985)

2:45 – 4:00 pm

Session 29: Crime and Punishment | Shepherd Bailey

4:15 – 5:30 pm

Session 30: Crime and Punishment | Shepherd Bailey

7:00 – 9:30 pm

Reception and Dinner, MacGregor Ballroom

Tuesday, July 24

Classes held in the Billiard Room

7:00 – 7:50 am

Breakfast, Music Room

Morning Sessions: Risk, Injury, Liability, and Insurance | Shepherd Bailey

8:00 – 9:15 am

Session 31: Risk, Injury, Liability, and Insurance | Shepherd Bailey

Reading Assignment: Butler & Drahozal, 2nd ed., Carolina Academic Press (2006): pp 279-294 and 315-350 (okay to skip the cases *from the first section 279-294*). (pdf emailed)

9:30 – 10:45 am **Session 32: Risk, Injury, Liability, and Insurance | Shepherd Bailey**

11:00 am – 12:15 pm **Session 33: Risk, Injury, Liability, and Insurance | Shepherd Bailey**

12:15 pm **Adjourn**

Wednesday, July 25

Classes held in the Billiard Room

7:00 – 7:50 am **Breakfast, Music Room**

Morning Session: Public Choice Economics

Todd J. Zywicki, Foundation Professor of Law, George Mason University School of Law

8:00 – 9:15 am **Session 34: Public Choice Economics | Zywicki**

Reading Assignment: Stearns & Zywicki, *Public Choice Concepts and Applications in Law* (West, 2009): Chapters 1, 2, and 5 (copy mailed)

9:30 – 10:45 am **Session 35: Public Choice Economics | Zywicki**

11:00 am – 12:15 pm **Session 36: Public Choice Economics | Zywicki**

12:15 pm **Adjourn**

Thursday, July 26

Classes held in the Billiard Room

7:00 – 7:50 am **Breakfast, Music Room**

Morning Sessions: Labor Economics | Shepherd Bailey

8:00 – 9:15 am **Session 37: Labor Economics | Shepherd Bailey**

Reading Assignment: Butler, *Economic Analysis for Lawyers*, Carolina Academic Press (1998): pp 477-560 (skip the cases) [Part 1](#) and [Part 2](#)

9:30 – 10:45 am **Session 38: Labor Economics | Shepherd Bailey**

11:00 am – 12:15 pm **Session 39: Labor Economics | Shepherd Bailey**

12:15 – 1:00 pm **Lunch, Music Room**

Afternoon Sessions: Experimental Economics and Behavioral Law & Economics

Kathryn Zeiler, Professor of Law, Georgetown University Law Center

1:15 – 2:30 pm **Session 40: Experimental Economics | Zeiler**

Reading Assignment: Arlen and Talley, "[Experimental Law and Economics](#)", in *Experimental Law and Economics*, Jennifer Arlen and Eric Talley eds., Edward Elgar (2008); and

Zeiler, "[Cautions on the Use of Economics Experiments in Law](#)", *Journal of Institutional and Theoretical Economics* 166(1):178-193 (2010).

2:45 – 4:00 pm **Session 41: Behavioral Law & Economics | Zeiler**

Reading Assignment: Jolls, "[Behavioral Law and Economics](#)", in *Behavioral Economics and Its Applications*, Peter Diamond and Hannu Vartiainen eds., Princeton University Press (2007);

Sunstein and Thaler, "[Libertarian Paternalism is Not an Oxymoron](#)", University of Chicago Law Review 70(4): 1159-1202 (2003); and

Mitchell, "Libertarian Paternalism is an Oxymoron", Northwestern University Law Review 99(3): 1245-1277 (2005). [Part 1](#) and [Part 2](#)

4:15 – 5:30 pm

Session 42: Behavioral Law & Economics | Zeiler

7:00 – 9:30 pm

Reception and Dinner, MacGregor Ballroom

Friday, July 27

Classes held in the Pinion/Billiard Room

Morning Sessions: Economics of Innovation: Growth Economics

Robert D. Cooter, Herman F. Selvin Professor of Law and Co-Director, Law and Economics Program, University of California, Berkeley School of Law

7:00 – 7:50 am

Breakfast, Music Room

8:00 – 9:15 am

Session 43: Leagalize Freedom | Cooter

Reading Assignment: Cooter & Schäfer, *Solomon's Knot: How Law Can End the Poverty of Nations*, Princeton University Press (2012) (copy mailed): CH 1, 2, 13, 15

9:30 – 10:45 am

Session 44: Taking, Making, and Creating | Cooter

Reading Assignment: *Solomon's Knot*: CH 3-5; and

Cooter & Edlin, [The Falcon's Gyre: Introduction to Law & Growth Economics](#) (forthcoming): CH 2-3

11:00 am – 12:15 pm

Session 45: Growth and Innovation | Cooter

Reading Assignment: *The Falcon's Gyre*: CH 1, 4-5

12:15 pm

Closing Remarks | Butler