

Empirical Law & Economics
Law 940-001-12A
Tanenbaum 253
M 4:30-6:30
Spring 2012

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This seminar will introduce you to modern econometric methods as they have been used to analyze topics in law and economics. Our focus will be on the identification of causal relationships between legal changes and individual behavior.

Grade: Ninety percent of your grade will be based on a submitted paper. The topic of this paper can be anything in the area of law and economics. There are two options for the paper: 1) the low risk (low reward) option is to write a literature review on a topic focusing on empirical research in the area, noting its shortcomings; 2) the high risk (high reward) option is to perform a simple empirical analysis where you formulate a hypothesis, collect relevant data to test the hypothesis, draw tentative conclusions, and note the shortcomings of the analysis. There are no length requirements/constraints for the paper. Papers are due by 11:59 pm on May 4, 2012. The remaining 10 percent of your grade is based on four short submissions described below.

Short Submissions: You must choose four topics covered in the semester for which you answer the following questions about one of the papers assigned for the week: 1) what is the hypothesis being investigated; 2) why is this question important; 3) what is the identification strategy that is employed; 4) what conclusions are drawn; and 5) what are the problems with the identification strategy. These papers cannot be longer than 2 pages each. Full credit will be given for all good faith efforts. Papers must be posted to the course portal's document dropbox before the relevant class is held.

Attendance: You should come to class, unless you don't want to.

Schedule:

January 9: Introduction to law and economics
January 16: No Class (MLK Day)
January 23: Introduction to empirical methods
January 30: Police and crime

Steven Levitt (1997), "Using Electoral Cycles in Police Hiring to Estimate the Effect of Police on Crime," *American Economic Review*, 87(3): 270-290.

Jonathan Klick and Alexander Tabarrok (2005), "Using Terror Alert Levels to Estimate the Effect of Police on Crime," *Journal of Law and Economics*, 48(1): 267-279.

William Evans and Emily Owens (2007), "COPS and Crime," *Journal of Public Economics*, 91(1-2): 181-201.

February 6: Prisons and crime

Eric Helland and Alexander Tabarrok (2007), "Does Three Strikes Deter?: A Non-Parametric Estimation," *Journal of Human Resources*, 42(2): 309-330.

Lawrence Katz, Steven Levitt, and Ellen Shustorovich (2003), "Prison Conditions, Capital Punishment, and Deterrence," *American Law and Economics Review*, 5(2): 318-343.

Kelly Bedard and Eric Helland (2004), "The Location of Women's Prisons and the Deterrence Effect of 'Harder' Time," *International Review of Law and Economics*, 24(2): 147-167.

February 13: Corporate Governance

Marianne Bertrand and Sendhil Mullainathan (2001), "Are CEOs Rewarded for Luck? The Ones Without Principals Are," *Quarterly Journal of Economics*, 116(3): 901-932.

Jonathan Klick and Robert Sitkoff (2008), "Agency Costs, Charitable Trusts, and Corporate Control: Evidence from Hershey's Kiss-Off," *Columbia Law Review*, 108(4): 749-838.

Michael Greenstone, Paul Oyer, and Annette Jorgensen (2006), "Mandated Disclosure, Stock Returns, and the 1964 Securities Acts Amendments," *Quarterly Journal of Economics*, 121(2): 399-460.

February 20: Legal Origins

Rafael LaPorta, Florencio Lopez-de-Silanes, and Andrei Shleifer (2008), "The Economic Consequences of Legal Origins," *Journal of Economic Literature*, 46(2): 285-332.

Daron Acemoglu, Simon Johnson, and James Robinson (2001), "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*, 91(5): 1369-1401.

Eric Helland and Jonathan Klick (2011), "Legal Origins and Empirical Credibility," in Michael Faure and Jan Smits, eds., *Does Law Matter? On Law and Economic Growth*, 99-113.

February 27: Abortion

Jonathan Klick and Thomas Stratmann (2003), "The Effect of Abortion Legalization on Sexual Behavior: Evidence from Sexually Transmitted Diseases," *Journal of Legal Studies*, 32(2): 407-434.

Jonathan Klick and Thomas Stratmann (2008), "Abortion Access and Risky Sex Among Teens: Parental Involvement Laws and Sexually Transmitted Diseases," *Journal of Law, Economics, and Organization*, 24(1): 2-21.

Jonathan Klick, Sven Neelsen, and Thomas Stratmann (forthcoming), "The Effect of Abortion Liberalization on Sexual Behavior: International Evidence," *American Law and Economics Review*.

March 5: No Class (Spring Break)

March 12: Medical Malpractice

Daniel Kessler and Mark McClellan (1996), "Do Doctors Practice Defensive Medicine?" *Quarterly Journal of Economics*, 111(2): 353-390.

Jonathan Klick and Thomas Stratmann (2007), "Medical Malpractice Reform and Physicians in High Risk Specialties," *Journal of Legal Studies*, 36(S2): S121-S142.

Eric Helland and Mark Showalter (2009), "The Impact of Liability on the Physician Labor Market," *Journal of Law and Economics*, 52(4): 635-663.

March 19: Judicial Behavior

Eric Helland and Jonathan Klick (2007), "The Effect of Judicial Expedience on Attorney Fees in Class Actions," *Journal of Legal Studies*, 36(1): 171-187.

Jef De Mot, Michael Faure, and Jonathan Klick (2012), "Judicial Expedience as an Explanation for the Adoption of Comparative Negligence."

Eric Helland and Alexander Tabarrok (2002), "The Effect of Electoral Institutions on Tort Awards," *American Law and Economics Review*, 4(2): 341-370.

March 26: Class Choice

April 2: No Class (make up covering more about empirical methods scheduled on January 27 9-11am)

April 9: No Class (made up through individual meetings regarding papers)

April 16: Class Choice

May 4: Papers due (upload to course portal document dropbox by 11:59 pm)