ANALYTICAL METHODS FOR LAWYERS

Fall 2014

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CLASS TIME

This class meets on Monday and Wednesday from 8:30 to 9:45.This is a 3 credit course.

OFFICE HOURS

My office hour will from 2:30 to 3:30 Mondays. Also, please feel free to contact me – e-mail is best, but you can also call me – with questions or to set up an appointment.

COURSE DESCRIPTION

Lawyers in almost every area of practice (litigation, corporate, government, public interest) deal routinely with problems that are usefully illuminated by basic business and economic concepts. This course is designed to teach the most important analytical methods to law students, in a manner that will be fully accessible to those with no prior quantitative training or background in the subjects covered. Using text, classroom activities, and written exercises, we will explore how these tools may be used to analyze concrete problems that arise in a wide range of legal practice settings. The course will consist of seven units:

1.   Decision Analysis, Games and Information: Lawyers assist their clients in making a wide variety of decisions, ranging from the settlement of lawsuits to the purchase of property. We will explore a standard technique that has been developed to organize thinking about decision-making problems and to solve them. We will also consider strategic interactions between parties and considerations related to imperfect information.

2.   Contracting: Lawyers write many contracts, concerning such matters as acquisitions of land or corporations, creation of partnerships and nonprofit entities, settlement of lawsuits, financing arrangements, and government procurement. This unit presents practical principles concerning what issues should be addressed in contracts and how they might best be resolved.

3.   Finance: Legal advice in business transactions, division of assets upon divorce, litigation, and many other matters require knowledge of valuation, assessment of financial risk, and comprehension of the relationships between those who provide financing and those who need it. We will consider basic principles of finance, such as present value, the tradeoff between risk and return, the importance of diversification, and basic methods for valuing financial assets.

4.   Microeconomics: Lawyers need to understand their clients' and other parties' economic situations and opportunities as well as the principles that underlie many of the rules of our legal system. This unit presents basic economic concepts--the operation of competitive markets, imperfect competition, and market failures--that are necessary to this understanding.

5.   Statistics: Legal matters increasingly involve the use of statistics in business contexts, in the promulgation of government regulations, in the measurement of damages, in attempts to make inferences concerning parties' behavior (such as those regarding discrimination in employment), and in determination of causation (in tort, contract, and other disputes). We will address the basic statistical methods, including regression analysis, as well as issues that commonly arise when statistics are used in the courtroom.

TEXT BOOK

The readings for this class may be found in the textbook, *Analytical Methods for Lawyers 2nd* by Howell Jackson, Louis Kaplow, Steven Shavell, Kip Viscusi, and David Cope.

GRADING AND REQUIREMENTS

Requirements include an in-class a final exam (75%), 7 written assignments (10%) and class participation (15%). The written assignments will not be graded, other than to see that an attempt was made to do the problem(s), but they must be handed it

ANALYTICAL METHODS READING LIST

DECISION ANALYSIS

AUGUST 25

Read Chapter 1 of *Analytical Methods.*

AUGUST 27

SEPTEMBER 3

Prepare an analysis of the ***HW 1 (to be posted on Blackboard)*** assignment. Be prepared to discuss and defend your approach in class!

GAMES AND INFORMATION

SEPTEMBER 8

Read Chapter 2 of *Analytical Methods.*

SEPTEMBER 10

SEPTEMBER 15

Prepare an analysis of the ***HW 2 (to be posted on Blackboard)*** assignment. Be prepared to discuss and defend your approach in class!

CONTRACTING

SEPTEMBER 17

Read Chapter 3 of *Analytical Methods.*

SEPTEMBER 22

SEPTEMBER 24

Prepare an analysis of the ***HW 3 (to be posted on Blackboard)*** assignment. Be prepared to discuss and defend your approach in class!

SEPTEMBER 29

OCTOBER 1

MICROECONOMICS

OCTOBER 7

Read Sections 1 to 3 of Chapter 6 in *Analytical Methods*

OCTOBER 8

Read Sections 4 and 5 of Chapter 6 in *Analytical Methods*.

OCTOBER 13

Prepare an analysis of the ***HW 4 (to be posted on Blackboard)*** assignment. Be prepared to discuss and defend your approach in class!

APPLYING ECONOMIC ANALYSIS TO LAW

OCTOBER 15

Read Sections 1 to 3 of Chapter 7 in *Analytical Methods*

OCTOBER 20

Read Sections 4 and 5 of Chapter 6 in *Analytical Methods*.

OCTOBER 22

Prepare an analysis of the ***HW 5 (to be posted on Blackboard)*** assignment. Be prepared to discuss and defend your approach in class!

FINANCE

OCTOBER 27

Read Sections 1 – 3 of Chapter 5 in *Analytical Methods, pages 209 - 244*

OCTOBER 29

Prepare an analysis of the ***HW 6 (to be posted on Blackboard)*** assignment. Be prepared to discuss and defend your approach in class!

NOVEMBER 3

Read Section 4 of Chapter 5.

NOVEMBER 5

Read Section 5 of Chapter 5.

FUNDAMENTALS OF STATISTICS

NOVEMBER 10

Read Chapter 8, Sections 1 & 2 of *Analytical Methods.*

NOVEMBER 12

Read Chapter 8, Section 3 of *Analytical Methods.* You are not responsible for the central limit theorem, and may skip (or skim) section 4D on Estimation.

Prepare an analysis of the ***HW 6 (to be posted on Blackboard)*** assignment. Be prepared to discuss and defend your approach in class!

NOVEMBER 17

NOVEMBER 19

MULTIVARIATE STATISTICS

NOVEMBER 24

Read Chapter 9, Section 1 of *Analytical Methods.*

Prepare an analysis of the ***HW 7 (to be posted on Blackboard)*** assignment. Be prepared to discuss and defend your approach in class!

DECEMBER 1

Read Chapter 9, Section 2 of *Analytical Methods.*

DECEMBER 3