

American Law and Economics Association

Eighteenth Annual Meeting

May 16-17, 2008

**Columbia Law School
435 West 116th St.
New York, NY 10027-7297**

American Law and Economics Association 2007-2008

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Friday, May 16

(All sessions to be held at Columbia Law School)

(Author's name in bold indicates person presenting paper)

8:00 – 8:45: **Registration and Continental Breakfast**
Sponsored by Yale University Press

9:00 – 10:30: **Session I:**

Panel IA: Torts I (Room 101)

Panel Chair: Catherine Sharkey

Robert Cooter and Ariel Porat, “Liability for Lapses: First or Second Order Negligence?”

Nuno Garoupa and Thomas S. Ulen, “The Economics of Activity Levels in Tort Liability and Regulation”

David Gilo and **Ehud Guttel**, “Liability for Insufficient Risks”

Panel IB: Corporate Law and Governance I (Room 103)

Panel Chair: Martijn Cremers

Jay Cai, Jacqueline Garner, and **Ralph Walkling**, “Democracy or Disruption: An Empirical Analysis of Majority Elections”

Sudhakar Balachandran, Fabrizio Ferri, David Maber, “Solving the Executive Compensation Problem through Shareholder Votes? Evidence from the U.K.”

Antonio Falato, “Superstars or Superlemons? Top Executive Pay and Corporate Acquisitions”

Panel IC: Litigation and Settlement (Room 105)

Panel Chair: Andrew Daughety

Eric Helland and Gia Lee, “Secrecy, Settlements & Medical Malpractice Litigation”

Jun Zhou, “Determinants of Delay in Litigation: Evidence and Theory”

Warren F. Schwartz and **Abraham L. Wickelgren**, “Credible Discovery, Settlement, and Negative Expected Value Suits”

Friday (cont.)

Panel ID: **Property** (*Room 107*)

Panel Chair: Henry Smith

Lee Anne Fennell, “Homeownership 2.0”

Dean Lueck and Gary D. Libecap, “The Demarcation of Land”

Max M. Schanzenbach and Robert H. Sitkoff, “Bequest Puzzles in Economics: A Legal Perspective”

Panel IE: **Political Economy & Public Choice I** (*Room 304*)

Panel Chair: Nathaniel Persily

Paul Pecorino, “By-Product Lobbying: Was Stigler Right?”

Giuseppe Dari-Mattiacci, Sander Onderstal, and **Francesco Parisi**, “Seeking Rents in the Shadow of Coase”

Alexander Volokh, “Privatization, Free Riding, and Industry-Expanding Lobbying”

Panel IF: **Intellectual Property: Patents** (*Room 546*)

Panel Chair: Josh Lerner

Jing-Yuan Chiou, “The Patent Quality Control Process: Can We Afford (Rationally) Ignorant Patent Offices”

Ronald J. Mann, “A New Look at Patent Quality”

Matthew Sag, **Tonja Jacobi**, and Maxim Sytch, “The Effect of Judicial Ideology in Intellectual Property Cases”

Panel IG: **Labor & Employment Law** (*Room 701*)

Panel Chair: Orley Ashenfelter

David S. Kaplan and Joyce Sadka, “Enforceability of Labor Law: Evidence from a Labor Court in Mexico”

Daniel L. Chen and Jasmin Sethi, “Does Forbidding Sexual Harassment Exacerbate Gender Inequality?”

Suzanne Scotchmer, “Risk Taking and Gender in Hierarchies”

Friday (cont.)

10:30 – 10:45: ***Coffee Break***

10:45 – 12:15: ***Session II:***

Panel IIA: Contracts and Commercial Law I (Room 101)

Panel Chair: Bentley MacLeod

Ernst Fehr, Oliver Hart and **Christian Zehnder**, “Contracts as Reference Points - Experimental Evidence”

Ariel Porat, “Expanding Restitution: Liability for Unrequested Benefits”

Juliet P. Kostritsky, “Uncertainty, Reliance, Preliminary Negotiations and the Hold Up Problem”

Panel IIB: Securities Regulation (Room 103)

Panel Chair: Stephen Choi

Michal Barzuza and **David C. Smith**, “Signaling a Lemon: The Decision not to Cross-List and High Private Benefits of Control”

Alicia Davis Evans, “Are Investors’ Gains and Losses From Securities Fraud Equal Over Time? Some Preliminary Evidence”

Robert P. Bartlett III, “Going Private But Staying Public: Reexamining the Effect of Sarbanes-Oxley on Firms’ Going-Private Decisions”

Panel IIC: Law and Global Investment (Room 105)

Panel Chair: Raymond Fisman

Katharina Pistor, “Global Network Finance: Understanding East-West Linkages between Sovereign Wealth Funds and Private Banks”

Jordan I. Siegel, Amir N. Licht, and Shalom H. Schwartz, “Egalitarianism, Cultural Distance, and FDI: A New Approach”

Simeon Djankov, Tim Ganser, Caralee McLiesh, Rita Ramalho, Andrei Shleifer, “The Effect of Corporate Taxes on Investment and Entrepreneurship”

Friday (cont.)

Panel IID: Courts and Judges (Room 107)

Panel Chair: Daniel Klerman

Dhammika Dharmapala, Nuno Garoupa, Richard H. McAdams, “Exclusionary Rules Convict the Innocent”

Jonathan R. Nash and **Rafael I. Pardo**, “An Empirical Investigation into Appellate Structure and the Perceived Quality of Appellate Review”

Scott R. Baker, “Should We Pay Federal Circuit Judges More?”

Panel IIE: Regulatory Decision-making (Room 304)

Panel Chair: Cary Coglianese

Matthew D. Adler, “Risk Equity: A New Proposal”

Jacob E. Gersen and Anne Joseph O’Connell, “The Timing of Regulation”

Matthew C. Stephenson, “Optimal Political Control of the Bureaucracy”

Panel IIF: Tax (Room 546)

Panel Chair: David Schizer

Alex Raskolnikov, “Beyond Deterrence: Targeting Tax Enforcement with a Penalty Default”

Michael S. Knoll, “Business Taxes and International Competitiveness”

Lily L. Batchelder and Surachai Khitatrakun, “Dead or Alive: An Investigation of the Incidence of Estate Taxes versus Inheritance Taxes”

Panel IIG: Civil Rights & Discrimination I (Room 701)

Panel Chair: Peter Siegelman

Yoon-Ho Alex Lee, “Social Perception and Affirmative Action: A Game-Theoretic Analysis”

Lior Jacob Strahilevitz, “Reputation Nation: Law in an Era of Ubiquitous Personal Information”

JJ Prescott, “The Effects of Judge, Prosecutor, and Defendant Race and Gender Interactions on Defendant Outcomes”

Friday (cont.)

12:15 – 1:30: **Lunch** (*Mezzanine*)
Sponsored by Cornerstone Research

1:30 – 3:00: **Session III:**

Panel IIIA: Contracts and Commercial Law II (*Room 101*)

Panel Chair: Robert Scott

Richard R. W. Brooks and Warren F. Schwartz, “Uncertain Breach of Contract and Efficient Preliminary Remedies”

Ronen Avraham and Zhiyong Liu, “Should Courts Ignore Ex-post Information when Determining Contract Damages? A Re-evaluation of Contract Remedies”

Henry N. Butler and Jason S. Johnston, “Consumer Harm Acts? An Economic Analysis of Private Actions under State Consumer Protection Acts”

Panel IIIB: Corporate Law and Governance II (*Room 103*)

Panel Chair: Roberta Romano

Jens C. Dammann and Matthias Schundeln, “The Incorporation Choices of Privately Held Corporations”

Murali Jagannathan and **A.C. Pritchard**, “Does Delaware Entrench Managers?”

Cindy R. Alexander, Mark A. Chen, Duane J. Seppi, and Chester S. Spatt, “The Role of Advisory Services in Proxy Voting”

Panel IIIC: Bankruptcy I (*Room 105*)

Panel Chair: Douglas Baird

Ronald Sverdlove, S. Abraham, A. Ravid, and Arturo Bris, “The Effect of APR Violations on the Seniority and Timing of Debt Issuance”

Sarah W. Carroll and **Wenli Li**, “The Homeownership Experience of Households in Bankruptcy”

Adam J. Levitin and Joshua Goodman, “Mortgage Market Sensitivity to Bankruptcy Modification”

Friday (cont.)

Panel IIID: Property & Environmental (Room 107)

Panel Chair: Thomas Merrill

Abraham Bell and Gideon Parchomovsky, “Compensating Against Corruption”

Eric Kades, “A Positive Theory of Eminent Domain”

Jonathan R. Nash, “Allocation and Uncertainty: Strategic Responses to Environmental Grandfathering”

Panel IIIE: Criminal Law: Empirical (Room 304)

Panel Chair: Thomas Miles

Brian Rowe, “Gender Bias in the Enforcement of Traffic Laws: Evidence Based on a New Empirical Test”

Fritz Foley, “Welfare Payments and Crime”

Thomas Stratmann and Michael D. Makowsky, “Political Economy at Any Speed: Determinants of Traffic Citations”

Panel IIIF: Intellectual Property (Room 546)

Panel Chair: Christopher S. Yoo

Jonathan M. Barnett, Gilles Grolleau, Sana El Harbi, “The Fashion Lottery: Cooperative Innovation in Stochastic Markets”

Dotan Oliar and Christopher Sprigman, “The Emergence of Intellectual Property Norms in Stand-Up Comedy”

Georg von Graevenitz, “Which Reputations Does a Brand Owner Need? Evidence from Trade Mark Opposition”

Panel IIIG: Political Economy & Public Choice II (Room 701)

Panel Chair: Roderick Hills

Ezra Friedman, “Do Small Governments Make Bad Neighbors”

Filipe R. Campante and **Quoc-Anh Do**, “Inequality, Redistribution, and Population”

Yehonatan Givati, “Strategic Statutory Interpretation by Administrative Agencies”

Friday (cont.)

3:00 – 3:15: ***Coffee Break***

3:15 – 4:45: ***Session IV:***

Panel IVA: Corporate Governance around the World I (Room 101)

Panel Chair: Rene Stultz

Holger Spamann, “Measuring Legal Shareholder Protection - Revisiting ‘Law and Finance’”

John Armour, Bernard Black, Brian Cheffins, and Richard Nolan, “Private Enforcement of Corporate Law: An Empirical Comparison of the US and UK”

Kate Litvak, “The Correlation between Cross-Listing Premia, US Stock Prices, and Volume of US Trading: A Challenge to Law-Based Theories of Cross-Listing”

Panel IVB: Torts II (Room 103)

Panel Chair: A. Mitchell Polinsky

Andrew F. Daughety and Jennifer F. Reinganum, “Population-Based Liability Determination, Mass Torts, and the Incentives for Suit, Settlement, and Trial”

Eric Helland and **Alexander Tabarrok**, “Product Liability and Moral Hazard: Evidence from General Aviation”

Joshua C. Teitelbaum, “Allocation Rules and the Stability of Mass Tort Class Actions”

Panel IVC: Lawyers, Judges, and Juries (Room 105)

Panel Chair: Jennifer Reinganum

Rosa Ferrer, “The Effect of Lawyers' Career Concerns in Litigation”

Radha Iyengar, “Who's the Fairest in the Land? Comparing Judge and Jury Decisions in Capital Cases”

Stephen J. Choi, **Jill E. Fisch**, and A.C. Pritchard, “Attorney as Arbitrators”

Friday (cont.)

Panel IVD: Antitrust and Regulation I (Room 107)

Panel Chair: Edward Iacobucci

Ittai Paldor, “RPM as an Exclusionary Practice”

Antonio Nicita, “Consumers Win-back as Exclusionary Conduct: Some Insights for Antitrust Law”

Claudia M. Landeo and Kathryn Spier, “Naked Exclusion: An Experimental Study of Contracts with Externalities”

Panel IVE: Family & Gender (Room 304)

Panel Chair: Amy Wax

Betsey A. Stevenson and Justin Wolfers, “Paradox of Declining Female Happiness”

Rick Geddes, Dean Lueck, and Sharon Tennyson, “The Effects of Expanding Women’s Rights”

Kenneth G. Dau-Schmidt, Marc S. Galanter, Kaushik Mukhopadhyaya, and Kathleen E. Hull, “Gender and the Legal Profession: The Michigan Alumni Data Set 1967-2000”

Panel IVF: Public Law (Room 546)

Panel Chair: Steven Croley

Eric A. Posner, “Does Political Bias in the Judiciary Matter? Implications of Judicial Bias Studies for Legal and Constitutional Reform”

Donald Wittman, “What is So Special about Special Interest Politics?”

Keith Brown and **Adam Candeb**, “What Do Bureaucrats Want? Estimating Regulator Preferences at the FCC”

Panel IVG: International Law (Room 701)

Panel Chair: Oona Hathaway

Tomer Broude and **Doron Teichman**, “Outsourcing and Insourcing Crime: The Political Economy of Globalized Criminal Activity”

Andrew T. Guzman, “International Tribunals: A Rational Choice Analysis”

Vincy Fon, “Linking International Issues”

Friday (cont.)

5:30 – 6:45:

Cocktails

Sponsored by The Federalist Society

7:00

ALEA Annual Dinner

Sponsored by Columbia Law School

Speaker: Michelle White, University of California, San Diego

Lerner Hall, 115th & Broadway

Saturday, May 17

8:00 – 9:00: *Continental Breakfast*

9:00 – 10:30: *Session V:*

Panel VA: Theory of the Firm (Room 101)

Panel Chair: Henry Hansmann

Brian Broughman, “Independent Directors and Board Control in Venture Finance”

Oliver Hart, “Hold-Up, Asset Ownership, and Reference Points”

Giorgio Zanarone, “The Role of Decision Rights in Incomplete Contracts: The Case of Automobile Franchising”

Panel VB: Torts III (Room 103)

Panel Chair: David Rosenberg

Jennifer Arlen, “Contracting Over Malpractice Liability”

Fernando Gomez and Jose Penalva, “Insurance and Tort: Coordination Systems and Imperfect Liability Rules”

Cass R. Sunstein, “Illusory Losses”

Panel VC: Behavioral Law & Economics (Room 105)

Panel Chair: Kathryn Zeiler

Sumit Agarwal, John C. Driscoll, Xavier Gabaix, and David Laibson, “The Age of Reason: Financial Decisions over the Lifecycle”

Seth A. Seabury, “Inferring Beliefs about Potential Trial Outcomes Using Jury Verdicts in Civil Litigation”

John Hagedoorn and Geerte Hesen, “Complexity and the Cognitive Load Of R&D Alliance Contracts: An Experimental Study”

Saturday (cont.)

Panel VD: Antitrust and Regulation II (Room 107)

Panel Chair: Aaron Edlin

C. Scott Hemphill, “An Empirical Analysis of Drug Patent Settlements between Rivals”

Eberhard Feess and Ansgar Wohlschlegel, “All-Unit Discounts and Competing Entrants”

Gillian K. Hadfield, “Legal Barriers to Innovation: The Growing Economic Cost of Professional Control over Corporate Legal Markets”

Panel VE: Financial Institutions (Room 304)

Panel Chair: Assaf Hamdani

David Reiffen and **Michael A. Robe**, “Ownership Structure & Enforcement Incentives at Self-Regulatory Financial Exchanges”

Donato Masciandaro, “Politicians and Financial Supervision outside the Central Bank: Why Do They do it?”

Yaxuan Qi, **Lukas Roth**, and John K. Wald, “Political Rights and the Cost of Debt”

Panel VF: Health Law (Room 546)

Panel Chair: Anup Malani

Adeline Delavande, Dana Goldman, and **Neeraj Sood**, “Criminal Prosecution and HIV-related Risky Behavior”

J. Mark Ramseyer, “Talent and Expertise under Universal Health Insurance: The Case of Cosmetic Surgery in Japan”

Andrew M. Francis and **Hugo M. Mialon**, “Tolerance and HIV”

10:30 – 10:45: Coffee Break

Saturday (cont.)

10:45 – 12:15: *Session VI:*

Panel VIA: Corporate Governance around the World II (Room 101)

Panel Chair: Vikramaditya Khanna

Jose Miguel Mendoza, “Securities Regulation in Low-tier Listing Venues: The Rise of the Alternative Investment Market”

Érica Gorga, “Changing the Paradigm of Stock Ownership: From Concentrated Towards Dispersed Ownership? Evidence from Brazil and Consequences For Emerging Countries”

Stavros Gadinis, “Is Investor Protection the SEC's Top Priority? Evidence from Enforcement against Broker-Dealers”

Panel VIB: Contracts and Commercial Law III (Room 103)

Panel Chair: Jason Johnston

Emily Kadens, “Merchants, Kings, and the Codification of Commercial Law”

Jody S. Kraus and Robert E. Scott, “Contract Design and the Structure of Contractual Intent”

Oren Bar-Gill, “Law, Economics and Psychology of Subprime Mortgage Contracts”

Panel VIC: Civil Rights and Discrimination II (Room 105)

Panel Chair: Richard Brooks

David S. Abrams, Marianne Bertrand, and Sendhil Mullainathan, “Do Judges Vary in Their Treatment of Race?”

Alok Kumar and Justin Wolfers, “Do Analysts Discriminate? Evidence of In-group Bias?”

Enrichetta Ravina, “Beauty, Personal Characteristics and Trust in Credit Markets”

Panel VID: Negotiations and Dealmaking (Room 107)

Panel Chair: Guhan Subramanian

Albert H. Choi, “Integrating an Agreement to Induce Information Disclosure”

Claire A. Hill, “Bargaining in the Shadow of the Lawsuit: A Social Norms Theory of Incomplete Contracting”

Liza S. Vertinsky, “Reconsidering Patent Licensing in the Aftermath of *Medimmune*”

Saturday (cont.)

Panel VIE: International Economic Law (Room 304)

Panel Chair: Michael Trebilcock

Mostafa Beshkar, “Trade Skirmishes and Safeguards: A Theory of the WTO Dispute Settlement Process”

Robert W. Staiger and **Alan O. Sykes**, “Currency Manipulation in World Trade”

Joel P. Trachtman, “The International Law of Economic Migration”

Panel VIF: Family & Gender: Fiscal Policy (Room 546)

Panel Chair: Gillian Hadfield

Howard F. Chang, “Immigration Restriction as Redistributive Taxation: Working Women and the Costs of Protectionism in the Labor Market”

Chris William Sanchirico, “Progressivity and Potential Income: Measuring the Effect of Changing Work Patterns on Income Tax Progressivity”

Margaret F. Brinig and Steven L. Nock, “Legal Status and Effects on Children”

12:15 – 1:30: **Lunch (Mezzanine)**
Sponsored by Analysis Group

1:30 – 3:00 **Session VII:**

Panel VIIA: Corporate Law and Governance III (Room 101)

Panel Chair: Eric Talley

Robert Daines, “Rating the Ratings: How Good are Commercial Corporate Governance Ratings”

Dalida Kadyrzhanova and Matthew Rhodes-Kropf, “Concentrating on Governance”

James C. Spindler, “Vicarious Liability for Bad Corporate Governance: Are we Wrong about 10b-5?”

Saturday (cont.)

Panel VIIB: Rules and Legal Systems (Room 103)

Panel Chair: Giuseppe Dari-Mattiacci

Anthony Niblett, Richard Posner, and Andrei Shleifer, “The Evolution of a Legal Rule”

Max M. Schanzenbach and **Emerson H. Tiller**, “Reviewing the Sentencing Guidelines: Judicial Politics, Empirical Evidence, and Reform”

Kristoffel Grechenig and **Martin Gelter**, “The Transatlantic Divergence in Legal Thought: American Law and Economics vs. German Doctrinalism”

Panel VIIC: Bankruptcy II (Room 105)

Panel Chair: Kenneth M. Ayotte

Vedran Capkun and Lawrence A. Weiss, “Bankruptcy Resolution and the Restoration of Priority of Claims”

Tom Chang and Antoinette Schoar, “Judge Specific Differences in Chapter 11 and Firm Outcomes”

Stephen J. Lubben, “Corporate Reorganization and Professional Fees”

Panel VIID: Political Economy and Public Choice III (Room 107)

Panel Chair: Jacob Gersen

Stephen J. Choi, G. Mitu Gulati, and Eric A. Posner, “Professionals or Politicians: The Uncertain Empirical Case for an Elected Rather than Appointed Judiciary”

Brian D. Galle, “Federal Grants, State Decisions”

Eric Zitzewitz, “An Eliot Effect? Prosecutorial Discretion in Mutual Fund Settlement Negotiations, 2003-7”

Panel VIIE: Law and Development (Room 304)

Panel Chair: Robert Cooter

Krishnamurthy V. Subramanian, **Frederick Tung**, and Xue (Sue) Wang, “Law, Agency Costs and Project Finance: An Empirical Analysis”

Adam Feibelman, “Regulation of Consumer Finance as Development Policy”

Peter Grajzl and **Valentina Dimitrova-Grajzl**, “The Choice of the Lawmaking Process: Legal Transplants vs. Indigenous Law”

Saturday (cont.)

Panel VIIF: Criminal Law: Theory (Room 546)

Panel Chair: Stephen Shavell

Avraham D. Tabbach, "Wealth Redistribution and the Social Costs of Crime and Law Enforcement"

Shmuel Leshem, "The Effects of the Right to Silence on the Innocent's Decision to Remain Silent"

Svetlana Andrianova and **Nicolas Melissas** "Corruption, Extortion, and the Boundaries of the Law"

3:00 *Wine and Cheese Reception (Mezzanine)*