

GEORGE MASON UNIVERSITY SCHOOL OF LAW



LEGAL & ECONOMIC ANALYSIS.  
PUBLIC POLICY IMPACT.



PERC

MARKET SOLUTIONS TO  
ENVIRONMENTAL PROBLEMS.

## **LEC-PERC Joint Program on Economics, Law, and the Environment**

### **Prospectus for financial supporters**

From Property and Environment Research Center, Bozeman, MT and  
Law and Economics Center, George Mason University School of Law  
2013

Providing the nexus between economics, law, and environmental policy based on property rights and markets.

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## Mission and Strategy

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The Law & Economics Center (LEC) is a national center for research and education that focuses on the timely and relevant economic analysis of legal and public policy issues. The premise of the LEC is that if policy makers understand economics, they will be more likely to make sound decisions that support the rule of law and the free enterprise system, thus advancing innovation, job creation and economic growth. Since 1974, the LEC has been a leader in law and economics research and education, helping economists and lawyers find common ground between their two professions in the areas of property rights, transaction costs, and public choice. The discipline of law and economics, which the LEC continues to champion, has changed the face of scholarship and government regulation in areas such as antitrust, international trade, corporate governance, personal injury law, and property rights.

Since 1980, the Property and Environment Research Center (PERC) has been a leader in developing market solutions to environmental problems. It has become known as PERC University—the place where scholars evaluate theories and evidence for free market environmentalism, the place where policy makers and journalists learn about environmental market solutions, and the place where professionals and entrepreneurs hone their business and economics skills to do well for themselves by doing good for the environment. PERC's policy prescriptions are built on research showing how property rights and markets can improve environmental quality.

LEC and PERC have created a new LEC-PERC Joint Program on Economics, Law, and the Environment, melding the best of both centers' expertise to fill the void between law, economics, and environmental policy. The Joint Program is intended for law professors and law students who focus on environmental policy. The Joint Program will expose these scholars to the insights of property rights, transaction costs, public choice, and other general applications of law and economics, and give them the tools to analyze environmental law. In addition to educational seminars, the Joint Program will host research workshops designed to encourage research on the law and economics of environmental policy.

The LEC-PERC Joint Program will start offering programs in 2013.

## Executive Summary

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In the 1970s, a small group of economists and law professors began developing a paradigm for studying the interface between the two disciplines. The Law and Economics Center (then housed at the University of Miami) influenced the growth of law and economics by holding two institutes—the “Economics Institute for Law Professors” and the “Law Institute for Economics Professors.” Taught by leading scholars in their respective fields, the two programs exposed young professors to methodology and research. From those infant programs grew research, classes, and professional journals that revolutionized the study of law and economics as applied to industrial organization, antitrust, corporate law and governance, and other fields. As the discipline of law and economics matured, it also began to influence policy 1) through appointments of professors to agencies such as the Federal Trade Commission and the Federal Communications Commission and 2) through think tanks and institutes such as the Cato Institute, Heritage Foundation, the American Enterprise Institute, and the Institute for Justice.

Today the Law and Economics Center at George Mason University School of Law carries on the tradition of law and economics scholarship and training. The LEC’s education divisions continue to offer the Economics Institute for Law Professors, Economics Institute for Judges, and other law and economics-based programming for academics and policymakers, while the LEC’s research divisions are devoted to producing timely, analytically rigorous and balanced research on important issues confronting our free enterprise system.

Under the banner of “free market environmentalism,” the Property and Environment Research Center has been the leading think tank applying property rights, transaction costs, and market analysis to environmental policy. PERC’s research, seminars, and educational workshops have provided the foundation of environmental policy changes similar to ones that have occurred in other areas. Nonetheless, the application of the Law and Economics paradigm has taken root more in environmental economics than in environmental law, and as a result, has not made much of an inroad into environmental teaching or research in law schools—a situation the LEC and PERC aim to change.

Environmental law is largely taught with a focus on the content of laws and regulations, the art of administrative procedures, and how they ostensibly promote environmental quality using command-and-control. Typical courses cover such topics as air pollution, land conservation, climate change, water rights, and international trade. The mission of the LEC-PERC Joint Program on Economics, Law, and the Environment is to establish a scholarly-based research and outreach program in which law and economics scholars interact to produce new knowledge on pressing environmental issues. Instead of focusing strictly on the law and its enforcement, the programs will encourage scholars to examine the economic effects of government-mandated regulation.

The LEC-PERC Joint Program will be built around a core group of scholars who organize regular scholarly events at PERC, LEC, or other law schools as appropriate. It will build a network of scholars, primarily based at major law schools and universities, who will conduct research, attend workshops, and come together to examine and refine their findings. The Joint Program will target the top schools where law and economics already have a presence and will foster environmental policy changes based on sound law and economics analysis.

## Output of the Joint Program

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The Joint Program on Economics, Law, and the Environment will conduct an annual research forum and a specialized environmental institute for law professors.

- **Research Forum**

Each year the Joint Program will organize a research forum on relevant environmental law issues. Forum directors will commission papers by experts in the field and convene the scholars at PERC to discuss and refine the papers. Following each forum, the Joint Program will seek a law journal to publish the results in order to reach a wider audience.

The first forum will be held October 17-20, 2013 at Case Western Law School on the topic of Environmental Federalism and will be directed by Professor of Law Jonathan Adler of Case Western Reserve University. Since the early years of environmental regulation, there has been a tendency toward elevating laws and policies to the national level. The Clean Air and Clean Water Acts are cases in point. The results are one-size-fits-all regulations that ignore important information costs and enforcement costs.

The Environmental Federalism forum will utilize the rich body of public economy literature and principles to focus on environmental policy and to consider the following: the extent to which centralized approaches to environmental regulation ignore these principles and yield more costly and less effective environmental results; the ways in which they thwart innovation and experimentation; the potential for devolution to lower levels of government to improve on the cost effectiveness of environmental policy; and the importance of secure property rights and markets to provide the ultimate form of devolution.

- **LEC-PERC Environmental Economics Institute for Law Professors (EELP)**

The goal of the Environmental Economics Institute for Law Professors is to help participants enhance their understanding of environmental economics and broaden their analytical tools in order to introduce greater economic sophistication and policy relevance to their professional work. The institute will educate environmental law professors on the applied economic analysis of environmental law and policy.

The format of the institute will be based on the LEC's Economics Institute for Law Professors, which the LEC has offered since 1974. The institute will be a 4-5 day series of lectures and discussion beginning with principles of economics and focusing on environmental and natural resource economics and basics of quantitative analysis. The institute will recruit established scholars in economics to teach these courses, from both the Joint Program's Core Scholars group and outside of it. Law professors who teach and write in the following areas will be eligible to participate: environmental law, natural resource law, Indian law, water law, mining and oil-gas law, public land law, marine and fisheries law, and property law.

The 2013 LEC-PERC Environmental Economics Institute is scheduled for October 3-6, at the Lone Mountain Ranch in Big Sky, Montana.

## Budget

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### *Research Forum*

<b>Direct Expenses</b>	<b>Cost</b>
Honoraria for authors, discussants, and law students (Participants pay their travel from honoraria stipend)	\$46,000
Workshop director	5,000
Workshop coordinator	3,500
Local transportation and shuttles	2,000
Meals, lodging, reception, conference venue	13,500
<b>Fixed Administrative Expenses</b>	<b>Cost</b>
Print and electronic media, SSRN, outreach support	\$2,500
Computer operations, accounting, administration	5,500
Office supplies, readings, telephone, postage	3,000
Office facilities, web and technical support	2,000
<b>Total Forum Budget</b>	<b>\$83,000</b>

### *LEC-PERC Environmental Economics Institute for Law Professors (EELP)*

<b>Description</b>	<b>Cost</b>
Honoraria for 30 Participants	\$15,000
Honorarium for Discussion Leaders/Moderators	15,000
Meals & Breaks	19,800
Motel Rooms	22,500
Transportation	18,000
Reading Materials	6,600
Administrative Support	5,000
Miscellaneous Expenses	<u>2,000</u>
Direct Expenses	\$103,900
6% of Revenue Fee to GMU Foundation	5,800
<b>Total Cost of Offering a LEC Workshop</b>	<b>\$109,700</b>

The total budget for the LEC-PERC Joint Program is \$192,700.