

Corporate Law and Economics

MSPE Program

Department of Economics

Economics 590 - Summer 2023

MSPE Elective Course (3 Credits)

Monday, Tuesday, Wednesday, Thursday, and some Fridays

10:00 am – 11:20 am and 12:30 pm – 1:50 pm

Instructor: Martin K. Perry, Ph.D., J.D. (Call me Marty)
Email: mkperry@illinois.edu
Questions: By email
Office Hours: Room DKH 317 at 2:00 pm (after class)
Appointments by arrangement:

Course Information: This is a four-credit elective course. This course is only for students enrolled in the MSPE Program. There are no prerequisites. This course contributes to the Economics Learning Outcomes of (i) Critical Thinking and (ii) Specialized Knowledge and Practical Application.

Course Packet of Lecture Slides: There is no required or recommended textbook. Instead, we will use readings that I have developed from statutes and legal cases. I will email these readings to everyone as we prepare for each new topic.

Lecture Notes and Questions: Over the years, I have written detailed Lecture Notes or Lecture Questions, and I will email those to everyone.

Course Description: The topics are divided into seven sections. The first section provides an introduction on the origins of corporations, their rights under the U.S. Constitution, and the limits on the regulation of corporations by federal and state governments. The second section introduces the basics of property law, and then discusses zoning laws, eminent domain, and regulatory takings by government. The third section introduces the basics of contract enforcement by expectations damages, and then discusses contract formation and requirements contracts. The fourth section examines the duties of corporate management to their shareholders in managing the corporation and making statements about the performance of the corporation to investors. The fifth section then describes the development of the legal rules for hostile takeover battles, discussing the duties created by the Delaware courts in the cases of Unocal and Revlon. The sixth section discusses product liability and the large damage awards that can arise from class action lawsuits over product defects. The seventh section explains the procedures of bankruptcy reorganization and then discusses how bankruptcy judges have employed various provisions of bankruptcy law to facilitate complicated reorganizations.

Grading: Two Exams and One Research Paper (200 points)

Two Exams: There will be two exams, each worth 100 points and 25% of the course grade. Both exams will be composed of 20 multiple choice questions. The Midterm Exam will be held during the afternoon session on Thursday, May 25. The Final Exam will be held during the afternoon session on Friday, June 9. The questions on the Final Exam will only cover the material since the Midterm, so it will NOT be cumulative.

One Research Paper: There will be one paper worth 200 points and thus 50% of the course grade. The topic of the paper will be a legal case related to one of the cases that we discussed in class. I will provide a list of important cases from which you can select a case. But you can also find a case on your own. The paper will be 10 pages long, using one inch margins, 12 point font, and 1.5 line spacing. The paper will be due on Thursday, June 15, one week after the lectures end. This will enable some students to select a case from the material on product liability and bankruptcy the topics that will be covered during the last week of class.

Daily Plan of Lecture Topics and Cases

Monday	May 15	Morning	INTRODUCTION: U.S. Law and Courts
		Afternoon	Delaware Incorporation Statute
Tuesday	May 16	Morning	Ames, Hope, Carolene
		Afternoon	Virginia, Bellotti
Wednesday	May 17	Morning	Citizens United
		Afternoon	PROPERTY LAW: Bove, Boomer, Spur
Thursday	May 18	Morning	Ambler, Nectow
		Afternoon	Berman, Kelo
Friday	May 19	Morning	Penn Central, Lucas
		Afternoon	NO CLASS – Pool Party ???

Monday	May 22	Morning	CONTRACT LAW: Shepherd
		Afternoon	UCC, Hinckley, Lieberman
Tuesday	May 23	Morning	Neri, Jordan
		Afternoon	Texaco, Uranium Cases
Wednesday	May 24	Morning	CORPORATIONS: Duties of Managers
		Afternoon	Basic, Trump Securities
Thursday	May 25	Morning	Dirks, O’Hagan
		Afternoon	MIDTERM (20 multiple choice questions)
Friday	May 26	NO CLASS	Memorial Day Weekend

Monday	May 29	NO CLASS – Memorial Day	
Tuesday	May 30	Morning	TAKEOVER BATTLES: Tender Offers
		Afternoon	Hewlett-Packard, UOP
Wednesday	June 31	Morning	Unocal, Interco
		Afternoon	Revlon, Fruehauf
Thursday	June 1	Morning	Time-Warner
		Afternoon	ITT and Quickturn
Friday	June 2	Morning	PRODUCT LIAB: MacPherson, Escola
		Afternoon	NO CLASS – Pool Party ???

Monday	June 5	Morning	Greenman, Suvada, Larsen, Young
		Afternoon	MacDonald, Ideus, Vassallo
Tuesday	June 6	Morning	Volkswagen “Clean Diesel” Engines
		Afternoon	BANKRUPTCY: Reorganization
Wednesday	June 7	Morning	Greate Bay, Trump Securities, Texaco
		Afternoon	Manville, Dow-Corning
Thursday	June 8	Morning	K-Mart and Retail Bankruptcies
		Afternoon	Wheeling, Northwest Air, US Air
Friday	June 9	Morning	General Motors Reorganization
		Afternoon	FINAL (20 multiple choice questions)
Thursday	June 15	PAPER DUE at 12:00 noon	
Friday	June 16	GRADES SUBMITTED at 2:00 pm	

Academic Assistance

Students are encouraged to utilize the many resources we have throughout campus to assist with academics. We recommend that you seek them out starting early in the semester, not just in times of academic need, in order to develop good study habits and submit work which represents your full academic potential. Many resources are found on the Economics Website including details about the Economics Tutoring Center, Academic Advising, and other academic support options:

<https://economics.illinois.edu/academics/undergraduate-program/academic-student-support>

Academic Integrity

According to the Student Code, 'It is the responsibility of each student to refrain from infractions of academic integrity, from conduct that may lead to suspicion of such infractions, and from conduct that aids others in such infractions.' Please know that it is my responsibility as an instructor to uphold the academic integrity policy of the University, which can be found here: <https://studentcode.illinois.edu/article1/part4/1-401/>

Academic dishonesty may result in a failing grade. Every student is expected to review and abide by the Academic Integrity Policies. It is your responsibility to read this policy to avoid any misunderstanding. Do not hesitate to ask the instructor(s) if you are ever in doubt about what constitutes plagiarism, cheating, or any other breach of academic integrity.

Read the full Student Code at <https://studentcode.illinois.edu/>

Students with Disabilities

To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources and Educational Services (DRES) as soon as possible. To contact DRES you may visit 1207 S. Oak St., Champaign, call 333-4603 (V/TTY), or e-mail a message to disability@illinois.edu. DRES Website: www.disability.illinois.edu/

Community of Care

As members of the Illinois community, we each have a responsibility to express care and concern for one another. If you come across a classmate whose behavior concerns you, whether in regards to their well-being or yours, we encourage you to refer this behavior to the Student Assistance Center (217-333-0050 or <http://odos.illinois.edu/community-of-care/referral/>). Based on your report, the staff in the Student Assistance Center reaches out to students to make sure they have the support they need to be healthy and safe. Further, we understand the impact that struggles with mental health can have on your experience at Illinois. Significant stress, strained relationships, anxiety, excessive worry, alcohol/drug problems, a loss of motivation, or problems with eating and/or sleeping can all interfere with optimal academic performance. We encourage all students to reach out to talk with someone, and we want to make sure you are aware that you can access mental health support at the Counseling Center (<https://counselingcenter.illinois.edu/>) or McKinley Health Center (<https://mckinley.illinois.edu/>).

For mental health emergencies, you can call 911 or walk into the Counseling Center, no appointment needed.

Disruptive Behavior

Behavior that persistently or grossly interferes with classroom activities is considered disruptive behavior and may be subject to disciplinary action. Such behavior inhibits other

students' ability to learn and an instructor's ability to teach. A student responsible for disruptive behavior may be required to leave class pending discussion and resolution of the problem and may be reported to the Office for Student Conflict Resolution for disciplinary action.

Emergency Response Recommendations

Emergency response recommendations can be found at the following website:

<http://police.illinois.edu/emergency-preparedness/>. I encourage you to review this website and the campus building floor plans website within the first 10 days of class. <http://police.illinois.edu/emergency-preparedness/building-emergency-actionplans/>.

Religious Observances

The Religious Observance Accommodation Request form is available at

<https://odos.illinois.edu/community-of-care/resources/students/religious-observances/>. Submit the form to the instructor and to the Office of the Dean of Students (helpdean@illinois.edu) by the end of the second week of the course; in the case of exams or assignments scheduled after this period, students should submit the form to the instructor and to the Office of the Dean of Students as soon as possible.

Family Educational Rights and Privacy Act (FERPA)

Any student who has suppressed their directory information pursuant to Family Educational Rights and Privacy Act (FERPA) should self-identify to the instructor to ensure protection of the privacy of their attendance in this course. See <http://registrar.illinois.edu/ferpa> for more information on FERPA. Student information and records will not be released to anyone other than the student unless the student has provided written approval or as required by law.

Sexual Misconduct Reporting Obligation

The University of Illinois is committed to combating sexual misconduct. Faculty and staff members are required to report any instances of sexual misconduct to the University's Title IX and Disability Office. In turn, an individual with the Title IX and Disability Office will provide information about rights and options, including accommodations, support services, the campus disciplinary process, and law enforcement options. A list of the designated University employees who, as counselors, confidential advisors, and medical professionals, do not have this reporting responsibility and can maintain confidentiality, can be found here: <http://www.wecare.illinois.edu/resources/students/#confidential>. Other information about resources and reporting is available here: <http://wecare.illinois.edu/>.

Student Support

The Counseling Center is committed to providing a range of services intended to help students develop improved coping skills in order to address emotional, interpersonal, and academic concerns. Please visit their website to find valuable resources and services: <https://counselingcenter.illinois.edu/>.

Counseling Center Information: 217-333-3704

Location: Room 206, Student Services Building (610 East John Street, Champaign IL)

McKinley Mental Health Information: 217-333-2705

Location: 3rd Floor McKinley Health Center 1109 South Lincoln, Urbana, IL

Emergency Dean: The Emergency Dean may be reached at (217) 333-0050 and supports students who are experiencing an emergency situation after 5 pm, in which an immediate University response is needed and which cannot wait until the next business day. The Emergency Dean is not a substitute for trained emergency personnel such as 911, Police or

Fire. If you are experiencing a life threatening emergency, call 911. Please review the Emergency Dean procedures: <http://odos.illinois.edu/emergency/>

Academic Dates and Deadlines

Students should make note of important academic deadlines for making changes to their courses (add, drop, credit/no-credit, grade replacement, etc.).

<https://registrar.illinois.edu/academic-calendars>

Please check with your academic department regarding specific procedures and policies.