

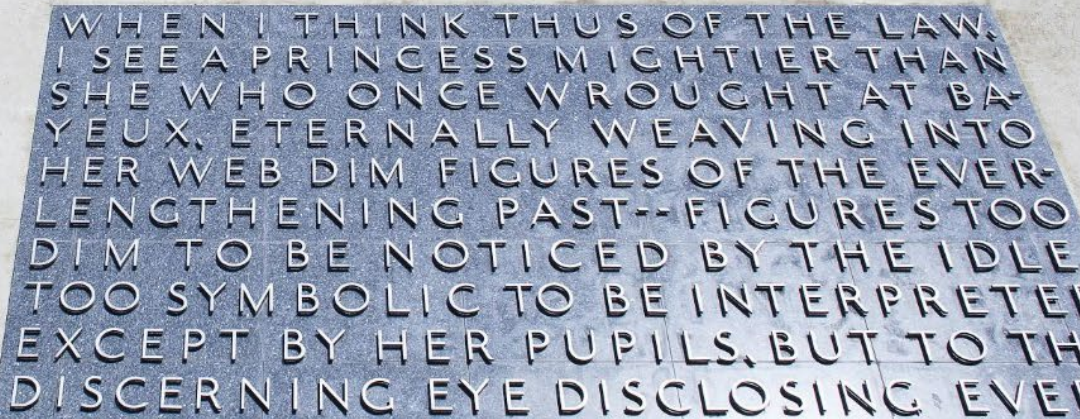
Comments on “The Law and Economics of Lawyers: Evidence from the Revolving Door in China’s Judicial System*”

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*In the US!

A stone plaque with a quote about the law. The text is engraved in a serif font and reads: "WHEN I THINK THUS OF THE LAW, I SEE A PRINCESS MIGHTIER THAN SHE WHO ONCE WROUGHT AT BA-YEUX, ETERNALLY WEAVING INTO HER WEB DIM FIGURES OF THE EVER-LENGTHENING PAST--FIGURES TOO DIM TO BE NOTICED BY THE IDLE TOO SYMBOLIC TO BE INTERPRETED EXCEPT BY HER PUPILS, BUT TO THE DISCERNING EYE DISCLOSING EVEN".

WHEN I THINK THUS OF THE LAW,
I SEE A PRINCESS MIGHTIER THAN
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Overall take

- **This is a super-interesting paper!**
- **Remarkable data – huge, comprehensive, interesting**
- **Really clear discussion of Chinese legal system (which I knew 0 about) & judges' careers**
- **I really like the way the paper takes seriously economic theories & their connection to law**
- **Now let me get to some details**

Observation 1: Incredible Data!



- Amazingly large data set: ~universe of judgments
- Size makes it possible to identify off teeny set of lawyers
- Side note: US has nothing like this—I'm teaching a course this semester about limited nature of public access in US

An aerial, top-down view of a modern office space. In the foreground, two people are seated at a long, light-colored wooden desk. The person on the left is wearing a dark jacket and is looking at a laptop. The person on the right is wearing a plaid shirt and is also working on a laptop. The desk is equipped with various office supplies, including pens, a water bottle, and a printer. In the background, there are two orange leather armchairs. One person is sitting in the left chair, looking at a laptop. The floor is a dark, speckled material. The overall lighting is warm and yellowish. The text "Conceptual Issues" is overlaid in the center of the image.

Conceptual Issues

Big picture issue: Settlement

- **A key problem in using judgment data to learn about legal system is settlement**
- **If cases can settle, then set of cases that litigate to judgment is selected**
 - Famous paper by Priest & Klein – 1984 *Journal of Legal Studies*
 - More recent work, including my own (Gelbach – 2018 *Journal of Law & Economics*)
- **Today's paper doesn't say anything about settlement**
 - Does it happen at all?
 - If so, are we seeing only non-settled cases?
 - That could be a real challenge: which cases are tried is unlikely to be accidental.

Details: How Well Does the Model Match the Data?

- **In the model, judgments are binary**
 - Plaintiff wins or defendant wins
 - No middle ground
- **But the data seem to be defined in a continuous way**
 - Party win share is opponent's share of court cost divided by total court cost
 - Does this mismatch matter?

Which facts matter?

- **Facts can be observed and unobserved**
 - Part of what makes paper convincing is case groups – conditioning on facts of disputes
 - For example, monetary size of the loan, interest rate, duration of repayment
 - Does conditioning on such details render cases “identical from a legal perspective”?
 - If so why *are* there disputes, and lawsuits?
 - Presumably there are other, unobserved facts?
 - What about question of whether a contract was signed, or whether payment was made?
 - So, there remain unobservables – hope is that they aren’t somehow correlated with RD variation

What kind of information do good lawyers provide?

- **The paper's third motivation presumes that the information lawyers provide is good**
- **But what if that's wrong sometimes?**
 - Good lawyers might be good partly because they use evidence rules well
 - And evidence rules (at least in the US) are about excluding relevant evidence
 - Etc.
- **Conceptually, this suggests that dispersion isn't the only social "bad": sometimes bad information is the result of good lawyers**

Empirical Comments

More sample information would be good

- **The paper is very early-stage, but need more info on how full set of cases gets whittled down**
 - For example, to avoid bad matches, only lawyers with very unusual last names used
 - Does this matter? How might we tell?
 - Also, only sales and loan contract cases involved (crim in apx); what share are these?
 - And of course, the settlement question

Some interesting issues in results

Table 1: Revolving Door Lawyers' Impact on Court Rulings

	(1)	(2)	(3)	(4)
	Defendant's Win Rate		Plaintiff's Win Rate	
	Loan Contract	Sales Contract	Loan Contract	Sales Contract
Panel A Baseline				
Revolving Door Lawyer	0.020*** (0.007)	0.066*** (0.018)	0.091*** (0.024)	0.067*** (0.021)
% in mean	11%	15%	11%	11%
Obs.	334,491	173,209	763,627	330,128
R-squared	0.349	0.319	0.402	0.358
Case Group FE	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
Court FE	Y	Y	Y	Y

1. Different effects
(but maybe not?)

2. Different N

→ Different Cases

Know-How....

Why not use one specification?



Table 2: Revolving

	(1)	(2)
	Defendant	
	Loan Contract	
Panel A: "know how" – cases in away courts		
RD Lawyer	0.015*** (0.003)	0.014*** (0.004)
RD × Diff. Prov.		0.003 (0.007)
RD × Diff. Regions		0.005 (0.005)
Obs.	231,913	231,913
R-squared	0.219	0.231
Panel B: "know how" – capability indicators		
RD Lawyer	0.015*** (0.005)	0.016*** (0.004)
RD × Grad. Degree	0.010** (0.005)	
RD × Same domain		0.011** (0.005)
Obs.	280,564	269,725
R-squared	0.262	0.247
Case Group FE	Y	Y
Case Group × State FE	Y	Y

Summary

The background image is a blue-tinted photograph. In the foreground, a man with glasses and a mustache is sitting at a desk, looking at a laptop. A coffee cup is on the desk next to the laptop. In the background, a man and a woman are walking away from the camera. The man is wearing a light-colored shirt and trousers, and the woman is wearing a dark jacket and trousers. The background is a modern building with large windows.

Really interesting paper!

- **It needs a bit of polishing empirically**
- **Issue of settlement is my only really substantive concern**
- **But leaving that issue aside, the paper is a really nice blend of theory and empirics**

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Contact info