

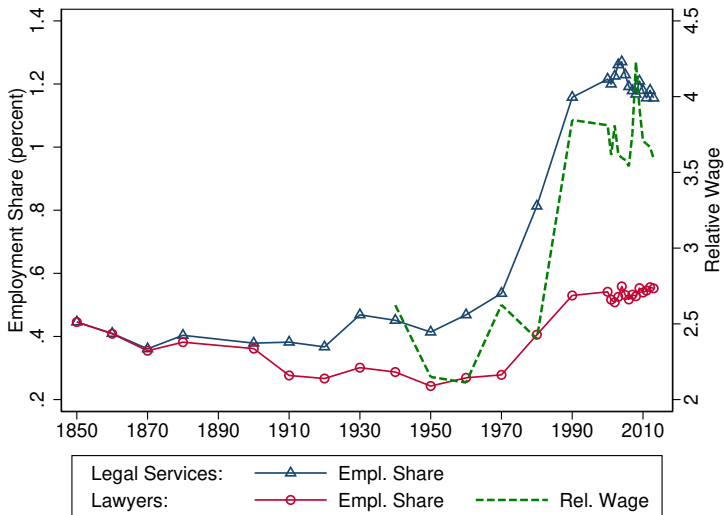
Legislation, Regulation and Litigation: Demand for U.S. Legal Services in Historical Perspective

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The 1970–1990 demand shift for lawyers in the U.S.



Why care about lawyers?

Lawyers perform an indispensable role in societies that are governed by the rule of law

- They represent parties within the legal system, advise about rights and obligations, and as judges, adjudicate cases
- Nearly every transaction of consequence runs through the legal system
 - *Hire a worker, resurface a road, dissolve a marriage, start a business, buy a home...*

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The resources we devote to legal services represent a **cost** of operating under the rule of law

Are these resources well spent? This depends on the determinants of demand:

- Life grew more complex → lawyers = productive infrastructure, fees worth paying
- Law grew harder to navigate/more rewarding to fight over → a burden
 - Talent diverted from production to redistribution (Baumol 1990, Murphy, Shleifer, Vishny 1991)

Changes in the legal environment

Starting in the mid-1960s, the United States enacted a wave of landmark legislation

- Social regulation: civil rights, environmental protection, workplace safety, consumer protection
- Economic deregulation: dismantled agency control over prices and entry

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These bundled three distinct changes to the legal environment:

1. An expansion in the **scope** of the law

New domains of conduct brought within reach of the law

Authority shifted from agencies to statutes, judicial interpretation

2. An increase in **uncertainty** of legal text

Laws written broadly, leaving what the law required to be worked out in court

3. Stronger incentives for private enforcement, through **fee-shifting** statutes

Legislature deputized private lawyers instead of building enforcement capacity

What drives the 1970–1990 demand shift?

The three changes—**scope**, **uncertainty**, **fee-shifting**—have different welfare consequences

- Law expands rights vs. Law written poorly vs. Incentive for effort

We will show evidence for all three:

- much of the expansion carries social benefit—we estimate large increases in litigation and employment of lawyers following civil rights, environmental protection laws (**scope**)
- increased **uncertainty** in the law followed by increase in wages of lawyers
- **fee-shifting** statutes substantially increase litigation, employment and costs

Back-of-envelope calculation of “excess costs” due to increased **uncertainty**

- Conditional on **scope**, this accounts for roughly 13% of the increase in demand for lawyers, ~\$25B of the 2024 wage bill

Related literature

Market for lawyers: Pashigian (1977), Sander & Williams (1989), Rosen (1992), Hadfield (2000)

- Empirical papers written during 1970-90 expansion; we observe demand shift in full, permitting ruling out several hypotheses
- Hadfield (2000): lawyers' fees high due complexity/uncertainty; we show empirically when & why

Allocation of talent: Baumol (1990), Murphy, Shleifer & Vishny (1991)

- “Rules of the game” steer talent; we give direct within-country evidence

Demand for skill: Katz & Murphy (1992), Acemoglu & Autor (2011)

- Skill-biased tech change does not fit lawyers: flat, then jump 1970–90, then plateau
- Legal environment is an equally—if not more—important driver of demand for skill for some professions (Gottlieb et al. 2025 for doctors, Phillipon & Reshef 2012 for finance)

Costs of legislation, regulation: Brooks & Liscow (2023), Trebbi et al. (2023), Ash et al. (2024)

- We quantify an economy-wide cost via uncertainty in the law (Morelli et al. 2025)
- The cost is partly a price of enforcement choice: private litigation via fee-shifting (Shleifer 2005, 2010)

Data and Facts

We combine many data sources

Employment and Compensation

- Track employment and wages of *individuals* (Census 1850-2000, ACS 2001-15, CPS 1967-2015)
- Track industry outcomes, including *partner income* (BEA 1929-2015)

Specialization of Lawyers and Law Firms [newly digitized]

- Census of Services (1972-1992) survey of lawyers by field of law and city; Martindale-Hubbell (1931-1961) is a directory of law firms, with address, biographies, and practice areas

LSAT, Law Schools, the Bar

- Become a lawyer: take LSAT → enroll in ABA accredited school → get J.D. → pass state bar
- Data from Law School Admission Council (LSAC), American Bar Association (ABA) + Tuition (Cass & Garvey 2003, Campos 2012), digitized course catalog from Harvard Law (1880-2015)

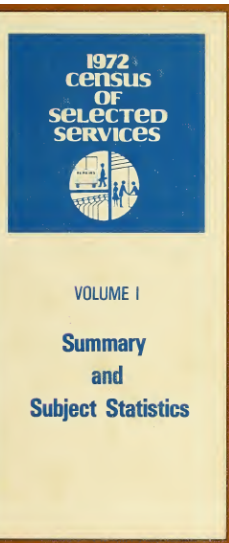
Litigation in U.S. District Courts

- Case-level data: parties, district, category, outcome (Federal Judicial Center 1970-2015)
- Aggregate case filings (HSUS 1893-1999, Office of U.S. Courts 2000-15)

Legislation, Regulation, Fee-Shifting

- U.S. Code (laws enacted 1926-2015; Jeong et. al 2026), Code of Federal Regulations (rules issued 1950-2015; Fed. Register Statistics), Fee-shifting statutes (Derfner & Wolf 2012)
- State legislation (Friedberg 1998, Black & Strahan 2002, Vargo 1996, Ash et. al 2025)

We combine many data sources



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Eminent Domain

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440 SEVENTEENTH STREET
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Lawrence E. Mullally, born Oakland, California, March 14, 1913; admitted to bar, 1938, California. Preparatory education, University of California (A.B., 1935); legal education, University of California, Boalt Hall (LL.B., 1938). Member, Board of Editors, Housing Legal Digest, Washington, D. C., 1939-1941. Lecturer, Trial Tactics, University of California Program for Continuing Education of the Bar, 1958—. Attorney, Farm Credit Administration, Washington, D. C., 1939-1941. General Counsel, Foreign Liquidation Commission, U.S. State Department, 1945-1946. *Member:* Alameda County, American and International (Patron) Bar Associations; The State Bar of California; International Association of Insurance Counsel. [Major, J.A.G.C., A.U.S., 1941-1946]

Thomas B. Adams, born C March 25, 1930; admitted to bar, 1952, California. Preparatory education, University of California (A.B., 1952); legal education, University of California, Boalt Hall (LL.B., 1955) Delta Phi. Lecturer on County Bar Association. *Mention of* San Francisco; Alameda County Bar Association; The State Bar of California

John McCorkindale, born March 29, 1931; admitted to bar, 1958, California. Preparatory education, University of Minnesota; legal education, University of Minnesota (LL.B., 1956). *Member:* Minnesota State Bar Association of California.

REPRESENTATIVE CLIENTS: California State Automobile Assn.; Liberty Mutual Insurance Co.; Northwestern Mutual Insurance; Southern California Automobile Insurance Co.; Mutual Service Insurance Co.; U.S. Liability Co.; Indiana Lumbermen's Co.; Underwriters at Lloyd's of London.

REFERENCES: Oakland Bank of Commerce; First Western Bank and Trust Company, Oakland B

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OF

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CAMBRIDGE, MASS.

Academic Year 1879-80.

FACULTY.

CHARLES W. ELIOT, LL.D., *President*.
CHRISTOPHER C. LANGDELL, LL.D., *Dane Professor and Dean*.
JAMES B. THAYER, LL.B., *Royall Professor*.
JOHN C. GRAY, Jr., A.M., *Story Professor*.
JAMES BARR AMES, A.M., *Bussey Professor*.
HENRY HOWLAND, Ph.D., *Instructor*.

A. Alabama

1. Common Law

In 1976, Alabama adopted strict liability for product injuries in *Casrell v. Altex Industries*¹⁸⁷ and *Atkins v. American Motors Corp.*¹⁸⁸ The Supreme Court of Alabama stated that both cases should be read together for a full understanding of the court's holdings.¹⁸⁹ The court refused to adopt what it called the "no fault" concepts of section 402A but instead retained the tort fault concept without applying negligence proofs for liability.¹⁹⁰ In both *Casrell* and *Atkins*, the consumer alleged product design defects. In explaining its fault-based tort,

187. 335 So. 2d 128 (Ala. 1976).

188. 335 So. 2d 134 (Ala. 1976).

189. *Id.* at 136 n.1. Both *Casrell* and *Atkins* were released simultaneously.

190. *Id.* at 137; see also *Casrell*, 335 So. 2d at 132.

The evolution of the legal services industry

1. **The employment share of legal services more than doubled during 1970–1990.**
 - Within-state changes explain all of the aggregate increase in employment (and wages).
2. **Relative wages of lawyers and law firm partners increased by 60% during 1970–1990.**
 - Increase in lawyers' wages not explained by simple changes in demographics (Mincer regs.).
3. **Over the same period, the composition of the industry changed** Figures
 - The ratio of law-firm partners to associates halved (85% → 45%).
 - Lawyers become much more specialized (generalists drop from 58% → 28%).

Salient characteristic: stability before 1970 and after 1990 More on each

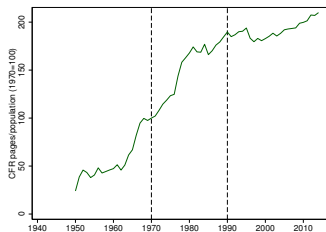
Demand for Legal Services

Demand for legal services

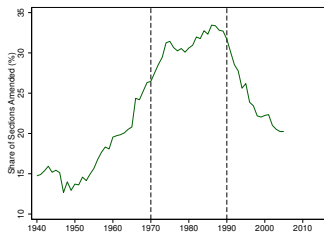
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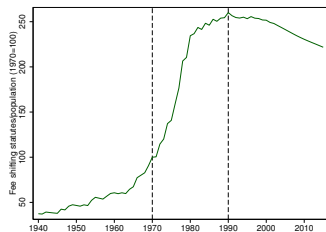
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(a) **scope**: Regulations



(b) **uncertainty**: Amendment Rate

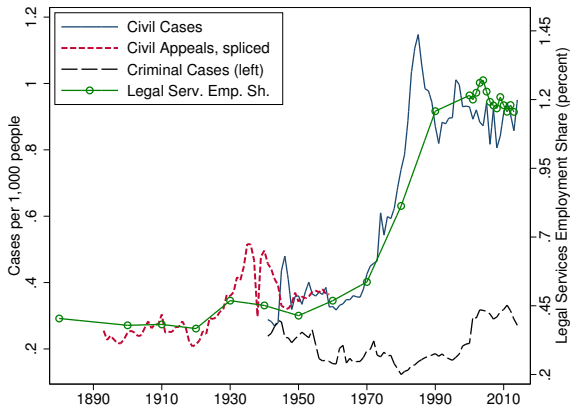


(c) **fee-shifting**: Statutes

1. **scope**: Code of Federal Regulations (pages per capita) up 160%, course curriculum expands
2. **uncertainty**: *Forward* amendment rate—proxy for uncertainty of U.S. code—at peak
3. **fee-shifting**: Defendant pays for plaintiff's lawyer if they lose. Statutes triple, 58 → 184

Civil litigation and legal services employment

- The legislation we study affects **scope**, **uncertainty**, and **fee-shifting** in *civil* law.
- Civil litigation exhibits “explosion” in 1970-1990, commensurate with increase in employment.
- There is no such trend for criminal litigation.



A model of litigation

- The law maps each potential dispute to a **merit** $Y \in (0, 1)$: how likely the defendant is at fault
- Plaintiff (p) and defendant (d) choose **costly effort** to affect probability π that plaintiff wins case via the “Litigation Success Function” (Hirshleifer & Osborne 2001)

$$\pi = f[\text{effort}_p, \text{effort}_d, \text{stakes}, \text{merit}]$$

- Nash equilibrium: effort = function of stakes and merit
 $\Rightarrow$ Equilibrium effort and, therefore costs, grow with **uncertainty** ($Y \rightarrow 1/2$)

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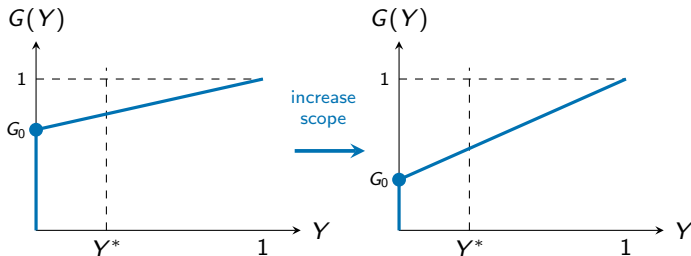
$$\text{Total demand for lawyers} \propto \underbrace{\# \text{ cases filed}}_{\text{extensive margin}} \times \underbrace{\text{effort per case}}_{\text{intensive margin}}$$

Model predictions

Merit Y of a dispute $\sim G(Y)$; it is litigated if $Y \geq Y^* = \text{minimal merit to overcome fixed cost}$.

Increase in:

1. **scope**: reduces the probability mass of $Y = 0$

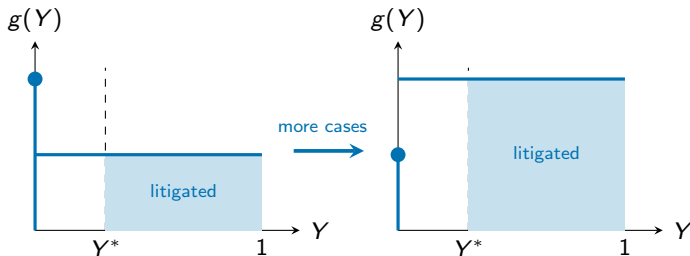


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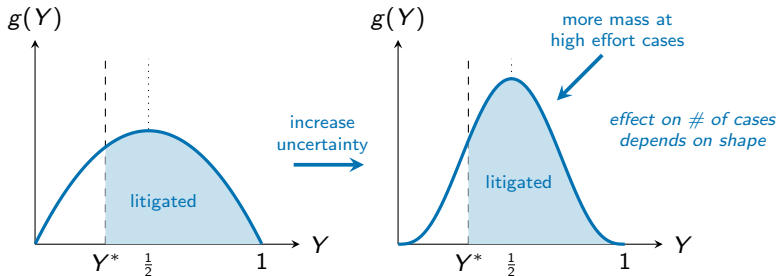
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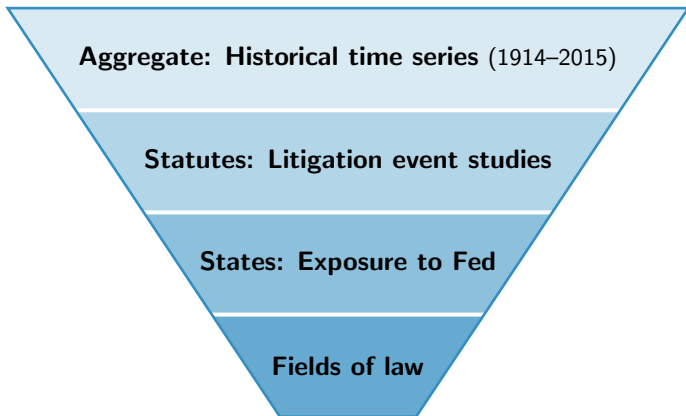
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All lead to greater demand for lawyers, greater cost.

"Defensive" Legal Demand

Empirical Evidence



Aggregate: Historical time series

Prediction Regressions: $\Delta y_t = \alpha + \beta \Delta x_{t-5} + \varepsilon_t$;

- Sample starts in 1914, constrained by some series
- Newey-West S.E.; all variables standardized; controls for changes in tax rates, firms, patents

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	Δ Lawyer Emp. Share _t			Δ Relative Wage _t		
Δ Federal Regulation Pages _{t-5}	0.404*** (0.113)			0.118 (0.098)		
Forward Amendment Rate _{t-5}		0.275 (0.235)			0.648*** (0.196)	
Δ Fee-Shifting Statutes _{t-5}			0.712*** (0.113)			0.674*** (0.101)
R-squared	0.64		0.23 0.59	0.63	0.55	0.58
Observations	54	91	91	54	69	69

Results consistent with model:

- **scope**, **uncertainty** (weakly), and **fee-shifting** predict increase in **employment** (entry)
- **uncertainty** and **fee-shifting** predict increase in **wages** (effort)

Statutes: Litigation event studies

Goal: Identify relationship between *changes* in law and demand for lawyers

- Litigation is easy to measure—cases filed, categorized, linked to legislation via “nature of suit” code
 - “Nature of suit” *created* with new legislation, therefore study *changes* in existing laws
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Event Study Approach:

$$Y_{nt} = \sum_{\substack{\tau=-6 \\ \tau \neq -1}}^{12} \beta_{\tau} [\text{Treated}_n \times \mathbb{1}\{t = t^* + \tau\}] + \theta_n + \gamma_t + \epsilon_{nt}$$

- Y_{nt} is the log(number of cases) filed in federal court under nature-of-suit code n in year t ,
- Treated_n is an indicator for the treated nature-of-suit code, and
- $\mathbb{1}\{t = t^* + \tau\}$ indicates that year t is τ periods from the reform year t^*
- filing year, γ_t and nature of suit, θ_n fixed effects

Scope: Civil Rights Act of 1991

The Civil Rights Act of 1991 was passed to **strengthen** workplace discrimination law in the U.S.

- Originally passed in Title VII of the Civil Rights Act of 1964
- The 1991 act included broader **plaintiffs** (expanded **scope**), broader **remedies** (higher stakes), and broader **liability** (merit shifts toward plaintiffs, i.e., higher Y)

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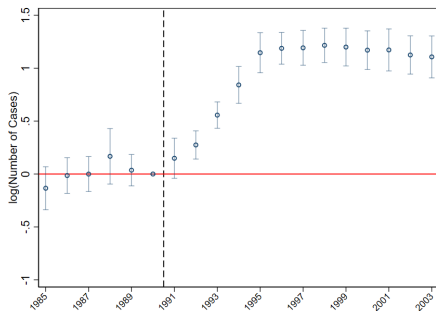
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Model Predictions:

- Higher stakes $\rightarrow$ entry
- Expanded **scope** $\rightarrow$ entry
- Merit shift to plaintiffs $\rightarrow$ entry and effort

Results:

- filings roughly **double** in 5 years, $\sim 15,000$ cases per year
 - An increase of about 6% of **total** federal cases!
- plaintiff win rate also rises win rate



Fee-shifting: 1975 amendment to the Lanham Act

The Lanham Act, passed in 1946, governs trademark law in the U.S.

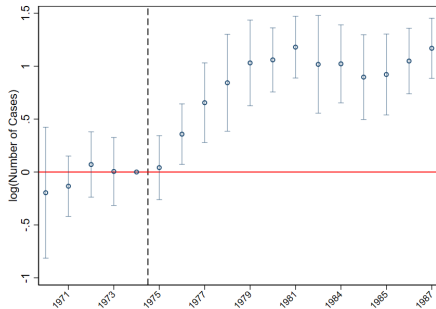
- In 1975, attorney fees provision was added to allow **fee-shifting** in “exceptional cases”

Model Predictions:

- **fee-shifting** → entry and effort

Results:

- filings more than **double** ($\sim 1,000$ cases per year)
 - at scale: >120 fee-shifting statutes, 1970–1990
- Win rates higher in cross section win rates
 - unfortunately no outcome data pre-1978



States: Exposure to Federal Law, State Policies

Goal: Use variation across states to identify relationship between **scope** and demand for lawyers

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1. DiD with exposure to Federal Legislation: $y_{st} = \beta \text{Exposure}_s \times \text{Post}_t + \lambda_s + \gamma_t + \varepsilon_{st}$
 - Civil Rights Act (1964): Exposure_s is 1960 black employment share
 - Clean Air Act (1970): Exposure_s is 1970 manufacturing in polluting counties
 - state, year FE (λ_s, γ_t); SE clustered at state; controls for Jim Crow, Manufacturing $\times$ Post

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2. Staggered adoption of state laws that map cleanly onto a field of practice, f :

- *TWFE equation*: $y_{fst} = \beta \text{Policy}_{fst} + \theta X_{st} + \lambda_s + \gamma_t + \varepsilon_{fst}$
- state, year FE (λ_s, γ_t); SE clustered at state; control for other policies; 29 states (1952-1992)

State policy		Predicted field(s)
Strict products liability	→	Negligence (plaintiff)
Unilateral divorce	→	Domestic
Banking deregulation	→	Banking, Corporate

Scope: Exposure to Federal and State Laws

- **Federal exposure:** CRA & CAA raise lawyers' employment share

event studies

Washington, DC

	Lawyer Emp. Share _{st}	
	CRA	CAA
Federal Exposure _s × Post _t	0.182** (0.089)	0.104** (0.046)

Observations	343	343
Within R-sq.	0.240	0.318
Mean dep. var.	0.39	0.39

Scope: Exposure to Federal and State Laws

- **Federal exposure:** CRA & CAA raise lawyers' employment share [event studies](#) [Washington, DC](#)
- **State policy:** each reform raises the share in affected field [full field table](#) [event studies](#)

	Lawyer Emp. Share _{st}		Field Share (% of state's lawyers) _{st}		
	CRA	CAA	Negligence	Domestic	Banking+Corp.
Federal Exposure _s × Post _t	0.182** (0.089)	0.104** (0.046)			
Strict Products Liability _{st}			1.353*** (0.399)		
Unilateral Divorce _{st}				0.473** (0.221)	
Multibank Holding _{st}					1.793* (1.009)
Intrastate Branching, M&A _{st}					1.711* (0.881)
Observations	343	343	493	493	493
Within R-sq.	0.240	0.318	0.112	0.055	0.075
Mean dep. var.	0.39	0.39	4.51	1.77	12.28

Alternative Explanations

Alternative hypotheses do not explain demand shift

- No trend in **Number of Firms** per person after 1890, or **Firm Size**
- Not driven by changes in downstream **Industry composition** via IO links.
- Relative **ICT Intensity** in legal services increases starting in 1995, flat before.
- No trend in **Patent Applications** from 1930-1990, increases post-1990.
- Supply tightens slightly post-1980 **ABA schools**; **Cost** declined relative to lawyers' income.
- No improvement in LSAT scores or **Ratio** of LSAT takers to enrollment.
- State bars start to permit advertising in 1977; we see muted response in **Newspaper Ads**.
- No differential increase in **Women in Law** versus other fields.
- Number of **Lawyers in Congress** decreased over this period.

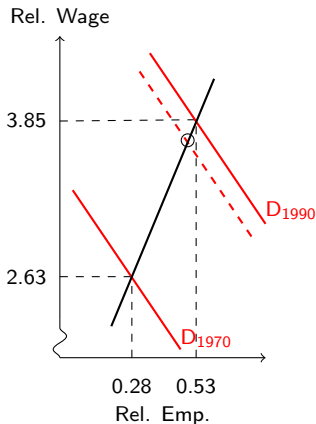
Excess Costs

Excess costs

Are these resources well spent?

Exercise: Assume the growth in **scope** was beneficial, but not the growth in **uncertainty**

- trace a linear supply curve through the 1970 & 1990 equilibria
- conditional on **scope**, the forward amendment rate (**uncertainty**) predicts **13%** of the demand shift regression
 - ⇒ ~\$23B of lawyers' wage bill in 2024
 - ⇒ ~\$27B for legal services



Conclusion

The legal services industry changed remarkably in 1970–1990

- Employment share doubles, relative wages of lawyers increase by 60%
- Share of lawyers specializing doubles, share of partners shrinks
- In contrast to stability before and after

We attribute the demand shift to three changes in the legal environment:

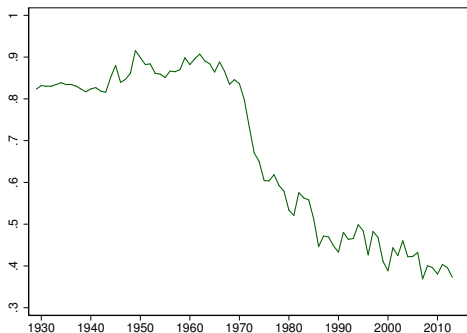
- **scope**, **uncertainty**, and **fee-shifting**.
- Each maps through the model to employment and wages, and each is borne out in the data—time series, litigation event studies, cross-state exposure, and fields of law.
- Alternative explanations do not fit the timing.

How society writes its laws is itself an economic decision

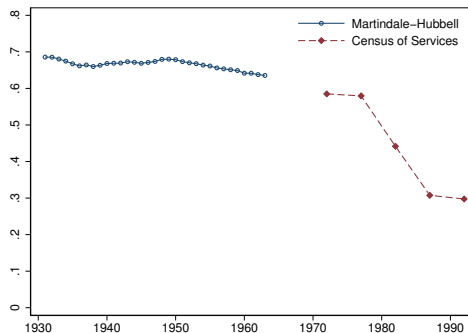
- One that shapes the cost of the rule of law and the allocation of talent

Bonus Slides

Composition and Specialization in Legal Services

[Back](#)

(d) Partners as share of lawyers

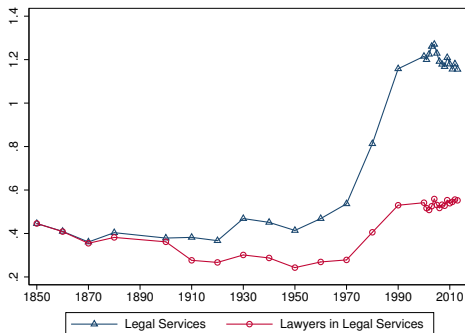


(e) Lawyers in General Practice

1970–1990: Partners' share plummets (85% → 45%), Generalists fall by half (58% → 28%)

- Larger market → delegate simpler tasks, sustains specialists (Stigler 1951, Garicano & Hubbard 2007)

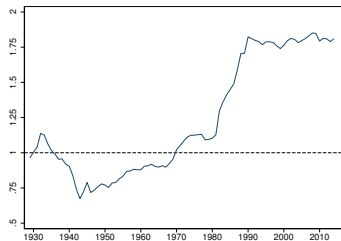
Fact 1: Employment share of legal services [Back](#)



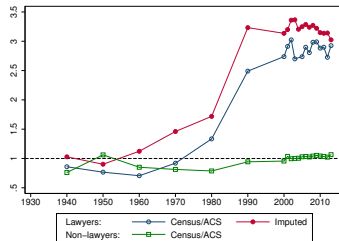
Sharp increase 1970–1990, stability before and after.

- Legal services more than doubles: 0.53% → 1.15%.
- Lawyers in legal services: 0.28% → 0.53%.

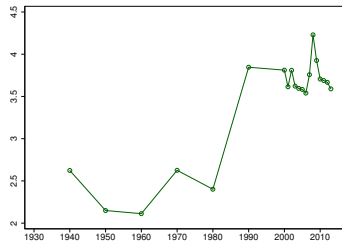
Fact 2: Relative wages of lawyers [Back](#)



(a) Legal services



(b) Lawyers and non-lawyers



(c) Lawyers, incl. partners

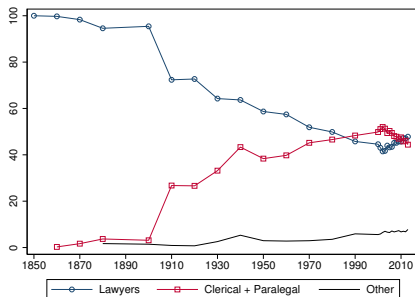
Relative wages rise sharply 1970–1990, driven by lawyers—not support staff. Consistent across Census/ACS and BEA.

Fact 3: Within-state decomposition [Back](#)

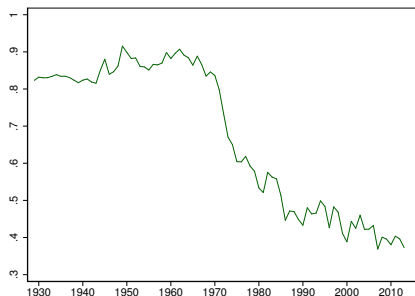
Virtually all of the aggregate increase in employment shares (and wages) is **within-state**, not state-size composition.

Legal Services: Between-Within States					
Period	Change	Between, %		Within, %	
1880-1910*	-0.023	-0.001	5	-0.022	95
1910-1930	0.079	0.015	19	0.064	81
1930-1950	-0.069	0.005	-7	-0.073	107
1950-1970	0.107	-0.002	-2	0.109	102
1970-1990	0.584	-0.007	-1	0.591	101
1990-2010	0.026	-0.009	-36	0.035	136

Fact 4: Internal composition [Back](#)



(d) Lawyers within legal services (%)



(e) Partners as share of lawyers

- Partners' share plummets 1970–1990—larger market $\Rightarrow$ delegate simpler tasks to associates (Garicano & Hubbard 2007).

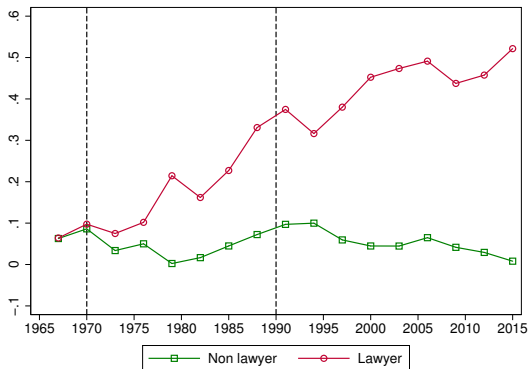
Fact 5: Specialization by field of law [Back](#)

Large increase in specialization, 1972–1992 (Census of Services, 28 states):

% Field	1972	1977	1982	1987	1992	Δ
General	58.5	58.0	43.4	30.3	28.3	-30.2
Specialized	41.5	42.0	56.6	69.7	71.7	30.2
<i>Specialization (ranked by change)</i>						
Other	6.6	7.7	12.4	15.4	18.2	11.7
Negligence	7.1	7.0	9.9	12.7	13.4	6.2
Insurance	2.0	2.1	3.5	4.9	5.9	3.9
Banking	2.8	2.3	3.5	5.3	4.5	1.8
Corporate	6.5	5.8	7.1	9.1	8.0	1.5
Domestic	1.1	1.7	2.2	2.7	2.6	1.5

Almost entirely within-state variation, not state-size composition.

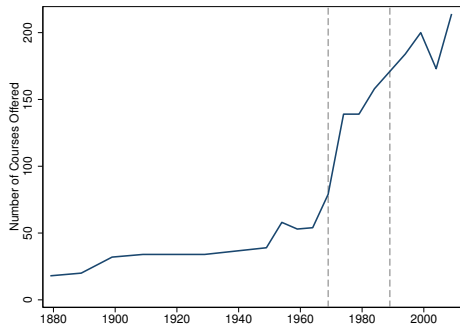
Fact 6: Wage premium for lawyers

[Back](#)

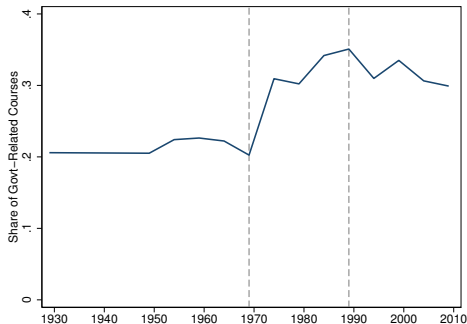
CPS 1968–2017, controlling for education, race, urban, gender, marital status, MSA, industry, experience (coefficients vary over time). Wage premium rises in 1970–1990; not a demographic story.

Scope: Harvard Law School responds [Back](#)

- Digitized Harvard Law course catalog, 1880–2010
- “Government-related” courses (public + economic + social regulation) grow 20% → 35% of the curriculum, 1970–1990.



(a) Number of courses



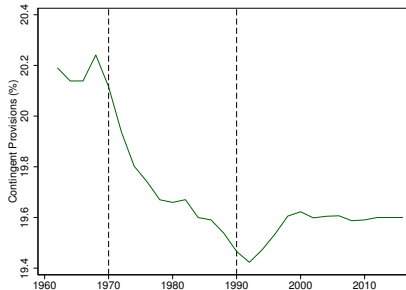
(b) Share government-related

Uncertainty: ex-ante measure (contingencies) [Back](#)

An *ex-ante* text measure complements the (ex-post) amendment rate.

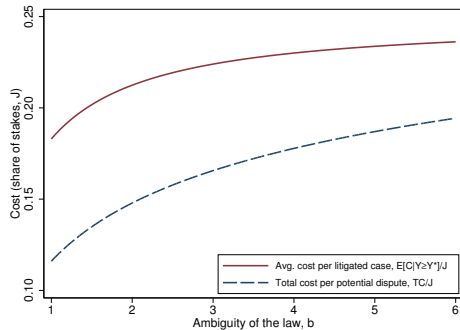
- Ash, Morelli & Vannoni (2024) count “contingent clauses” in state legislation—conditions that reduce ambiguity.
- Fewer contingencies $\Rightarrow$ more ambiguity.
- Share falls 20.1% (1970) $\rightarrow$ 19.5% (1990); stable before and after.

$\Rightarrow$ Both measures agree: 1965–1990 legislation was *less complete*.

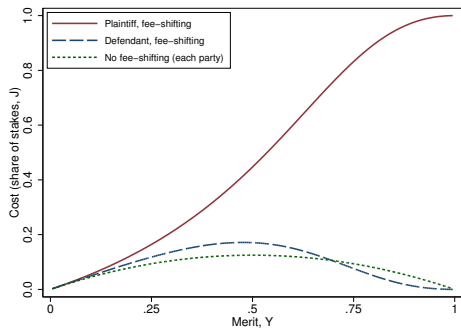


Contingencies in state legislation

Model: cost simulations Back



(a) Uncertainty



(b) Fee-shifting

- (a) Concentrating merit toward $Y = \frac{1}{2}$ (Beta(b, b), $b : 1 \rightarrow 6$) raises cost/case 29% and total cost by two-thirds.
- (b) Fee-shifting raises effort and cost per case at every merit level (both parties).

“Defensive Demand” for Legal Services Back

Consider a potential defendant, d , that chooses defensive investment e before disputes arise.

- Defensive investment lowers the merit of potential claims against the firm: clear contracts, documented procedures, and compliance systems make future plaintiffs' cases weaker.
- A dispute that would have had merit Y instead has merit $Y - \rho(e)$, with ρ increasing in e .

⇒ Defensive investment lowers the probability of being sued and it lowers the expected cost of suits that remain.

Model Predictions:

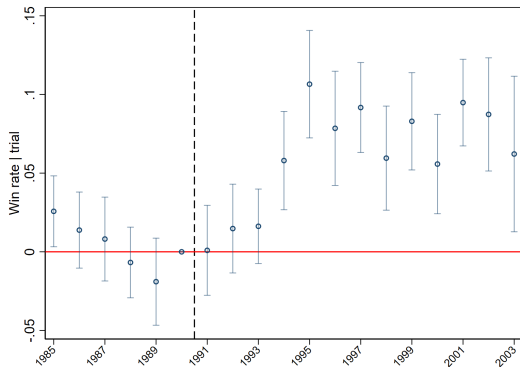
- Expansion of **scope** brings new domains of firm conduct within the law, creating new potential claims and raising the return to compliance investment.
- Facing more costly potential disputes (**uncertainty**), the firm invests more to push its conduct below the entry threshold
- **fee-shifting** raises the defendant's expected costs conditional on being sued directly increasing the value of avoiding litigation

Historical regressions: specification [Back](#)

$$\Delta y_t = \alpha + \beta \Delta x_{t-5} + \gamma \Delta w_{t-5} + \varepsilon_t$$

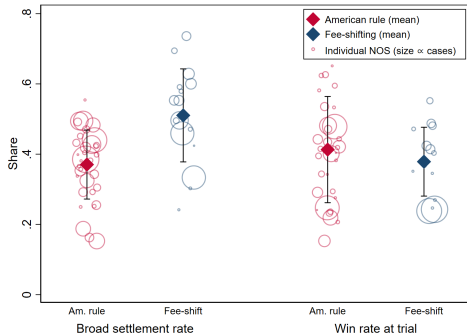
- $y \in \{\text{emp. shares, relative wages, associates per partner}\}$.
- $x \in \{\text{federal regulation pages p.c., fee-shifting statutes p.c., forward amendment rate}\}$.
- $w = \text{top corporate/marginal tax rates, firms p.c., patent applications}$.
- Newey-West S.E. up to 5 lags; variables standardized.

CRA 1991: Win rate | trial

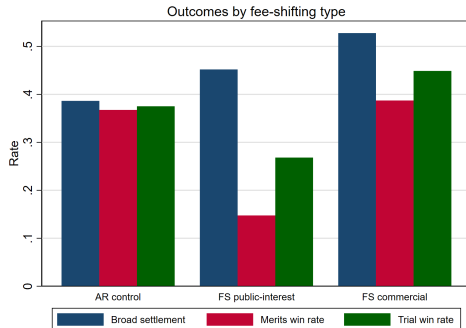
[Back](#)

The Civil Rights Act of 1991 not only increased the **scope** of the law, it increased the *merit* of the plaintiff, in effect strengthened their cases. This is clear in the win rates.

Fee-Shifting vs American Rule

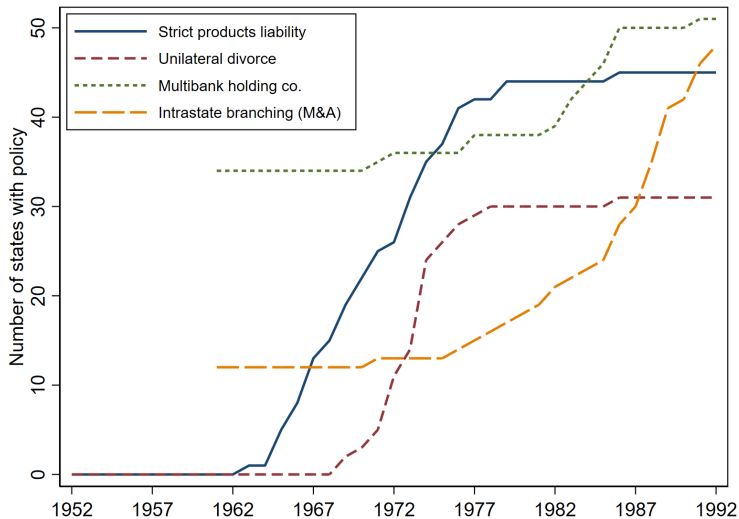
[Back](#)

(a) Settlement vs. win rate, by fee-shifting status

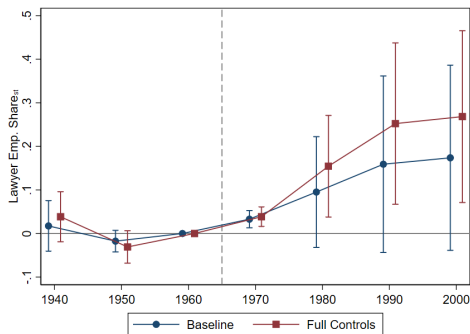


(b) Outcomes by fee-shifting type

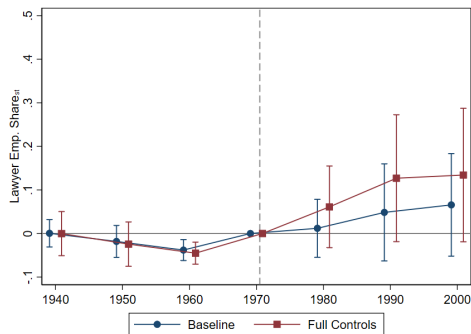
State Policy Adoption

[Back](#)

CRA 1964 and CAA 1970: Exposure and Employment Shares

[Back](#)

(a) Civil Rights Act and Black Employment Shares

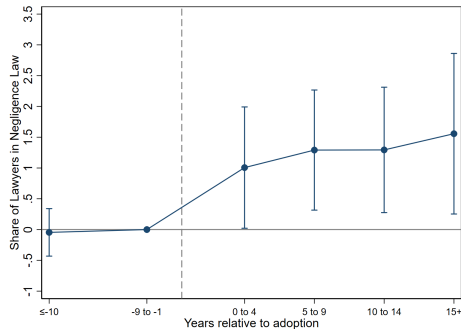


(b) Clean Air Act and CAA Non-Attainment

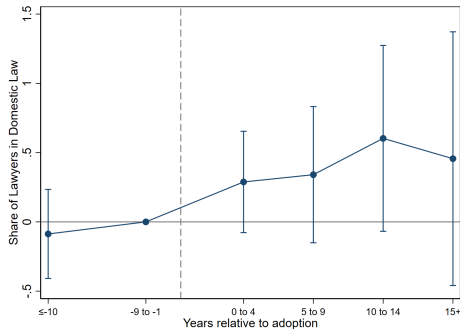
More-exposed states see differential growth in lawyers' employment share

- No effect for wages—suggests CRA is primarily a scope increase, CAA may be not large enough to affect state-wide compensation (also “Cravath system”)

Products Liability and Divorce Event Studies

[Back](#)

(a) Negligence Lawyers and Products Liability



(b) Domestic Lawyers and Divorce Law

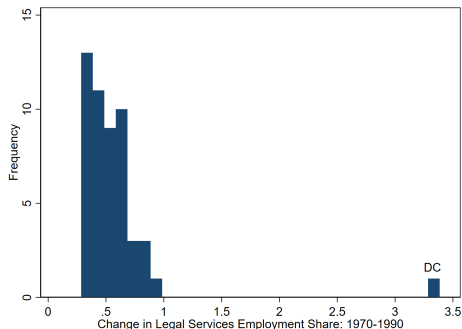
State policy and fields: full table

[Back](#)

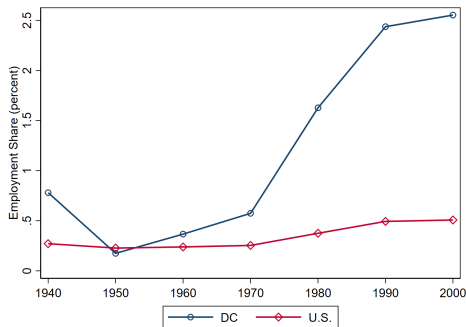
	Negligence		Insurance		Domestic		Banking + Corporate		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Strict Products Liability _{st}	1.320*** (0.441)	1.353*** (0.399)	1.556* (0.787)	1.614** (0.700)		0.113 (0.134)		0.629 (1.197)	0.467 (1.172)
Unilateral Divorce _{st}		-0.270 (0.510)		0.429 (0.691)	0.465** (0.185)	0.473** (0.221)		-0.815 (1.015)	-0.851 (1.031)
Multibank Holding _{st}		0.900 (0.669)		1.253* (0.705)		-0.163 (0.277)	1.622 (1.015)	1.761* (1.001)	1.793* (1.009)
Intrastate Branching, M&A _{st}		-0.790** (0.384)		0.126 (0.631)		0.014 (0.263)	1.047 (1.014)	0.828 (0.956)	1.711* (0.881)
Bank Dereg. Controls									×
Observations	493	493	493	493	493	493	493	493	493
Within R-sq.	0.073	0.112	0.059	0.094	0.048	0.055	0.045	0.057	0.075
Mean dep. var.	4.505	4.505	4.433	4.433	1.771	1.771	12.283	12.283	12.283

Columns (2), (4), (6), (9) enter the main-text slide; off-diagonal policy rows are suppressed there.

Federal exposure, via geography: Washington, D.C. [Back](#)



(a) State changes in emp. share



(b) Lawyers in legal services, D.C.

D.C. legal-services employment share rose 0.8% → 4.2% (1970–1990)

- Private, not government, lawyers

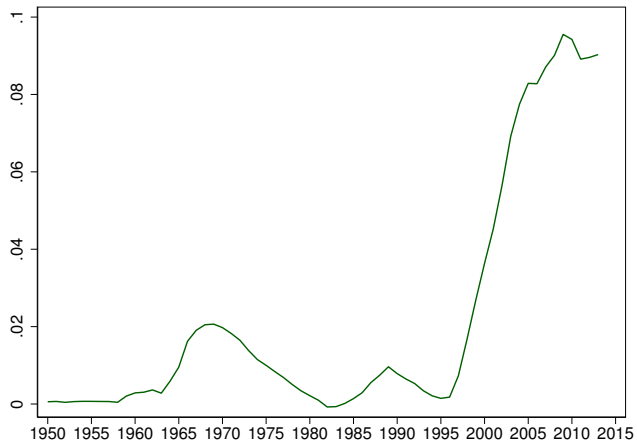
Excess costs: uncertainty regression [Back](#)

Levels regressions of employment share on the lagged forward amendment rate, conditional on federal regulation pages (scope), 1960–2013:

	Emp. Share, Lawyers (%)			Emp. Share, Legal Services (%)		
	(1)	(2)	(3)	(4)	(5)	(6)
Forward Amendment Rate _{(t-10,t]}	0.0057*** (0.0011)		0.0011*** (0.0003)	0.0150*** (0.0028)		0.0024*** (0.0004)
Federal Regulation Pages p.c. _{t-10}		0.0018*** (0.0001)	0.0016*** (0.0001)		0.0049*** (0.0001)	0.0044*** (0.0001)
R-squared	0.61	0.97	0.98	0.60	0.98	0.99
Observations	54	54	54	54	54	54

Each additional amendment per 100 sections raises lawyers' emp. share by 0.0011pp $\Rightarrow$ 13% of the observed shift.

Relative ICT intensity [Back](#)

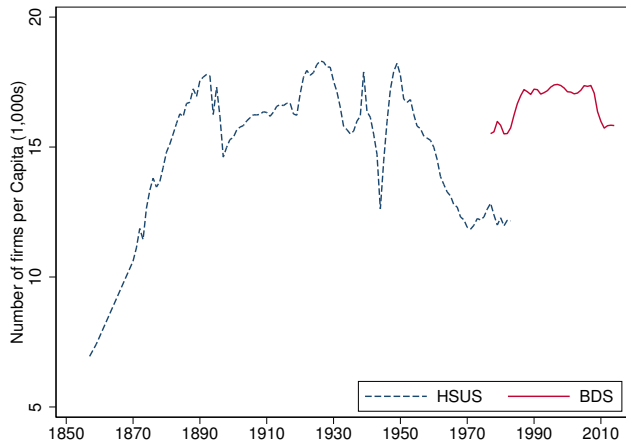


Industry composition (Leontief) [Back](#)

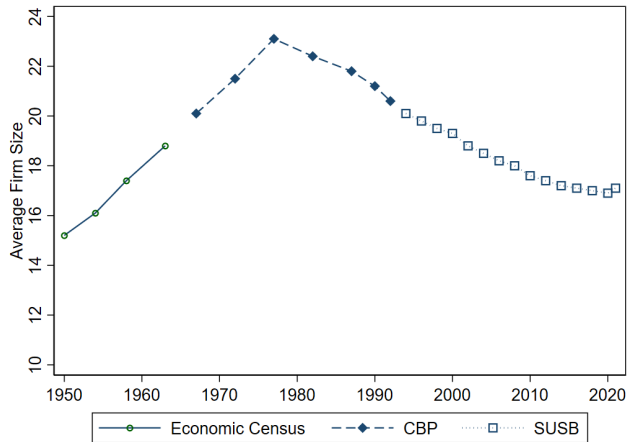
Fix 1970 input structure and value-added intensities, apply to 1990 demand.

- Legal services' GDP share rises 0.7pp, 1970–1990.
- Industry composition accounts for only **23%**; the rest is within-industry intensity of legal intermediation.

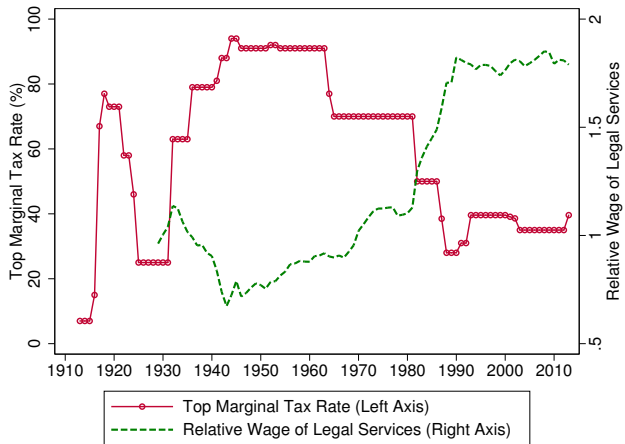
Number of firms per capita

[Back](#)

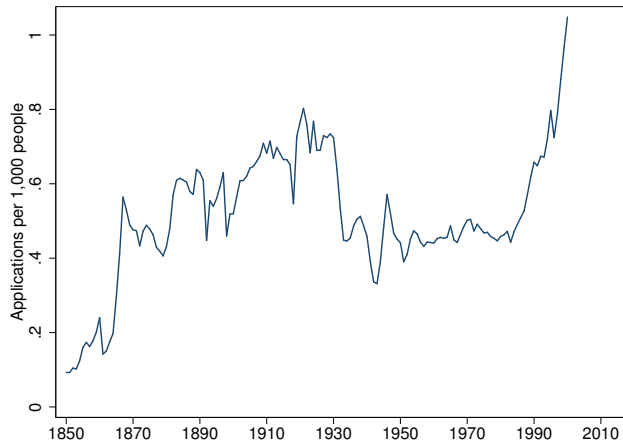
Firm size

[Back](#)

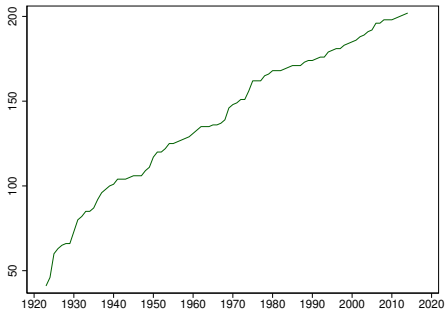
Top marginal tax rates [Back](#)



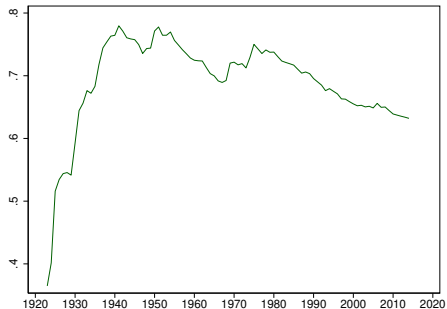
Patent application intensity

[Back](#)

ABA-Accredited Law Schools and Enrollment

[Back](#)

(a) Number of Schools



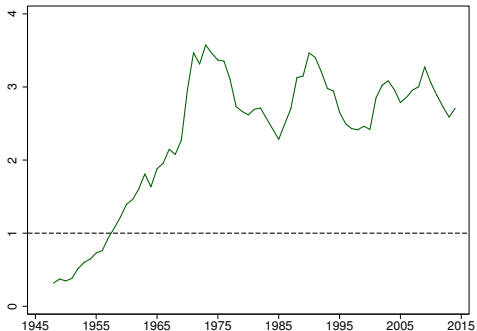
(b) Schools per Million People

Opportunity cost of law school

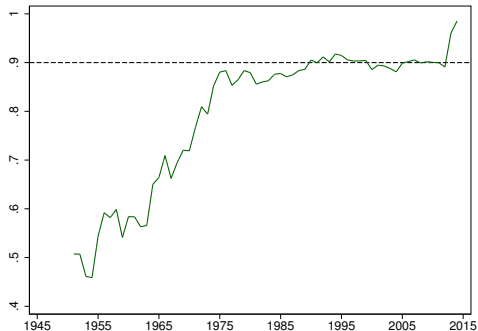
[Back](#)

One year of law school (tuition + college-grad wage), divided by expected lawyer wage. UPenn tuition.

LSAT takers, enrollment, degrees

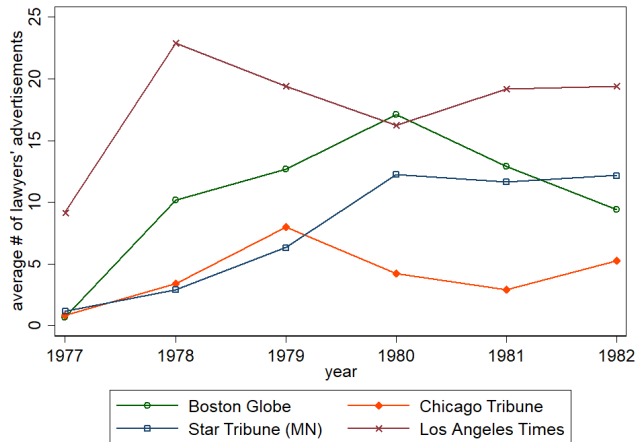
[Back](#)

(a) LSAT takers to enrollment

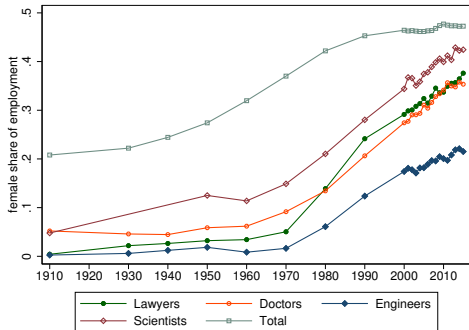


(b) Degrees awarded to enrollment

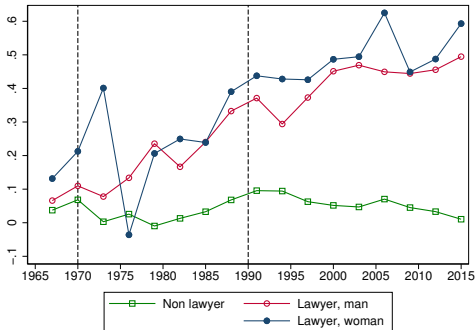
Legal advertising post-Bates

[Back](#)

Women in law and the female wage premium

[Back](#)

(a) Women in law



(b) Wage premium

Lawyers in Congress

[Back](#)