

Course Title	:	Economics of Law and Policy
Course Code	:	ECO4002
Recommended Study Year	:	3 and 4
No. of Credits/Term	:	3
Mode of Tuition	:	Lecture-Tutorial
Class Contact Hours	:	3 hours per week
Category in Major Prog.	:	Elective under Major in Economics and Major in Social and Public Policy Studies for BSocSc students
Discipline	:	Economics / Social Sciences
Prerequisite(s)	:	(a) ECO2101 Introduction to Economics, or (b) Level 3 or above in HKDSE Economics, or (c) BUS2105 Microeconomics for Business
Co-requisite(s)	:	N/A
Exclusion(s)	:	ECO4101 Economics of Law and SSC3317 Economics of Law and Public Policy
Exemption Requirement(s)	:	N/A

Brief Course Description

This course applies economic analysis to the study of law and policy. It focuses on the framework provided by the legal system that enables the efficient and orderly functioning of the economic system, and explores differences between individual and collective choice, and the features in the legal system needed to align group rationality with individual rationality.

The student will learn elements of contract law, tort law and criminal law, differences between private goods and public goods, property rights, externalities, transaction cost and applications of the Coase theorem, as well as competition law.

Aims

This course aims to provide the student with a framework that promotes understanding the relationship and interaction between two great human institutions: the economic system and the legal system. This framework will be essential for the student to develop and grow as an intelligent, well-informed and responsible citizen.

Learning Outcomes (LOs)

On completion of this course, students will be able to:

1. Understand the relationship between the economy and the legal system;
2. Apply economic analysis to evolving legal institutions and rules about their rationales, values and limitations;
3. Conduct legal research to find preliminary answers as an intelligent and rational citizen;
4. Evaluate social, political and legal phenomena from an independent and critical perspective; and
5. Explain the connection between economics and law and policy in an intelligent manner.

Indicative Contents

- The common law system; the Basic Law, statutory law and case law
- Civil law and criminal law
- Incentive and rational behaviour
- Private goods, club goods, public goods and the price system
- Transactions, bargaining and contract law
- Negligence, tort law, insurance and moral hazard
- Crime, punishment and criminal law
- Externalities, transaction cost, property rights and the Coase theorem
- Markets, firms and competition law
- Consumers and the law

Measurement of Learning Outcomes

1. Students will write a group essay on a topic of their choice (LO1-4).
2. Students will make an oral presentation on the findings in their group essay (LO1-5).
3. Students' participation in class discussion will measure ability to carry out intelligent conversation on the topics (LO 5).
4. A mid-semester exam covering the content of the first part of the course will be administered to assess students' theoretical and practical knowledge and their analytical skills in the topics they have learnt (LOs 1-4).
5. A final exam at the end of the course will assess students' overall understanding and synthesis of knowledge and its applications to the economics of law and policy (LOs 1-5).

Teaching Method

Classes will be conducted in the form of lectures and tutorials. Active student participation in class discussion will be encouraged. Cases from Hong Kong and overseas will be used to illustrate and clarify the logic and concepts of economic and legal analysis.

Students will also learn through writing a term project, to be critiqued by classmates in an oral presentation.

Assessment

Continuous assessment :	Class participation	10%
(Total 60%)	Mid-term test	20%
	Written group essay	20%
	Oral Presentation	10%

Final examination: 40%

Good Practices

1. Relevant local and international news and case reports will be discussed.
2. Students will be encouraged to raise relevant issues they find interesting for discussion.

Required/Essential Reading

Friedman, David D, *Law's Order: What Economics Has to Do with Law and Why It Matters*, Princeton University Press, 2000 (available online at <https://www.google.com/url?sa=i&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=0CAMQw7AJahcKEwjQ8bGj2sb8AhUAAAAAHQAAAAAQAg&url=https%3A%2F%2Fportalconservador.com%2Flivros%2FDavid-Friedman-Laws-Order.pdf&psig=AOvVaw1bvsN4fO9lfQC5GenInTZE&ust=1673773452124552>)

Cooter Jr, Robert B. and Ulen, Thoms *Law and Economics*, 6th edition, Pearson, 2016 (available online at http://www.econ.jku.at/t3/staff/winterebmer/teaching/law_economics/ss19/6th_edition.pdf)

Recommended/Supplementary Reading

Alchian, Armen A., 'Property Rights', <http://www.econlib.org/library/Enc/PropertyRights.html>

Andrews, Neil, and Yang, Fan, *Contract Law in Hong Kong*, Hong Kong University Press, 2016

Caplan, Bryan, 'Externalities', <https://www.econlib.org/library/Enc/Externalities.html>

Coase, Ronald, 'The Nature of the Firm.' *Economica* 4 (November): 386–405, 1937

Coase, Ronald, 'The Problem of Social Cost.' *Journal of Law and Economics* 3 (October): 1–44, 1974

Community Legal Information Centre, 'What Are the Differences between Criminal and Civil Litigation in Hong Kong?' <http://www.clc.org.hk/en/topics/hkLegalSystem/criminalAndCivilLaw/answer12.shtml>

Forrister, Dirk and Bledsoe, Paul, 'Pollution Economics'. <https://www.nytimes.com/2013/08/10/opinion/pollution-economics.html>

Hardin, Garrett, 'Tragedy of the Commons', <http://www.econlib.org/library/Enc/TragedyoftheCommons.html>

Heyne, Paul, 'Efficiency', <http://www.econlib.org/library/Enc/Efficiency.html>

Ho, John D., 'In Search of the Level Playing Field: Asymmetries and Consumer Protection in Hong Kong', *Hong Kong Law Journal*, Vol 36, Part 1, 2006

'Maximizing the Benefits of Pollution', 18.1, *Principles of Economics*, <https://open.lib.umn.edu/principles/economics/chapter/18-1-maximizing-the-net-benefits-of-pollution/>

Hong Kong Open University, *Criminal Law*, 2012 http://www.opentextbooks.org.hk/system/files/export/28/28025/pdf/Criminal_Law_28025.pdf

Rubin, Paul H.. 'Law and Economics',
<http://www.econlib.org/library/Enc/LawandEconomics.html>

Websites:

<https://www.cmab.gov.hk/en/issues/basic2.htm>
<http://www.elegislation.gov.hk>
<https://legalref.judiciary.hk/lrs/common/ju/judgment.jsp>
https://www.compcomm.hk/en/practices/what_is_comp/overview.html

Important Notes:

- (1) Students are expected to spend a total of 9 hours (i.e. 3 hours of class contact and 6 hours of personal study) per week to achieve the course learning outcomes.
- (2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is “the presentation of another person’s work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student’s own work”. Students are required to strictly follow university regulations governing academic integrity and honesty.
- (3) Students are required to submit writing assignment(s) using Turnitin.
- (4) To enhance students’ understanding of plagiarism, a mini-course “Online Tutorial on Plagiarism Awareness” is available on <https://pla.ln.edu.hk/>
- (5) Students are required to fill in a mid-term survey and the end of course CTLE survey.

Rubrics for Midterm and Final Examinations

	Excellent (A- to A)	Good (B- to B+)	Acceptable (C- to C+)	Unsatisfactory (D to D+)	Poor (F)
Familiarity with the concepts and theories of economics of law and policy	Demonstrates thorough understanding of the concepts and theories of economics of law and policy	Demonstrates good understanding of the concepts and theories of economics of law and policy	Demonstrates basic understanding of the concepts and theories of economics of law and policy	Demonstrates minimal understanding of the concepts and theories of economics of law and policy	Unable to demonstrate minimal understanding of the concepts and theories of law and policy
Application of economic theory to real-world problems relating to economics of law and policy	Demonstrates proficient ability to apply economic theory to real-world problems	Demonstrates good ability to apply economic theory to real-world problems	Demonstrates basic ability to apply economic theory to real-world problems	Demonstrates minimal ability to apply economic theory to real-world problems	Unable to demonstrate minimal ability to apply economic theory to real-world problems
Use of clear, understandable and grammatical English	English is clear, understandable and grammatical, without major mistakes	English is clear and understandable	English is understandable	English is barely understandable	English is incomprehensible

Rubrics for Oral Presentation of Written Group Essay

	Excellent (A- to A)	Good (B- to B+)	Acceptable (C- to C+)	Unsatisfactory (D to D+)	Poor (F)
Organization	Argument is presented in logical, interesting and organised manner	Argument is presented in logical and organised manner	Argument is presented in organised manner	Argument is presented in minimally organised or logical manner	Argument presented lacks organisation or logic
Knowledge	Demonstration of clear analysis and proficient understanding of knowledge in presentation and responding to questions	Demonstration of good understanding of knowledge in presentation and responding to questions	Demonstration of basic understanding of knowledge in presentation and responding to questions	Demonstration of minimal knowledge in presentation and responding to questions	Failure to demonstrate minimal knowledge in presentation and responding to questions
Presentation aids	Presentation aids contain practically no grammatical or spelling errors	Presentation aids contain no more than a small number of grammatical or spelling errors	Presentation aids contain many grammatical or spelling errors	Presentation aids contain an extraordinarily large number of grammatical or spelling errors	Presentation aids contribute little to aid communication with audience
Communication skills and quality of English	Clear voice, grammar, good pronunciation and eye contact that attract attention of audience	Clear voice, grammar, pronunciation and eye contact that retain attention of audience	Unclear voice, and little eye contact	Hard-to-hear voice, confusing grammar, poor pronunciation and/or eye contact	Failure to communicate with audience

Rubrics for written group essay

Criteria	Excellent (A- to A)	Good (B- to B+)	Acceptable (C- to C+)	Unsatisfactory (D to D+)	Poor (F)
Organisation	<ul style="list-style-type: none"> Extremely well organized Introduces the purpose of the essay clearly and creatively Transitions are succinct, connecting key points Information presented in logical and interesting sequence which reader can easily follow Conclusion thoughtful, based on strong evaluation of the evidence presented 	<ul style="list-style-type: none"> Generally well organized Introduces the purpose of the essay clearly Sometimes transitions used to connect key points Information presented in logical sequence; A few minor points may be confusing Conclusion with summary of main points showing some evaluation of the evidence presented 	<ul style="list-style-type: none"> Somewhat organized Introduces the purpose of the essay Few transitions to connect key points Student jumps around topics; Several points are confusing Summary or conclusion partially based on evidence presented 	<ul style="list-style-type: none"> Loose organization Unfocussed introduction of purpose of the essay Unclear transitions between key points Presentation is disjointed; no apparent logical order of presentation Lacks a logical summary or conclusion 	<ul style="list-style-type: none"> Non-existent organization Lacks introduction of purpose of the essay Lacks focus on key points
Content: Depth and Accuracy	Accurate and complete explanation of key concepts and	Accurate explanation of concepts and theories; Some	Some inaccurate explanation of concepts and	Inability to explain concepts and/or theories; Inability	Lack of attempt to identify concepts and/or theories; lack of

Criteria	Excellent (A- to A)	Good (B- to B+)	Acceptable (C- to C+)	Unsatisfactory (D to D+)	Poor (F)
Quality of English	Consistently clear, easy to understand English, with few grammatical or spelling errors	Understandable English with no major grammatical or spelling errors	Understandable English	English below acceptable university standard	English is incomprehensible
Citation of (sources (Recommended Journal of Economic Literature style)	Clear and thorough citations with consistent format	Clear and thorough citations	Some missing citations	Sparse or ; misleading citations	No citations
	theories, drawing upon relevant literature; Insightful applications of theory included to illuminate issues	helpful applications of theory included	theories; Some inaccurate applications of theory included	to apply theory to reality	attempt to apply theory to reality

Rubrics for Class Participation

Criteria	Excellent (A- to A+)	Good (B- to B+)	Acceptable (C- to C+)	Unsatisfactory (D to D+)	Poor (F)
Quality of Comments	Actively volunteers timely and appropriate comments, thoughtful and reflective; responds respectfully to others' remarks; provokes questions and comments	Volunteers comments, mostly relevant and reflect some thoughtfulness; may or may not lead to questions from other students	Occasionally participates and offers comments when directly asked	Rarely or never participates in discussions	Shows no interest in participation or refuses to participate when invited
Active Listening	Posture, demeanor and behavior clearly demonstrate respect and attentiveness in class	Listens carefully most of the time; may not stay focused on others' comments or loses continuity of discussion	Occasionally wanders off, showing some inattentiveness	Often shows inattentiveness in class	Shows no interest in course