THE UNIVERSITY OF HONG KONG

FACULTY OF BUSINESS AND ECONOMICS

ECON 2275: THE POLITICAL ECONOMY OF LAW AND PUBLIC POLICY

Second Semester 2021-2022

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K.K. Leung 820, 3917-1287
Office hours: Wednesday 14:30 – 16:30

Tutor: Mr. Colin Xiaokang Sheng
csxk@hku.hk
K.K. Leung 1026, 2857-8308
Office hours: Tuesday 16:00 – 18:00

Course Logistics:

Please note that all quizzes and lectures are strictly face-to-face. You need to attend class on campus.

Class Schedule: Saturday mornings. The first 2 hours are normal lectures. 3rd-hr and 4th-hr class are for in-class quizzes and term-paper purposes. Two make up classes using videotaped lectures to be delivered online are also scheduled.

Week1 22 Jan 08:30 – 10:30 (2 hours)
Week2 29 Jan 08:30 – 10:30 (2 hours)
***Lunar New Year***
Week3 12 Feb 08:30 – 10:30 (2 hours)
Week4 19 Feb 08:30 – 12:30 (4 hours, in-class quiz)
Week5 26 Feb 08:30 – 11:30 (3 hours, term paper introduction)
Week6 5 Mar 08:30 – 12:30 (4 hours, in-class quiz)
Week7 12 Mar Reading Week make-up classes (4 hours video online)
Week8 19 Mar 08:30 – 10:30 (2 hours)
Week9 26 Mar 08:30 – 12:30 (4 hours, in-class quiz)
Week10 2 Apr 08:30 – 10:30 (2 hours)
Week11 9 Apr 08:30 – 12:30 (4 hours, in-class quiz)
Week12 16 Apr Public Holiday
Week13 23 Apr 08:30 – 11:30 (3 hours, term paper consultation)
Week14 30 Apr 08:30 – 12:30 (4 hours, in-class quiz)
Absentees of quizzes will receive zeros. Absentees with written proof such as a medical certificate will be allowed to attend make-up quizzes. The proofs have to be submitted before the dates of make-up quizzes. The tentative schedule is as follows:

<table>
<thead>
<tr>
<th>Quiz</th>
<th>Dates for quizzes</th>
<th>Dates for make-up quizzes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>19 Feb 2022</td>
<td>26 Feb 2022 (12:30)</td>
</tr>
<tr>
<td>2</td>
<td>5 Mar 2022</td>
<td>12 Mar 2022 (10:30)</td>
</tr>
<tr>
<td>3</td>
<td>26 Mar 2022</td>
<td>2 Apr 2022 (10:30)</td>
</tr>
<tr>
<td>4</td>
<td>9 Apr 2022</td>
<td>23 Apr 2022 (12:30)</td>
</tr>
<tr>
<td>5</td>
<td>30 Apr 2022</td>
<td>3 May 2022 (Tuesday, time to be confirmed)</td>
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Classroom: **KB 223 (Knowles Building)**

We use a course management system MOODLE. Please login to your HKU Portal account to access MOODLE. You are urged to ask questions about the course via the MOODLE platform.

Professor Y C R Wong’s video lectures and PowerPoint slides will be available online as the class progresses. Class time will be devoted to discussing key issues to deepen and broaden our understanding of the material. The first class-period will also be used to explain how Moodle works.

**Description:**

The course provides a theoretical and empirical understanding the political economy of law and public policy making, examines how law and regulation affects with policy outcomes, and familiarizes students with economic concepts and tools useful for analyzing policy issues. Topic covered include, public goods, externalities, monopolies, regulation, rent seeking, law and economics, law enforcement, legal systems and public bureaucracy.

**Aims:**

1. To provide a theoretical and empirical understanding of the political economy of law and public policy;
2. To study in depth the concepts of public goods, externalities, monopolies, regulation, rent seeking, law enforcement, law and economics, public bureaucracy, and political business cycles to gain a good understanding political economic analysis;
3. To familiarize students with the applications of political economic analysis to analyze important policy issues.
**Prerequisite:**

Students should have studied microeconomic theory and macroeconomic theory at the intermediate level.

**Course Intended Learning Outcomes (CILOs)**

Upon completing this course, students should be able to:

- **CILO1** Enhance theoretical and empirical understanding of the application of political economic analysis to public policy issues.
- **CILO2** Learn to apply economic concepts to the study of politics as a form of non-market behavior;
- **CILO3** Develop the critical ability to analyze the differences between the political economic approach to public policy with a purely economic approach;
- **CILO4** Develop analytical thinking through analyzing the intended and unintended effects of public policy choices on policy outcomes using rigorous analytical tools.

**Alignment of program ILOs and course ILOs Teaching and Learning Activities (TLA)**

<table>
<thead>
<tr>
<th>Program ILOs</th>
<th>Course ILOs</th>
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<tbody>
<tr>
<td>Acquisition and internalization of knowledge of economics &amp; finance</td>
<td>CILO1, CILO2, CILO3, CILO4</td>
</tr>
<tr>
<td>Application and integration of knowledge</td>
<td>CILO1, CILO3, CILO4</td>
</tr>
<tr>
<td>Developing global outlook</td>
<td>CILO1, CILO2, CILO3, CILO4</td>
</tr>
<tr>
<td>Mastering communication skills</td>
<td>CILO3, CILO4</td>
</tr>
<tr>
<td>Inculcating professionalism</td>
<td>/</td>
</tr>
<tr>
<td>Cultivating leadership</td>
<td>/</td>
</tr>
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</table>

**TLA1** Lecture  Instructor will give lectures on major concepts and issues.

**TLA2** Discussion  Instructor will organize classroom discussions.

**TLA3** Consultation  Instructor holds weekly consultation hours to answer students’ questions and through an e-learning platform Moodle.

**Alignment Among Course Intended Learning Outcome, Teaching and Learning Activities and Assessment Tasks:**

<table>
<thead>
<tr>
<th>Learning Outcome (TLA)</th>
<th>Teaching and learning activity</th>
<th>Assessment Tasks</th>
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</table>
Course Assessment:

There are two assessment requirements for this course: (1) five in-class quizzes (50%) covering topics taught in the course conducted at times indicated above on page 1, and (2) a written paper of 1500 words as coursework (50%). The course grade 100% is determined as the sum of two assessment requirements.

Quizzes

Five in-class quizzes will be conducted. You must complete and submit every quiz. Failure to submit ANY ONE quiz means you have FAILED 50% of the entire course.

Written Paper

The written paper should examine in depth a specific topic studied in the course. It should be a thoughtful examination of a topic discussed in this course based on the materials assigned in the reading list. There is NO need to consult additional reading materials. Students should NOT submit a piece of work that is also being submitted to another course. Here are some good approaches:

(1) Write a review of one of the topics learned in this course.
(2) Compare and contrast the analysis between two topics on a related subject.
(3) Write on a topic that is discussed in several assigned books or papers.
(4) A policy paper studying a specific policy in a jurisdiction.
(5) Consult with Dr. Vera Yuen for advice in deciding on a topic.

The final written paper is due on 15 May 2022, which is one week after the revision period and 2 weeks after classes have ended. Late submissions will NOT be accepted. A precise word count must be given at the end of the paper. Footnotes and references should be placed at the end of the paper so that they can be excluded from the word count. Appendices are not necessary and not appropriate for papers of such a short length and should not be submitted. It is advisable to seek English language assistance if needed to ensure that your paper is clear.

Nine weeks before the deadline for the final paper, students must submit a half-page proposal of
the paper they intend to write. The deadline for submitting the proposal is 13 March 2022 after the Reading Week. Late submissions will not be allowed. Students should include in the proposal the title of the project and a short summary of the subject they will investigate.

Students are also encouraged to submit optionally a first draft of the final paper for the instructor to provide feedback, but this is optional, not mandatory. If students choose to submit a first draft, they must do so at least 3 weeks before the deadline for the final paper on 24 April 2022. Your grade on the paper will depend only on your final paper, and not your draft.

If you submit a written paper, but DID NOT submit a proposal or the proposal was NOT APPROVED, then you will FAIL this part of the assessment.

Therefore, deadlines to be observed:

Proposal (mandatory) submission — 13 March 2022
First draft (optional) submission — 24 April 2022
Final paper submission — 15 May 2022

The proposal and paper(s) must be submitted electronically via MOODLE.

**Standards of Assessment**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Criteria and Standards</th>
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<tr>
<td><strong>Course Level Grade Descriptors</strong></td>
<td></td>
</tr>
<tr>
<td>A+, A, A-</td>
<td>Show superior grasp of all aspects of the course and demonstrate strong evidence of original thinking and evidence of extensive knowledge base in the subject area.</td>
</tr>
<tr>
<td>B+, B, B-</td>
<td>Show reasonable grasp of the key aspects of the course and demonstrate good evidence of original thinking and evidence of reasonable knowledge base in the subject area.</td>
</tr>
<tr>
<td>C+, C, C-</td>
<td>Show acceptable coverage of most aspects of the course, and demonstrate some evidence of original thinking and evidence of acceptable knowledge base in the subject area.</td>
</tr>
<tr>
<td>D+, D</td>
<td>Show marginal coverage of some aspects of the course, and demonstrate marginal evidence of original thinking and evidence of marginal knowledge base in the subject area.</td>
</tr>
<tr>
<td>F</td>
<td>Failure to identify and address any main theme and issue. No critical engagement with any issue, little mentioning and application of relevant concepts and theories, and with inaccuracies when doing so. Demonstrates a lack of understanding of</td>
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</tbody>
</table>
existing arguments relevant to the topic.

Academic Conduct

1. The University Regulations on academic dishonesty will be strictly enforced! Please check the University Statement on plagiarism on the web: http://www.hku.hk/plagiarism/

2. Academic dishonesty is behavior in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved intellectual credit, either for oneself or for another. It includes, but is not necessarily limited to, the following type of case:
   a. Plagiarism - The representation of someone else’s ideas as if they are one’s own. Where the arguments, data, designs, etc., of someone else are being used in a paper, report, oral presentation, or similar academic project, this fact must be made explicitly clear by citing the appropriate references. The references must fully indicate the extent to which any parts of the project are not one’s own work. Paraphrasing of someone else’s ideas is still using someone else’s ideas, and must be acknowledged.
   b. Unauthorized Collaboration on Out-of-Class Projects - The representation of work as solely one’s own when in fact it is the result of a joint effort. Where a candidate for a degree or other award uses the work of another person or persons without due acknowledgement:
      • The relevant Board of Examiners may impose a penalty in relation to the seriousness of the offence;
      • The relevant Board of Examiners may report the candidate to the Senate, where there is prima facie evidence of an intention to deceive and where sanctions beyond those in (1) might be invoked.

Course Syllabus:

Reading List

1. METHODOLOGY OF ECONOMICS


Frank Knight, Risk, Uncertainty and Profit, University of Chicago Press, 1971, Ch. 9 -10, pp. 264-312.


2. PUBLIC GOODS AND EXTERNALITIES

3. LEGAL REASONING AND LEGAL ORIGINS


4. ECONOMIC ANALYSIS OF LAW


5. VOTING WITH YOUR FEET


6. RENT SEEKING AND COLLECTIVE ACTION


7. MONOPOLY AND BARRIERS TO ENTRY


8. THE CAPTURE THEORY OF REGULATION


9. COURT FAILURES AND REGULATION


10. REGULATION OF HOUSING AND LAND


*YCR Wong, *Hong Kong Land for Hong Kong People: Fixing the Failures of Our Housing Policy*, Hong Kong University Press, Hong Kong, January 2015, 219 pages.

11. PUBLIC BUREAUCRACY (Optional)


12. CHALLENGES IN THE TWENTY-FIRST CENTURY


*Matthew C Klein and Michael Pettis, *Trade Wars are Class Wars: How Rising Inequality Distorts the Global Economy and Threatens International Peace,* Yale University Press, 2020 (Book review by Martin Wolf in 9 pages).