



### 1. General Information

Course Subject	ECON
Course Number	2276
Course Title	State, Law and the Economy
Academic Years	2023-2024
Grading Method	Letter

### 2. Instructors

Professor Wong, Yue Chim Richard  
Office: Room 1043 /F Knowles Building  
Email: rycwong@hku.hk  
Office: 28591122  
Subclasses: 1A

Dr Yuen, Wing Han Vera  
Office: Room 820 /F K.K. Leung Building  
Email: yuenvera@hku.hk  
Office: 39171287  
Subclasses: 1A

### 3. Teaching Assistants

Mr Sheng, Xiaokang  
Office: Room 1026 /F K.K. Leung Building  
Email: csxk@hku.hk  
Office: 28578308  
Subclasses: 1A

### 4. Course Description

Course Description	<p>This course employs economic analysis to examine the interrelationships between three institutions: the state, law, and the economy. Topics covered include the nature and origin of the state, the differences between liberal and populist conceptions of the democratic state, and the dilemmas of political organization, conflict, and succession in autocratic states. The course also explores the rule of law, the relationship between political and economic order, and rent-seeking groups. Additionally, it delves into the distinctions between common law and civil law systems and the consequences of these differences.</p> <p>The course also investigates the modernization hypothesis, critical juncture theory, and the factors that contribute to the transition between dictatorships and democracies (and vice versa). Furthermore, it examines the role of economic, behavioral, and structural factors in these transitions, as well as the reasons why revolutions often come as surprises. The course also seeks to answer whether democracy promotes growth, the impact of inherited legal systems on growth, and the relationship between rulers, citizens, and interest groups in the pre-industrial world.</p> <p>Utilizing an analytic narratives approach, the course draws upon comparative case histories from various regions, including Europe, America, China, India, and the Middle</p>
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#### 4. Course Description

	East, to offer a comprehensive understanding of these topics.
Prerequisites	Students should have studied introductory microeconomics. Students may want to contact Dr. Vera Yuen for a possible waiver of the prerequisite.
Free Elective	Yes

#### 5. Course Objectives

1. To teach economic concepts relevant to the study of political economy including the logic of collective action, theory of social choice, agenda manipulation, dictator's dilemma, rent seeking, legal origins theory, constitutional commitment, transition from dictatorship to democracy, revolutions and uprisings, modernization hypothesis
2. To provide a theoretical and empirical understanding of the behavior of the state in democracies and autocracies and their consequences for economic performance;
3. To analyze the economic, behavioral and structural factors influence the transformation of the state from an autocracy to a democracy and why there is a role for surprises;
4. To examine how the rule of law and the legal origins of the legal system affects economic performance;
5. To compare and contrast the historical experiences of Europe, America, China, India and the Middle East.

#### 6. Faculty Learning Goals

Goal 1: Acquisition and internalization of knowledge of the programme discipline

Goal 2: Application and integration of knowledge

Goal 3: Inculcating professionalism

Goal 4: Developing global outlook

Goal 5: Mastering communication skills

Goal 6: Cultivating leadership

#### 7. Course Learning Outcomes

Course Teaching and Learning Activities	Aligned Faculty Learning Goals					
	1	2	3	4	5	6
CLO1. Understand economic concepts in the study of political economy and apply them to interpret historical, contemporary and comparative experience;	✓	✓		✓		
CLO2. Understand the economic approach to the study of democracies and dictatorships;	✓	✓			✓	
CLO3. Understand how and why the transition of dictatorships into democracies can sometimes occur;	✓	✓			✓	
CLO4. Understand how the state and the legal origins of the law affects economic performance;	✓	✓			✓	
CLO5. Develop critical thinking in analyzing the relationships between politics, law and economics using both analytical tools and applying a comparative historical perspective.	✓	✓	✓		✓	

8. Course Teaching and Learning Activities		
Course Teaching and Learning Activities #	Expected Study Hours	Study Load (% of study)
T&L1. Lecture Instructor will give lectures on major concepts and issues.	36	30
T&L2. Discussion Instructor will organize classroom discussions.	6	5
T&L3. Consultation Instructor holds weekly consultation hours to answer students' questions and through an e-learning platform on Moodle.	12	10
T&L4. Written Assignment	24	20
T&L5. Self Study	42	35
	Total: 120	Total: 100

9. Assessment Methods			
Assessment Methods	Description	Weight %	Aligned Course Learning Outcomes
A1. Written paper	<p>The written paper should examine in depth ONE specific topic studied in the course. It should be a thoughtful examination of ONE specific topic based on the materials assigned in the reading list. There is NO need to consult additional reading materials. Students should NOT work on a subject from another course. Here are some good approaches:(1) review of one of the books assigned in this course.(2) between two books on a common subject.(3) on a topic that is discussed in several books or collection of papers. (4) for advice in deciding on a topic, she will also organize term paper sessions during normal lecture time for this purpose. The final written paper is due on Sunday, 17 December 2023. 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. Students must submit a half-page proposal of the paper they intend to write. The deadline for the proposal is on Sunday, 15 October 2023. Late submissions will not be allowed. Students should include in the proposal student name, student number, 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 on Sunday, 12 November 2023. Your draft must be a complete one and with full citations (to avoid plagiarism). Otherwise, it will be returned without marking. Your grade on the paper will depend only on your final paper, and not your draft. However, plagiarism is not allowed for both</p>	50%	1,2,3,4

## 9. Assessment Methods

	<p>draft and final submission. Penalty will be imposed for both cases. Therefore, deadlines to be observed: Proposal submission October 2023 First draft (optional) submission</p> <p>submission proposal and paper(s) must be submitted electronically via MOODLE. AI Policy for Coursework This course permits the utilization of AI tools to assist in researching the proposal and the essay. Students are allowed to use AI for polishing and proofreading their written work. However, they must not rely on AI to compose or generate ideas on their behalf. As with humans, current AI systems can make errors. Therefore, students should exercise caution when using AI and assume responsibility for submitting any fictitious or false materials generated by AI, as if they had created those materials themselves. Plagiarism committed by AI will be treated as plagiarism by the student. In case of doubt, the instructor reserves the right to hold a one-to-one oral exam with the student for grade adjustment. When quoting text directly from AI, students should cite it as follows, according to the recommendations of TALIC, HKU: Quotation in the Article: Victorian society, laden with social inequality, is vividly exposed in "Oliver Twist" as Dickens "critically examines the underbelly of Victorian society and its harsh treatment of the poor, particularly orphans like Oliver, exposing the cruel reality of workhouses and criminal underworld." ("In 150 words"). Works Cited List Entry: "In 150 words, explain the theme in Oliver Twist by Charles Dickens" follow-up prompt to list sources. ChatGPT, May 24 version, OpenAI, 19 June 2023, <a href="https://chat.openai.com/chat">chat.openai.com/chat</a>. For further guidance on citing AI-generated work, please refer to the following resources: • McAdoo, T. (2023, April 7). How to cite ChatGPT. <a href="https://apastyle.apa.org/blog/how-to-cite-chatgpt">https://apastyle.apa.org/blog/how-to-cite-chatgpt</a> • MLA Style Center (2023). How do I cite generative AI in MLA style? <a href="https://style.mla.org/citing-generative-ai/">https://style.mla.org/citing-generative-ai/</a> A comprehensive overview of this course's AI policy will be provided during the term paper lecture on 29 September 2023.</p>		
A2. Final Exam	A two-hour written final exam covering topics taught in the course	50%	1,2,3,4

## Assessment Rubrics

A1. Written paper	
A+, A, A-	Identifies and addresses the main themes and issues clearly, including their subsidiary, embedded or implicit aspects. Consistent perceptive and critical engagement with the themes and issues based on comprehensive understanding of relevant concepts and theories, with effective analysis, synthesis and application of knowledge. Demonstrates a comprehensive command of existing arguments relevant to the topic, and examines the issues from all important perspectives including rival positions and counter-evidence. The arguments fit together logically and build a compelling case. The paper has a clear

## Assessment Rubrics

	structure and organization, with an introduction that states the main themes and writer's position and a conclusion that summarizes the main arguments. Each paragraph has a central idea which is developed throughout the paragraph with supporting details. The paper has very few, if any, errors in grammar and vocabulary. Quoted materials from other sources (with proper citation) are used only to support and strengthen arguments instead of replacing the student's own writing.
B+,B,B-	Identifies and addresses the main themes and issues, but not all subsidiary, embedded or implicit aspects. Generally perceptive and critical engagement with the themes and issues based on good understanding of relevant concepts and theories, as well as effective analysis, synthesis and application of knowledge. Demonstrates a good command of existing arguments relevant to the topic, and examines the issues with regard to some important perspectives including rival positions and counter-evidence. The arguments fit to form a clear own position, but some arguments are underdeveloped and some considerations overlooked. The paper has a clear structure and organization, with an introduction that states the main themes and the writer's position and a conclusion that summarizes the main arguments. Some paragraphs lack a central idea or supporting details. The paper has some errors in grammar and vocabulary. Quoted materials from other sources (with proper citation) are used to support and strengthen arguments, but sometimes also used to replace the student's own writing.
C+,C,C-	Identifies and addresses the main themes and issues, but not the subsidiary, embedded or implicit aspects. Only occasional perceptive and critical engagement with the themes and issues reflecting mostly superficial understanding of relevant concepts and theories, with some inaccurate analysis, synthesis and application of knowledge. Demonstrates insufficient command of existing arguments relevant to the topic, and not all main arguments or counter-arguments examined. Offers own position but the reasoning is sometimes impaired by weak, emotive or inconsistent argumentation. The presentation has an introduction and conclusion, but these do not fully capture the essence of the topic and discussion. Some paragraphs lack a central idea or supporting details. There are distracting language errors though the overall meaning is still intelligible. Quoted materials from other sources (with proper citation) are used more to replace the student's own writing than to support and strengthen arguments.
D+,D	Identifies and addresses the main themes and issues only partially. Very limited critical engagement with the themes and issues rarely goes beyond reproduction of relevant concepts and theories, and with some inaccuracies even doing so. Demonstrates a lack of understanding of existing arguments relevant to the topic. Offers own position but the arguments are poorly made and not well supported. The topic is not properly introduced and the conclusion is very brief. Shows little ability to construct paragraphs with a central idea and supporting details. Frequent errors in simple grammar and vocabulary. Errors are distracting and the overall meaning is not easily intelligible. Quoted materials from other sources (with proper citation) are heavily used to replace the student's own writing.
F	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 existing arguments relevant to the topic. No coherent own position and the arguments are confused and flawed. Introduction and conclusion are unclear, lack details or missing altogether. Shows little ability to organize the paper into paragraphs that have a central idea and supporting details. Language errors are so frequent and distracting that the paper is largely incomprehensible. Quoted materials from other sources are heavily used to replace the student's own writing, sometimes without proper citation.
A2. Final Exam	
A+,A,A-	Demonstrates superior grasp of all aspects of the course (basic concepts and major perspectives and arguments in the literature).  Demonstrates excellent ability to interrelate and synthesize course materials, and to arrive at one's own position in controversial issues based on knowledge acquired from the course.
B+,B,B-	Demonstrates good grasp of all major aspects of the course (basic concepts and major perspectives and arguments in the literature).

## Assessment Rubrics

	Demonstrates reasonable ability to interrelate and synthesize course materials, and to arrive at one's own position in controversial issues based on knowledge acquired from the course.
C+,C,C-	<p>Demonstrates acceptable grasp of most major aspects of the course (basic concepts and major perspectives and arguments in the literature).</p> <p>Demonstrates acceptable ability to interrelate and synthesize course materials, and to arrive at one's own position in controversial issues based on knowledge acquired from the course.</p>
D+,D	<p>Demonstrates a marginally acceptable grasp of some major aspects of the course (basic concepts and major perspectives and arguments in the literature).</p> <p>Demonstrates a marginally acceptable ability to interrelate and synthesize course materials, and to arrive at one's own position in controversial issues based on knowledge acquired from the course.</p>
F	<p>Failure to meet a minimum standard of knowledge base in the subject matter.</p> <p>Failure to arrive at one's own position in controversial issues based on knowledge acquired from the course.</p>

## 10. Course Grade Descriptors

A+,A,A-	(Please indicate)
B+,B,B-	(Please indicate)
C+,C,C-	(Please indicate)
D+,D	(Please indicate)
F	(Please indicate)

## 12. Required/Recommended Readings & Online Materials

### Reading

#### Course Syllabus:

#### Reading List

The readings are for writing papers and gaining a deep understanding of the course material. Students are not required to read the entire list for the final exam.

#### PRELIMINARIES

\*YCR Wong, *Notes on the Concept and Origins of the State*, Spring 2015

#### PART ONE: THE STATE

##### 1. POLITICS AS RATIONAL CHOICE AND COLLECTIVE ACTION

\*Dennis Mueller, *Public Choice III*, Cambridge University Press, 2003, chap 2-3.

\*Gary S Becker, "Irrational Behaviour and Economic Theory," *Journal of Political Economy*, Vol. 70, No. 1, 1962, pp. 1-13.

Avner Greif, *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*, Cambridge University Press 2006. (Appendix: A Primer in Game Theory, pp. 407-420)

##### 2. ON DEMOCRACY, SOCIAL CHOICE, AND POLITICS AS ART

\*William H Riker, *Liberalism Against Populism: A Confrontation Between the Theory of Democracy and the Theory of Social Choice*, W H Freeman, 1982, chap. 1-2, 10.

William H Riker, *The Art of Political Manipulation*, Yale University Press, 1986, pp. 1-9, 52-65.

YCR Wong, "Lincoln, Heresthetics, and the Birth of the Republican Era." March 2013

Isaiah Berlin, "Two Concepts of Liberty," *Four Essays on Liberty*, Oxford University Press, 1969.

YCR Wong, *Notes on European Intellectual Thought*, Fall 1977.

##### 3. ON AUTOCRACY, CONTROL, AND POWER SHARING

\*George Tullock, "Autocracy", *Encyclopaedia of Public Choice Vol. 2*, Kluwer Academic Publ. Co., 2003, pp. 32-34.

Olson, Mancur. "Dictatorship, democracy, and development." *American Political Science Review*, Vol. 87, No.3, 1993. pp. 567-576.

McGuire, Martin C., and Mancur Olson. "The economics of autocracy and majority rule: The invisible hand and the use of force." *Journal of Economic Literature*, Vol. 34, No. 1, 1996. pp. 72-96.

\*Stephen Haber, "Authoritarian Government", in B R Weingast and D A Wittman, ed., *The Oxford Handbook of Political Economy*, Oxford University Press, 2006, chap. 38, pp. 633-707.

\*Milan W Svoblik, *The Politics of Authoritarian Rule*, Cambridge University, 2012, chap. 1-2, 7.

Daniel Koss, *Where the Party Rules*, Cambridge University Press, 2018, chap. 1-2.

#### PART TWO: STATE AND THE ECONOMY

##### 4. INTEREST GROUPS, RENT SEEKING AND GROWTH

\*Gordon Tullock, "The Welfare Costs of Tariffs, Monopolies and Theft," *Western Economic Journal*, 1967, pp. 224-32.

\*Kevin Murphy, Andrei Shleifer, and Robert Vishny, "Why is Rent-Seeking so Costly to Growth?" *American Economic Review*, Vol. 83, No. 2, May 1993, pp. 409-414.

Kevin M. Murphy; Andrei Shleifer; Robert W. Vishny, "The Allocation of Talent: Implications for Growth," *The Quarterly Journal of Economics*, Vol. 106, No. 2. (May, 1991), pp. 503-530.

\*Mancur Olson, *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*, Yale University Press, 1982, ch. 4, pp. 75-117 (background reading ch. 1-3, pp. 1-74,).

##### 5. DETERMINANTS OF DEMOCRACY: THE MODERNIZATION HYPOTHESIS VERSUS CRITICAL JUNCTURES

## 12. Required/Recommended Readings & Online Materials

### JUNCTURES

\*Robert Barro, "Determinants of Economic Growth in a Panel of Countries", *Annals of Economics and Finance*, Vol. 4, 2003.

Robert Barro, "Democracy and Growth", *Journal of Economic Growth*, Vol. 1, No. 1, Mar 1996.

\*Robert Barro, "Determinants of Democracy", *Journal of Political Economy*, Vol. 107, No. 6, Dec 1999.

\*Robert Barro, "Convergence and Modernization", *Economic Journal*, Volume 125, Issue 585 June 2015, P 911–942

\*Daron Acemoglu, Simon Johnson, James Robinson, and Pierre Yared, "Income and Democracy", *American Economic Review*, Vol. 98, No. 3, 2008, pp. 808-842.

\*Erich Gundlach and Martin Paldam, "Income and Democracy: A Comment on Acemoglu, Johnson, Robinson, and Yared", *Kiel Working Paper No. 1458*, Kiel Institute for the World Economy, 2008

\*Daron Acemoglu, Suresh Naidu, Pascual Restrepo, and James Robinson, "Democracy Does Cause Growth", NBER Working Paper No. 20004, March 2014. <http://papers.nber.org/papers/w20004.pdf> (Summary: "Democracy causes economic development?" VOX, CEPR Policy Portal, 19 May 2014. <https://voxeu.org/article/democracy-and-growth-new-evidence>

\*Edward L. Glaeser, Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer, "Do Institutions Cause Growth?" *Journal of Economic Growth*, Vol. 9, Issue 3, September 2004,

### PART THREE: ON LAW, ECONOMY, AND THE STATE

#### 6. ORIGINS OF THE RULE OF LAW

\*Edward H. Levi, *An Introduction to Legal Reasoning*, University of Chicago Press, pp. 1-8, 102-104.

\*Edward Glaeser and Andrei Shleifer, "Legal Origins", *Quarterly Journal of Economics*, Vol. 117, No. 4, 2002, pp. 1193-1229.

#### 7. RULE OF LAW AND GROWTH

\*Rafael La Porta, Florencio Lopez-De-Silanes, and Andrei Schleifer, "The Economic Consequences of Legal Origins", *Journal of Economic Literature*, 46:2, 2008, pp. 285-332.

\*Paul Mahoney, "The Common Law and Economic Growth: Hayek Might be Right", *The Journal of Legal Studies*, Vol. 3, No. 2, June 2001.

Manuel Vega-Gordillo and Jose L Alvarez-Arce, "Economic Growth and Freedom: A Causality Study", *Cato Journal*, Vol. 23, No. 2, 2003, pp.190-215.

Ariel Benyishay and Roger R. Betancourt, "Civil Liberties and Economic Development", *Journal of Institutional Economics*, Vol. 6, No. 3, 2010, pp. 281-304

### PART FOUR: POLITICAL REVOLUTIONS AND CRITICAL JUNCTURES

#### 8. DO REVOLUTIONS LEAD TO DEMOCRACIES?

Barrington Moore, Jr., *The Social Origins of Dictatorships and Democracy: Lord and Peasant in the Making of the Modern World*, Penguin, 1966.

\*Michael Bernhard, "The Moore Thesis: What's Left after 1989?" Presented at 101st Annual Meeting of the American Political Science Association, August-September 2005, Washington, DC.

\*Daron Acemoglu and James A Robinson, "Paths of Economic and Political Development", in B R Weingast and D A Wittman, *The Oxford Handbook of Political Economy*, Oxford University Press, 2006, chap. 37, pp. 673-692.

\*Daron Acemoglu and James A Robinson, *The Economic Origins of Dictatorship and Democracy*, Cambridge University Press, 2005, chap 1-3, 11.

**Daron Acemoglu and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, Crown Business, 2012.**

**Robinson, James and Daron Acemoglu, *The Narrow Corridor: States, Societies, and the Fate of***



## 12. Required/Recommended Readings & Online Materials

**Liberty, 2019, Penguin, 576 pages.**

### **9. THE SURPRISE ELEMENT IN REVOLUTIONS**

\*Timur Kuran, "Sparks and Prairie Fires: A Theory of Unanticipated Political Revolution," *Public Choice*, 61, April 1989, pp. 41-74.

Timur Kuran, "Now Out of Never: The Element of Surprise in the East European Revolution of 1989." *World Politics*, 44, October 1991, pp. 7-48.

### **10. THE REVOLT OF THE PUBLIC IN THE NETWORKED INFORMATION AGE**

Eric Schmidt and Jared Cohen, *The New Digital Age: Reshaping the Future of People, Nations and Business*, Knopf, 2013.

\*Niall Ferguson, *The Square and the Tower: Networks and Power, from the Freemasons to Facebook*, Penguin Press, New York, 2018, Parts 8-9, pp. 333-431.

\*Moises Naim, *The End of Power: From Boardrooms to Battlefields and Churches to States, Why Being In Charge Isn't What It Used to Be*, Basic Books, 2014.

Martin Gurri, *The Revolt of the Public and the Crisis of Authority in the New Millennium*, Stripe Press, San Francisco, 2018, 445 pages. <https://thefifthwave.wordpress.com/>

## 13. Means / Processes for Student feedback on Course

✓	Conducting mid-term survey in addition to SETL around the end of the semester
	Online response via Moodle site
	Others

## 14. Course Policy

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.

c. Double Submission of Assignments - The submission of assignments as fulfillment of work in this course using materials that were or are being submitted for another course is also plagiarism. It is self-plagiarism and is the same as plagiarism, i.e., representation of someone else's ideas as our own. That someone else is oneself. It is an attempt to get credit for work that will earn credit elsewhere.