



1. General Information

Course Subject	ECON
Course Number	2276
Course Title	State, Law and the Economy
Academic Years	2024-2025
Grading Method	Letter

2. Instructors

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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 East, to offer a comprehensive understanding of these topics.</p>
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

5. Course Objectives

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

8. Course Teaching and Learning Activities

T&L5. Self Study	42	35
	Total: 120	Total: 100

9. Assessment Methods

Assessment Methods	Description	Weight %	Aligned Course Learning Outcomes
A1. Written paper	Expository essay of 1500 words	50%	1,2,3,4
A2. Final Exam	A two-hour written final exam	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 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

Assessment Rubrics

	<p>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.</p>
F	<p>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.</p>
A2. Final Exam	
A+,A,A-	<p>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.</p>
B+,B,B-	<p>Demonstrates good grasp of all major aspects of the course (basic concepts and major perspectives and arguments in the literature). 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.</p>
C+,C,C-	<p>Demonstrates acceptable grasp of most major aspects of the course (basic concepts and major perspectives and arguments in the literature). 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). 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. 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

Reading List

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

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, LIBERTY, AND SOCIAL CHOICE

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.

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

Robinson, James and Daron Acemoglu, *The Narrow Corridor: States, Societies, and the Fate of Liberty*, 2019, Penguin, 576 pages.

Besley, T. (2005). Political selection. *Journal of Economic Perspectives*, 19(3), 43-60.

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 Svobik, *The Politics of Authoritarian Rule*, Cambridge University, 2012, chap. 1-2, 7.

4. DETERMINANTS OF DEMOCRACY: THE MODERNIZATION HYPOTHESIS VERSUS CRITICAL JUNCTURES

*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.

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

*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>

12. Required/Recommended Readings & Online Materials

5. 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.

6. 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

7. 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,).

13. Means / Processes for Student feedback on Course

✓	Conducting mid-term survey in additional 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 some else is oneself. It is an attempt to get credit for work that will earn credit elsewhere.