

**The Hong Kong University of Science and Technology**

**Department of Economics, HKUST Business School**

**ECON 4999Y, Fall 2024/25**

**Course code:** ECON 4999Y  
**Course title:** Law and Economics  
**Course instructor:** Prof. Sirui Han, EMIA, [siruihan@ust.hk](mailto:siruihan@ust.hk)  
**Class time and venue:** Room 2302 Mon, Wed 12-13:20  
**Grading requirement:** Letter grades

The course Law and Economics introduces students to the analysis of legal systems through the lens of economic theory. The rationale for this course lies in the importance of understanding how laws shape economic incentives and, in turn, how economic principles can be used to design more effective legal frameworks. By integrating law and economics, students will gain a deeper appreciation of how legal rules impact markets, behavior, and societal outcomes. The course equips students with the analytical tools necessary to evaluate legal policies, assess regulatory effectiveness, and predict the consequences of legal changes on economic actors.

**Rationale**

Introducing this course addresses a growing need for interdisciplinary expertise in the realms of law and economics. As the legal environment continues to influence economic activities—from property rights to competition law—it is crucial that students understand both legal structures and their economic implications. This course is designed to bridge the gap between these fields, preparing students for careers where they can navigate the complexities of legal systems and economic outcomes. This course is particularly relevant in today’s regulatory environments, where laws concerning antitrust, contracts, and intellectual property have profound economic consequences.

**Course Intended Learning Outcomes**

On successful completion of the course, **students will be able to:**

<b>Item</b>	<b>Intended Learning Outcomes</b>
CILO #1 <i>Economic Theory Integration</i>	Master the application of core economic principles to legal issues across various areas of law, such as property, contracts, and torts.
CILO #2 <i>Law and Market Behavior</i>	Analyze how different legal frameworks influence economic behavior, decision-making, and market outcomes.
CILO #3 <i>Legal Rule Efficiency Evaluation</i>	Critically evaluate the efficiency and fairness of legal rules and institutions within an economic context.
CILO #4 <i>Real-World Application of Economic Principles</i>	Apply economic reasoning to real-world legal cases, identifying efficient and effective legal solutions.
CILO #5 <i>Regulatory and Policy Analysis</i>	Assess the role of legal regulations in promoting competition, addressing market failures, and protecting rights within the economy.

**Planned teaching activities and assessment weightings**

This course spans **12 weeks' sessions** of **face-to-face interactive sessions**, with each lasting **1.5 hours, two sessions per week**. The teaching methodology integrates a combination of lectures, case study discussions, and problem-solving activities. The course is designed to provide a comprehensive understanding of how economic principles apply to various legal issues, particularly in areas such as property law, contract law, tort law, and competition law.

- **Lectures:** Each week will feature two lecture sessions, providing theoretical foundations in law and economics. These sessions will explore key topics like economic analysis of legal institutions, tort and contract law, and competition law, aiming to deepen students' theoretical understanding.
- **Tutorials:** Each week will also include a one-hour tutorial, where students will engage in group discussions, analyze case studies, and participate in interactive exercises to apply the concepts learned in the lectures.
- **Case Studies:** Throughout the course, practical case studies will be integrated to demonstrate real-world applications of law and economics. These case studies will help students understand how economic theory can be applied to solve legal problems in areas such as property rights, contract enforcement, and market regulation.
- **Guest Speakers:** Industry professionals and legal experts will be invited to provide insights into how economic analysis is used in legal settings. These sessions will offer practical perspectives on the course material and highlight the relevance of law and economics in professional practice.

Assessment Breakdown	Percentage Contribution
Attendance	10%
Problem Sets	20%
Mid-Term Exam	20%
Final Exam (Essay)	30%
Group Research Project (2,500-3,000 words)	20%
<b>Sum</b>	<b>100%</b>

### Instructor(s) and contact of the instructor(s)

Sirui Han, [siruihan@ust.hk](mailto:siruihan@ust.hk), Rm 4360 Ext 3179

### Course Outline

Session	Topics	Briefly outline what this topic will cover (Include reading assignments if available)	Indicate which course ILOs this topic is related to (Write CILO-1, CILO-2, etc.)
<b>1</b>	<b>Introduction to Law and Economics</b>	This session covers the relationship between law and economics, providing an overview of basic concepts in microeconomic theory as applied to legal frameworks.	<i>CILO-1, CILO-2</i>

2	<b>Property Law and Economic Efficiency</b>	Exploration of property rights, externalities, and the economic analysis of resource allocation, highlighting how legal frameworks affect economic outcomes.	<i>CILO-1, CILO-3</i>
3	<b>Contract Law</b>	This topic explores the economic theory of contracts, including contract enforcement and efficiency. Key principles of contract design and legal remedies are discussed.	<i>CILO-2, CILO-4</i>
4	<b>Tort Law</b>	This session delves into the economic analysis of tort law, with a focus on negligence, product liability, and risk management through legal mechanisms.	<i>CILO-3, CILO-4</i>
5	<b>Competition Law</b>	Examination of antitrust laws, market regulation, and their impacts on promoting competition and regulating business practices.	<i>CILO-4, CILO-5</i>
6	<b>Economic Theories of the Legal Process</b>	A study of litigation, dispute resolution, and the economic implications of legal processes, including the costs and benefits of pursuing legal action.	<i>CILO-2, CILO-4</i>
7	<b>Crime and Punishment</b>	Application of economic models to criminal law, focusing on deterrence, the cost-effectiveness of criminal sanctions, and the broader societal impacts.	<i>CILO-4, CILO-5</i>
8	<b>Case Studies in Law and Economics</b>	In this session, students will apply economic analysis to real-world legal cases, drawing from the theoretical foundations built throughout the course.	<i>CILO-1, CILO-5</i>
9	<b>Economics of Environmental Law</b>	An analysis of how economic principles can be used to craft effective environmental regulations, including pollution control and resource conservation laws.	<i>CILO-3, CILO-5</i>
10	<b>Economics of Intellectual Property Law</b>	Exploration of the economic rationale for intellectual property protection, including patents, copyrights, and trademarks, and their effects on innovation.	<i>CILO-3, CILO-4</i>
11	<b>Economics of Family Law</b>	Examination of family law from an economic perspective, including topics like marriage, divorce, child custody, and alimony.	<i>CILO-2, CILO-4</i>
12	<b>Economics of International Trade Law</b>	A review of international trade regulations, tariffs, and trade agreements, focusing on the economic implications of international legal frameworks.	<i>CILO-4, CILO-5</i>
13	<b>Capstone Project and Presentations</b>	Students will present their group projects, applying the economic analysis of law to a chosen legal issue or case study. Feedback will be provided by peers and instructors.	<i>CILO-1, CILO-2, CILO-3, CILO-4, CILO-5</i>

**Student learning resources:**

- Cooter, R., & Ulen, T. (2016). Law and Economics. Berkeley Law Books. Available at HKUST library: <https://lawcat.berkeley.edu/record/1127400?v=pdf>
- Bar-Gill, Oren, & Alon Harel, Crime Rates and Expected Sanctions: The Economics of Deterrence Revisited, 30 J. LEGAL STUD. 485 (2001). Available at HKUST library: [https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package\\_service\\_id=22719120840003412&institutionId=3412&customerId=3405&VE=true](https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package_service_id=22719120840003412&institutionId=3412&customerId=3405&VE=true)
- Harcourt, Bernard, & Jens Ludwig, Broken Windows: New Evidence from New York City and a Five-City Social Experiment, 73 U. CHI. L. REV. 271 (2006). Available at HKUST library: [https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package\\_service\\_id=22719120760003412&institutionId=3412&customerId=3405&VE=true](https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package_service_id=22719120760003412&institutionId=3412&customerId=3405&VE=true)
- Krueger, Alan B., & Jitka Maleckova, Education, Poverty, and Terrorism: Is There a Connection?, 17 J. ECON. PERSP. 119 (2003). Available at HKUST library: [https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package\\_service\\_id=22719120640003412&institutionId=3412&customerId=3405&VE=true](https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package_service_id=22719120640003412&institutionId=3412&customerId=3405&VE=true)
- Levitt, Steven D., Using Electoral Cycles in Police Hiring to Estimate the Effect of Police on Crime, 87 AM. ECON. REV. 270 (1997). See also Levitt, Reply, 92 AM. ECON. REV. 1244 (2002). Available at HKUST library: [https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package\\_service\\_id=22719120490003412&institutionId=3412&customerId=3405&VE=true](https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package_service_id=22719120490003412&institutionId=3412&customerId=3405&VE=true)
- Milhaupt, Curtis, & Mark D. West, The Dark Side of Private Ordering: An Institutional and Empirical Analysis of Organized Crime, 67 U. CHI. L. REV. 41 (2000). Available at HKUST library: [https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package\\_service\\_id=22719120350003412&institutionId=3412&customerId=3405&VE=true](https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package_service_id=22719120350003412&institutionId=3412&customerId=3405&VE=true)
- Stuntz, William, Local Policing After the Terror, 111 YALE L. J. 2137 (2002). Available at HKUST library: [https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package\\_service\\_id=22719120080003412&institutionId=3412&customerId=3405&VE=true](https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package_service_id=22719120080003412&institutionId=3412&customerId=3405&VE=true)
- VENKATESH, SUDHIR, GANG LEADER FOR A DAY (2008). Available at HKUST library: [https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package\\_service\\_id=22719119990003412&institutionId=3412&customerId=3405&VE=true](https://julac-hkust.primo.exlibrisgroup.com/view/action/uresolver.do?operation=resolveService&package_service_id=22719119990003412&institutionId=3412&customerId=3405&VE=true)
- HKUST Library Research Support. Available at HKUST Library at: <https://library.hkust.edu.hk>

## References

- American Law and Economics Review. Peer-reviewed articles exploring empirical and theoretical studies in law and economics. Available at: <https://academic.oup.com/aler>
- International Review of Law and Economics. Interdisciplinary research on comparative law and economics with a global perspective. Available at: <https://www.sciencedirect.com/journal/international-review-of-law-and-economics>
- Law & Society Review. Interdisciplinary journal addressing the economic dimensions of law, regarded in sociolegal studies. Available at: <https://www.cambridge.org/core/journals/law-and-society-review>

- Journal of Competition Law & Economics. Publishes peer-reviewed articles on competition law and economics with an international perspective. Available at: <https://academic.oup.com/jcle>
- Journal of Law, Economics, & Organization. Publishes peer-reviewed articles covering the intersection of law and economics, focusing on both theoretical and empirical studies. Available at: <https://academic.oup.com/jleo>
- McAdams RH. Partnerships as Experimentation: Evidence from Egypt's Mixed Courts. *Journal of Law, Economics, and Organization*. 2019;35(3):455-488. doi:10.1093/jleo/ewz010. Available at: <https://academic.oup.com/jleo/article/35/3/455/5698262> (Oxford Academic)
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- Guinnane TW, Martínez-Rodríguez S. Limited Liability and Firm Longevity: Spanish Firms, 1919-1936. *Journal of Economic History*. 2018;78(1):145-180. doi:10.1017/S002205071800004X. Available at: <https://academic.oup.com/jeh/article/78/1/145/4828931> (Oxford Academic)
- La Porta R, Lopez-de-Silanes F, Shleifer A. The Economic Consequences of Legal Origins. *Journal of Economic Literature*. 2008;46(2):285-332. doi:10.1257/jel.46.2.285. Available at: <https://academic.oup.com/slr/article/45/2/hmae024/7686329> (Oxford Academic)
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- Bartelsman EJ, Scarpetta S, Schivardi F. Comparative Analysis of Firm Demographics and Dynamics: Micro Evidence for OECD Countries. *Journal of Industry, Competition and Trade*. 2004;4(3):173-198. doi:10.1023/B.0000033082.30. Available at: <https://academic.oup.com/jla/article/doi/10.1093/jla/laaa003/5904227> (Oxford Academic)
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- Lee Y, Mukoyama T. Firm Entry, Exit, and Aggregate Growth. *American Economic Review*. 2015;105(7):2198-2232. doi:10.1257/aer.20131321. Available at: <https://academic.oup.com/jleo/article/35/3/455/5698262>