



## ECON 4254: LAW AND ECONOMICS

Spring 2019 Syllabus  
[Preliminary Draft]

Department of Economics  
HKUST Business School

**Duration:** January 30, 2019 – May 9, 2019  
**Schedule:** TBA (Lectures)  
TBA (Tutorial)  
**Venue:** TBA (Lectures)  
TBA (Tutorial)

**Course Web Site:** <https://canvas.ust.hk/>

<b><u>Instructor:</u></b>  Professor Xiaoxuan Meng Email: <a href="mailto:xxmeng@ust.hk">xxmeng@ust.hk</a>	<b><u>Teaching Assistant:</u></b>  TBA
<b>Office Hours:</b> TBA <b>Venue:</b> TBA	<b>Office Hours:</b> TBA <b>Venue:</b> TBA

### Course Description

This course provides an introduction to the economic analysis of law. Considering the law as rules that govern incentives of economic agents, we study how economic analysis could be applied to broad topics including torts (e.g., product liability and medical malpractice), property, contracts, and legal procedure. We also cover another applied topic where Law and Economics play equally important roles: Competition Law and Antitrust Economics.

### **Learning outcomes**

On completion of this course, you will be able to

1. Understand the implications of different legal rules on business and economic decision making and explain the behavior of firms and consumers under certain legal rules
2. Assess the merits of various legal rules and provide an informed opinion on whether certain legal rules are appropriate for regulating particular business and economic environments
3. Define and use the legal terminology for business communications
4. Explain how the boundary of the firm is related to legal rules governing enforcement of contracts
5. Explain the main differences between civil and common law systems and their implications on economic activities
6. Explain rationales behind competition regulations and predict consequences of anticompetitive practices on competitors, other industry players, potential entrants, and consumers

### **Format of Delivery**

There are two 1.5-hour lectures and a 1-hour tutorial each week.

### **Required Textbook**

The text is Law and Economics, 6th edition, by Robert Cooter and Thomas Ulen (Cooter and Ulen), available for free download at Berkeley Law School's website:

<https://scholarship.law.berkeley.edu/books/>.

### **Grades**

The grades will be based on problem sets (30%), midterm (30%), and final exam (40%).

### **Optional Research Project**

Interested students have the opportunity to conduct an individual or group research project under my supervision on a Law and Economics or Competition Policy issue. This project can be used to satisfy the ECON 4670 requirement, but will not count toward your grade for this course. The group size should be no larger than 3 and group members are required to give anonymous peer evaluation of groupmates' contributions to the project. The essay would be 8-10 pages in length.

### **Course Schedule**

#### **Introduction to Law and Economics**

Week 1 (Dates TBA): *Introduction*

Cooter and Ulen Chapter 1-3

**Economics of Property Law**

Week 2 (Dates TBA): *An Economic Theory of Property Law*  
Cooter and Ulen Chapter 4

Week 3 (Dates TBA): *Applications: Intellectual Property*  
Cooter and Ulen Chapter 5

**Economics of Tort Law**

Week 4 (Dates TBA): *An Economic Theory of Tort Law*  
Cooter and Ulen Chapter 6

Week 5 (Dates TBA): *Applications of the Economic Theory of Tort Law*  
Cooter and Ulen Chapter 7

**Economics of Contract Law**

Week 6 (Dates TBA): *The Economic Theory of Contract Law*  
Cooter and Ulen Chapter 8

Week 7 (Dates TBA): *Applications of Economic Theory of Contract Law*  
Cooter and Ulen Chapter 9

**Midterm: Second Class of Week 7****Economics of Legal Process**

Week 8 (Dates TBA): *Economic Theory of Legal Process*  
Cooter and Ulen Chapter 10

Week 9 (Dates TBA): *Topics on Economic Theory of Legal Process*  
Cooter and Ulen Chapter 11

**Competition Law and Economics**

Week 10 (Dates TBA): *Cartel and Leniency Programs*  
Instructor-prepared Lecture notes

Week 11 (Dates TBA): *Exclusionary Conducts and Predatory Pricing*  
Instructor-prepared Lecture notes

Week 12 (Dates TBA): *Competition Law in Hong Kong*  
Competition Ordinance, Hong Kong Competition Commission  
Guideline on The First Conduct Rule, Hong Kong Competition Commission  
Guideline on The Second Conduct Rule, Hong Kong Competition Commission