

**THE UNIVERSITY OF HONG KONG
FACULTY OF BUSINESS AND ECONOMICS**

PhD Course Syllabus

Course Code/Title: ACCT6018 The Philosophy of Economics and Its Implications for Accounting and Finance

Course Description: This course teaches doctoral students the philosophy of economics that has shaped the major development of the economics-based research such as accounting and finance. I will explain the history of a number of important issues in economics-based research, including positive vs. normative economics, the relation between theory and measurement (empirics), causality, decision making and hypothesis testing, and the similarity and differences between natural science and economics. Along the way I will discuss a number of seminal papers in accounting and finance in the context of these philosophical debates and connect them with the current research frontier and journal orientation.

Course Objectives: The primary objective of the course is to help students develop ability to understand what are good research ideas, how to search for good ideas, and how to develop these ideas into publishable research papers. They learn this skill by understanding the fundamental concepts in economics that underlie the current research frontier in applied areas like in accounting and finance.

PhD stands for Doctor of Philosophy. More broadly, I hope to cultivate some common sense about economics-based research in PhD students, so that they could avoid becoming the “practical men” referred to by John Maynard Keynes:

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas. Not, indeed, immediately, but after a certain interval; for in the field of economic and political philosophy there are not many who are influenced by new theories after they are twenty-five or thirty years of age, so that the ideas which civil servants and politicians and even agitators apply to current events are not likely to be the newest. But, soon or late, it is ideas, not vested interests, which are dangerous for good or evil.

Keynes, John Maynard. The General Theory of Employment, Interest and Money (Illustrated) (pp. 239-240). Green World Publication. Kindle Edition.

Pre-requisite: None

Assessment: 100% coursework

Remarks: All PhD courses are non-credit-bearing and will be assessed on a letter grade basis.

Course Learning Outcomes (CLOs) On completion of this course, students should be able to:	Aligned PLOs*				
	1	2	3	4	5
1. Understand the fundamental issues in economics, finance, and accounting	X	X			X
2. understand how these issues have influenced the current research frontier and journal orientation	X	X	X	X	
3. Understand the basic skills in identifying and developing research ideas	X	X	X		X
4. Comment and critique research ideas and papers	X		X	X	X

***Programme Learning Outcomes (PLOs) for Research Postgraduate Programme:**

1. Demonstrate critical understanding, at an advanced level, of up-to-date knowledge and research methodology of a particular field
2. Implement effective academic and personal strategies for carrying out research projects independently and ethically
3. Contribute original knowledge in response to issues in their specialist area
4. Communicate research findings at a diverse range of levels and through a variety of media
5. Evaluate one's own research in relation to important and latest issues in the field

COURSE DETAILS (*subject to change at instructor's discretion*)

Year/Semester: 2026-27, First Semester

Time/Venue: Tuesday 13:00-15:50 (TBA)

Sep 1, 8, 15, 22; Oct 13, 20, 27; Nov 3, 10, 17, 24

Instructor: **Prof. GAO, Pingyang**
Email: Pingyang.Gao@hku.hk
Office: KK1204 (by appointment)

I. Teaching and Learning Activities

In-class and Out-of-class Activities (e.g. lectures, class discussion, papers reading, proposal writing)	Expected hour	% of student study effort
1. Lectures	30	30%
2. Class discussion	10	10%
3. Paper reading	30	30%
4. Homework	30	30%
Total	100	100%

	Points
AS1. Participation and leadership in class discussions	20
AS2. Paper presentation and critique	30
AS4. Research proposal	50
Total	100

II. Assessment

Assessment Components (e.g. assignments, proposal, presentation, examination)	Weight	CLOs to be assessed				
		1	2	3	4	
1. Participation and leadership in class discussions	20	*	*	*	*	
2. Paper presentation and critique	30	*				
3. Research proposal	40	*	*		*	
Total	100%					

Students will be assessed based on the following performance standards:

Course Grade	Performance Standard
A+, A, A-, B+, B, B-, C+, C, C-, D+, D, F	

III. Course Content and Tentative Schedule

See the Appendix

IV. Required/Recommended Readings

See the Appendix

V. Course Policy

The University Regulations on academic dishonesty will be strictly enforced! Academic dishonesty is behaviour 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 types of cases:

- a. Plagiarism - The representation of someone else's ideas as if they are their 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. Please check the University Statement on plagiarism on the web: <http://www.hku.hk/plagiarism/>
- 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.
- c. Cheating on In-Class Exams - The covert gathering of information from other students, the use of unauthorized notes, unauthorized aids, etc.
- d. Unauthorized Advance Access to an Exam - The representation of materials prepared at leisure, as a result of unauthorized advance access (however obtained), as if it were prepared under the rigors of the exam setting. This misrepresentation is dishonest in itself even if there are not compounding factors, such as unauthorized uses of books or notes.

You are expected to do your own work whenever you are supposed to. Incident(s) of academic dishonesty will NOT be tolerated. Cheating or plagiarism of any kind would result in an automatic FAIL grade for the course plus strict enforcement of all Faculty and/or University regulations regarding such behaviour.

Appendix: The Weekly Schedule and Reading List

1. Introduction: Samuelson (1983), Fama (2014), Shiller (2014), Hansen (2014), Pencil (1976)
2. Philosophy of Science and the Scientific method: Gillies (1971)(The book Popper (1934) is not required, but you should read about Karl Popper and the book.)
3. Causality: lecture notes
4. Philosophy of economics and its relation to Philosophy of Science: Soros (2013), Beinhocker (2013)
5. Positive vs. Normative Economics: Friedman (1953), Miner (1956)
6. Applications of Positive Economics to Accounting and Finance Ball and Brown (1968), Jensen and Meckling (1976), Watts and Zimmerman (1979)
7. Rational Expectations in Accounting: Dye (1985), Stein (1989)
8. Rational Expectations in Finance: Fama et al. (1969), Fama (1970), Grossman (1981)
9. Rational Expectations in Economics and Regulation (the Lucas Critique): Lucas Jr (1976), Hoover (1994), Bond et al. (2010)
10. Decision making and hypothesis testing: lecture notes, Frank (2000)
11. The Economics of Accounting Standards: lecture notes

References

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- Beinhocker, E. D. 2013. Reflexivity, complexity, and the nature of social science. *Journal of Economic Methodology* 20:330–342. URL <https://doi.org/10.1080/1350178X.2013.859403>.

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- Fama, E. F. 1970. Efficient market hypothesis: A review of theory and empirical work. *Journal of Finance* 25:28–30.
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- Fama, E. F., L. Fisher, M. C. Jensen, and R. Roll. 1969. The adjustment of stock prices to new information. *International Economic Review* 10:1–21.
- Frank, R. H. 2000. Why is cost-benefit analysis so controversial? *The Journal of Legal Studies* 29:913–930.
- Friedman, M. 1953. *The Methodology of Positive Economics*. University of Chicago Press.
- Gillies, D. A. 1971. A Falsifying Rule for Probability Statements. *The British Journal for the Philosophy of Science* 22:231–261. URL <http://www.jstor.org/stable/686745>.
- Grossman, S. J. 1981. The informational role of warranties and private disclosure about product quality. *The Journal of Law and Economics* 24:461–483.
- Hansen, L. P. 2014. Nobel lecture: Uncertainty outside and inside economic models. *Journal of Political Economy* 122:945–987.
- Hoover, K. D. 1994. Econometrics as observation: the Lucas critique and the nature of econometric inference. *Journal of Economic Methodology* 1:65–80. URL <https://doi.org/10.1080/13501789400000006>.
- Jensen, M., and W. Meckling. 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics* 3:305–360.
- Lucas Jr, R. E. 1976. Econometric policy evaluation: A critique. In *Carnegie-Rochester conference series on public policy*, vol. 1, pp. 19–46. North-Holland.

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- Pencil, M. 1976. Salt passage research: The state of the art. *Journal of Communication* 26:31–36.
- Popper, K. 1934. *The Logic of Scientific Discovery*.
- Samuelson, P. A. 1983. My Life Philosophy. *The American Economist* 27:5–12. URL <http://www.jstor.org/stable/25603574>.
- Shiller, R. J. 2014. Speculative asset prices. *American Economic Review* 104:1486–1517.
- Soros, G. 2013. Fallibility, reflexivity, and the human uncertainty principle. *Journal of Economic Methodology* 20:309–329. URL <https://doi.org/10.1080/1350178X.2013.859415>.
- Stein, J. 1989. Efficient capital markets, inefficient firms: A model of myopic corporate behavior. *The Quarterly Journal of Economics* 104:655–669.
- Watts, R., and J. Zimmerman. 1979. The demand for and supply of accounting theories: the market for excuses. *The Accounting Review* 54:273–305.