

EMLE 2020: Course Outline for Law and Economic Development

This course begins with a discussion on formal models of economic growth before introducing debates within economics and law on the relationship between law and (economic) development. It then complicates the narrative using historical studies and case studies on the diversity of international experience regarding legal interventions to promote development. The course hopes to encourage students to go beyond formal models and multi-country/period statistical analyses and study the interface between law and economy as if both space and time, i.e., the historical context, mattered and appreciate the mutually constitutive relationship between law, (legal) institutions and economy.

Lecture 1: Introductory module

We will begin with a discussion on the genealogies of the idea of development, a brief history of economic growth, a discussion of determinants of economic growth and models of balanced and unbalanced growth.

Arndt, H. W. (1981), "Economic Development: A Semantic History," *Economic Development and Cultural Change*, 29: 3, pp. 457-466

Acemoglu, D. (2009), *Introduction to Modern Economic Growth*, Princeton University Press. (Chapter 4)

Nayyar, Deepak (2013), *Catch Up: Developing Countries in the World Economy*, Oxford University Press.

Supplementary readings

Lepenes, P. (2016), *The Power of a Single Number - A Political History of GDP*. New York: Columbia University Press.

Engerman, David (2018), *The Price of Aid: The Economic Cold War in India Book*. Harvard University Press.

Banerjee, Abhijit V. and Esther Duflo (2007), "The Economic Lives of the Poor," *The Journal of Economic Perspectives*, Vol. 21, No. 1, pp. 141-168.

Lecture 2-4: Models of Growth

These lectures will introduce the Solow, Lewis and Harris-Todaro models

Debraj, Ray (2014), *Development economics*, Princeton University Press. (Chapters 3, 10)

Acemoglu, D. (2009), *Introduction to Modern Economic Growth*, Princeton University Press. (Chapter 2)

Lecture 4-5: Role of Law in Developing Countries

Basu, Kaushik (2015), *The Republic of Beliefs: A New Approach to 'Law and Economics,'* World Bank Policy Research Working Paper No. 7259

Basu, Kaushik (2003), "The Economics and Law of Sexual Harassment in the Workplace," *The Journal of Economic Perspectives*, Vol. 17, No. 3, pp. 141-157

Supplementary readings

Basu, Kaushik and Pham Hoang Van (1998), "The Economics of Child Labor," *The American Economic Review*, Vol. 88, No. 3, pp. 412-427

Lecture 6-7: The Law-Development nexus

Posner, Richard A. (1987), 'The Law and Economics Movement,' *American Economic Review*, Vol. 77, No. 2, pp. 1-13.

Carothers, Thomas (1998), 'The Rule of Law Revival,' *Foreign Affairs*, March/April Issue, pp. 95-106.

Trubek, David M. and Alvaro Santos (2008), 'Introduction: The Third Moment in Law and Development Theory and the Emergence of a New Critical Practice,' in *The New Law and Economic Development: A Critical Appraisal*, pp. 1-18.

Davis, Kevin E. and Michael Trebilcock (1999), 'What Role do Legal Institutions Play in Development?' *International Monetary Fund Conference on Second Generation Reforms*, November 8-9 (pp. 10-32).

Davis, Kevin E. and Michael Trebilcock (2008), 'The Relationship between Law and Development: Optimists Versus Skeptics,' *The American Journal of Comparative Law*. pp. 895-946.

Supplementary readings

Posner, Richard A. (1998), 'Creating a Legal Framework for Economic Development,' *World Bank Research Observer*, Vol. 13, pp. 1-11.

Lecture 7: Law, finance and growth (and Legal origins)

Levine, Ross (1997), 'Financial Development and Economic Growth: Views and Agenda,' *Journal of Economic Literature*, Vol. 35, No. 2, pp. 688-726.

La Porta, R., Lopez-de-Silanes, F. and Shleifer, A. (2008), 'The economic consequences of legal origins,' *Journal of Economic Literature*, Vol. 46, pp. 285-322.

Lecture 8: Law, Finance and Economic Growth (Legal Origins and its critiques)

Kuran, Timur (2003), 'The Islamic Commercial Crisis: Institutional Roots of Economic Underdevelopment in the Middle East,' *Journal of Economic History*, Vol. 63, No. 2, pp. 414-446.

Schäfer, Hans-Bernd and Alexander J. Wulf (2014), 'Jurists, Clerics, and Merchants: The Rise of Learned Law in Medieval Europe and its Impact on Economic Growth,' *Journal of Empirical Legal Studies*, Vol. 11, No. 2, pp. 266-300.

Lecture 9: Law, Finance and Economic Growth (Legal Origins and its critiques)

Aguilera, Ruth V. and Cynthia A. Williams (2009), 'Law and Finance: Inaccurate, Incomplete, and Important,' *BYU Law Review*, Vol. 6, No. 1, pp. 1413-1434. (Lecture 8)

Charron, Nicholas, Carl D., and Lapuente, V. (2012), 'No law without a state,' *Journal of Comparative Economics*, Vol. 40, pp. 176–193.

Maggio, Giuseppe, Alessandro Romano and Angela Troisi (2014), 'The Legal Origin of Income Inequality,' *The Law and Development Review*, Vol. 7, No. 1, pp. 1-21.

Lecture 10: Law, Finance and Economic Growth (Legal Origins and its critiques)

Berkowitz, D., Katharina Pistor and Jean-Francois Richard (2003), 'The Transplant Effect,' *American Journal of Comparative Law*, Vol. 51, pp. 163-203.

Roe, Mark and Jordon Siegal (2009), 'Finance and Politics: A Review Essay Based on Kenneth Dam's Analysis of Legal Traditions in The Law-Growth Nexus,' *Journal of Economic Literature*, Vol. 47, No. 3, pp. 781-800.

Klerman, Daniel M., Paul G. Mahoney, Holger Spamann, and Mark I. Weinstein (2011), 'Legal Origin or Colonial History?' *Journal of Legal Analysis*, Vol. 3, No. 2, pp. 379-409.

Lecture 11: Country case studies (any two)

East Europe: Rapaczynski, Andrzej (1996), 'The Roles of the State and the Market in Establishing Property Rights,' *Journal of Economic Perspectives*, Vol. 10, pp. 87–103.

India: Armour, John and Priya Lele (2009), 'Law, Finance, and Politics: The Case of India,' *Law & Society Review*, Vol. 43, No. 3, pp. 491-526.

China: Allen, Franklin, Jun Qian, and Meijun Qian (2005), 'Law, finance, and economic growth in China,' *Journal of Financial Economics*, Vol. 77, pp. 57–116.

Japan: Upham, Frank (2002), 'Mythmaking in the Rule of Law Orthodoxy,' *Carnegie Endowment Working Papers*.

Indonesia: Cheryl W. Gray (1991), 'Legal Process and Economic Development: A Case Study of Indonesia,' *World Development*, Vol. 19, pp. 763-777

Singapore: Harding, Andrew and Connie Carter (2003), 'The Singapore Model of Law and Development: Cutting Through the Complexity,' in John Hatchard and Amanda Perry-Kessaris (eds.), *Law and development: Facing complexity in the 21st century*, pp. 191-206.

Italy: Bandiera, Oriana (2003), 'Land Reform, the Market for Protection, and the Origins of the Sicilian Mafia: Theory and Evidence,' *Journal of Law, Economics, and Organization*, Vol. 19, pp. 218-244.

Somalia: Leeson, Peter T. and Claudia R. Williamson. 2009. 'Anarchy and Development: An Application of the Theory of Second Best,' *The Law and Development Review*, Vol. 2, No. 1, Article 4.

Lecture 12: Reimagining law and development

Sen, Amartya (2000), 'What is the Role of Legal and Judicial Reform in the Development Process?' *The World Bank Legal Review*.

Prasse-Freeman, Elliot (2015), "Conceptions of Justice and the Rule of Law," in David I. Steinberg (ed.), *Myanmar: The dynamics of an evolving polity*, Boulder: Lynne Rienner Publishers, pp. 89-114.

Hartwell, Christopher A. (2017), 'Understanding "Development": Insights from Some Aspects of Complexity Theory,' *Homo Oeconomicus*, Vol. 34, pp. 165-190.

Cohen, Amy (2009), 'Thinking with Culture in Law and Development,' *Buffalo Law Review*, Vol. 57, pp. 511-586. (select parts)

Brian, Tamanaha (2011), 'The Primacy of Society and the Failures of Law and Development,' *Cornell International Law Journal*, Vol. 44, pp. 209-247. (select parts)

Assessment plan

Lectures 1-5

(a) End-semester examination (50 per cent)

Lectures 6-12

(a) 2 Review essays (1000 words): Review a paper or book chapter that is part of the reading list (including supplementary readings). If you want to review something that is going to be discussed in Lecture *N*, you have to email me your review before that lecture starts. Your file should be named as follows: *Your name_Last name of the first author.doc*. (2x10 per cent)

(b) End-semester examination (30 per cent)